JEA BOARD MEETING AGENDA

December 15, 2020 • 9:00 a.m.

JEA 21 West Church Street, Jacksonville, FL 32202

I.	**WELCOME**	
	A.	Call to Order
	B.	Time of Reflection
	C.	Introductions
	D.	Adoption of the Agenda – Action
	E.	Safety Briefing – Jay Stowe, Managing Director/CEO
	F.	Sunshine Law/Public Records Statement – Jody Brooks, Office of General Counsel

II.	**COMMENTS / PRESENTATIONS**		
	Item(s)		Speaker/Title
	A.	Council Liaison's Comments	Council Member Randy DeFoor
	B.	Comments from the Public	Public
	C.	Paul McElroy Recognition	John Baker, Chair
	D.	Managing Director/CEO	Jay Stowe, Managing Director/CEO

III.	**CONSENT AGENDA**		
	Definition: 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.		
	Item(s)		Discussion Action/Information
	Appendix A:	Board Meeting Minutes November 17, 2020	Action
	Appendix B:	Monthly FY20 Communications & Engagement Calendar and Plan Update	Information
	Appendix C:	Corporate Headquarters and HQ2 Update	Information
	Appendix D:	Monthly Financial Statements	Information

IV.	**FOR BOARD CONSIDERATION**				
	Item(s)			Speaker/Title	Discussion Action/Information
	A.	- Financial Report - Operations Report: Water/Wastewater		Brian Roche, Interim Chief Financial Officer Hai Vu, Interim GM Water/Wastewater	Information
	B.	Board Policy Review		Steve Tuten, Interim Chief Compliance Officer	
		1.	Electric Compliance Policy		Action
		2.	JEA Charter/Article 21		Information
	C.	Customer Engagement and Educational Campaign		Sheila Pressley, Interim Chief Customer Officer	Information

V.	BOARD AND COMMITTEE REPORTS				
	Item(s)			Speaker/Title	Discussion/Action/ Information
	A.	Finance and Audit Committee		Marty Lanahan, Chair	
		1.	Call to Order		
		2.	Adoption of Agenda		Action
		3.	Approval of Minutes – August 14, 2020	DeLisa Johnigarn	Action
		4.	Ernst & Young FY2020 External Audit Report	John DiSanto	Information
		5.	JEA Identity Theft Protection Program Annual Risk Assessment	Dan Mishra	Information
		6.	Ethics Officer Quarterly Report	Walette Stanford	Information
		7.	JEA Code of Conduct and Code of Ethics	Walette Stanford	Action
		8.	Enterprise Risk Management and Compliance Policy	Steve Tuten	Action
		9.	Audit Services – Quarterly Audit Services Update	Steve Tuten	Information
		10.	Rates	Brian Roche	
			a. Water/Wastewater Capacity Fees		Information
			b. Irrigation, and 10” Metered Service Water Rates		Information
			c. Economic Development Rates		Information
		11.	Treasury	Joe Orfano	
			a. Electric System and Water and Sewer System Reserve Fund Quarterly Report		Information
			b. Bond Refunding Delegation Resolutions		Action
			c. Update on JEA Unhedged Variable Rate Debt Portfolio		Information
		12.	Announcements		
			a. Next Meeting, March 12, 2021 9:00 – 11:00 a.m.		
		13.	Committee Discussion Sessions		
			a. Ernst & Young	John DiSanto	Information
			b. Interim Chief Compliance Officer	Steve Tuten	Information
			c. Council Auditor’s Office	Jeff Rodda	Information
		14.	Adjournment		

VI.	OTHER BUSINESS		
	Item(s)		Speaker/Title
	A.	Old Business	
	B.	Other New Business	
	C.	Open Discussion	
	D.	Chair’s Report	John Baker, Chair

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.

VII.	CLOSING CONSIDERATIONS	
	Item(s)	
	A.	Announcements – Next Board Meeting January 28, 2021
	B.	Adjournment

VIII.	UPCOMING BOARD AGENDA ITEMS	
	Item(s)	
	A.	Board Policy Review

Board Calendar

Board Meetings

9:00 a.m. – Fourth Tuesday of Every Month (exception(s): January 28, 2021; February 25, 2021; Novemeber 16, 2021; December 14, 2021

Committees

- Finance & Audit Committee: March 12, 2021
- Nominating Committee Meeting: February 2021 (Exact Date TBD)
- Governance Workshop: March 2021 (Exact Date TBD)
- Other Committee Meetings: 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.

BOARD OF DIRECTORS RESOLUTION

December 15, 2020

HONORING PAUL MCELROY

WHEREAS, prior to his April 2018 retirement, Paul McElroy spent 16 years as a JEA executive, including six years as Chief Financial Officer, and more than five years as CEO and Managing Director and,

WHEREAS, under his leadership, JEA was considered one of the most successful municipally owned electric, water and wastewater operations in the United States and,

WHEREAS, his vision to put the customer at the center of JEA's strategy, resulted in the greatest five-year increase nationally in J.D. Power customer satisfaction scores between 2012 and 2017, moving JEA from the 4th to 1st quartile and,

WHEREAS, the JEA Board of Directors appointed McElroy as the utility's Interim CEO and Managing Director, effective May 11, 2020 and,

WHEREAS, during his interim tenure, he advanced JEA's commitment to doing the right thing and getting JEA back to its fundamentals by embracing a strong ethical policy and assuring customers and employees that JEA is not for sale and,

WHEREAS, McElroy played a key role in numerous initiatives including reaching a settlement with MEAG Power, establishing a plan for Vogtle Units 3 and 4 coming online, and the closure of the Plant Sherer, enabling JEA to get its power from natural gas, solar and nuclear energy in the future and,

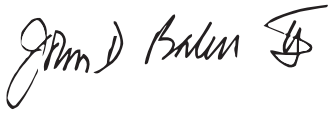
WHEREAS, he effectively lead JEA during the unprecedented COVID-19 pandemic, in such a way that ensured a safe, healthy, workplace environment and inspired teamwork, vision and confidence in a successful future, while ensuring support for customers was paramount during uncharted times and,

WHEREAS, his vision and foresight have been invaluable to JEA, his focus and professionalism have helped guide JEA's strategic planning and,

WHEREAS, his leadership during his entire time as a JEA executive was one of stewardship and servant leadership to the community, JEA and its employees, and his dedication, high ethical standards, and appreciation for all things JEA will be greatly missed by all,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of JEA that it hereby expresses its deep gratitude and appreciation to Paul McElroy for his lasting contributions to JEA.

UNANIMOUSLY ADOPTED THIS 15TH DAY OF DECEMBER, 2020.



By: John Baker, Chair of the Board

JEA BOARD MINUTES
November 17, 2020

The JEA Board met in regular session on Tuesday, November 17, 2020, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Pursuant to City of Jacksonville Emergency Proclamation, attendees were required to wear masks, CDC guidelines and social distancing were required at the physical location, and the meeting was also accessible via WebEx. In attendance physically were John Baker, Joe DiSalvo, Dr. Leon Haley, Marty Lanahan, Bobby Stein, and Tom VanOsdol. Dr. Zachary Faison participated in the meeting via WebEx. Also in attendance was Paul McElroy, Jody Brooks, Office of General Counsel and Jay Stowe participated in the meeting at the invitation of Management.

Agenda Item I – Welcome

A. Chair John Baker **called the meeting to order** at 9:01 am.

B. **Time of Reflection** was observed by all.

C. **Introductions** – Chair Baker recognizing there were no introductions to be made proceeded with the business of the meeting.

D. **Adoption of Agenda** – On ***motion*** by Marty Lanahan and seconded by Tom VanOsdol, the agenda was approved unanimously.

E. **Safety Briefing** – Paul McElroy, Interim Managing Director/CEO, gave the Safety Briefing.

F. **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), reaffirmed this Board Meeting is being held in compliance JEA's By-Laws and with Florida's Government in the Sunshine Law §286.011 which complete statement can be found in Section 1F. She confirmed the meeting was duly noticed, and there was a quorum of Board members present in the room, and minutes would be taken and published.

Agenda Item II – Comments / Presentations

A. **Council Liaison's Comments** – Jacksonville City Council Member, Randy DeFoor, updated the Board on two JEA matters before the Council: 1) State level water run-off and reuse; and 2) Union Contracts discussions centering on early retirement. Board members had no comments at this time.

B. **Comments from the Public** – Landon Todd, Manager IT Infrastructure, provided instructions for public comments to which none were received.

C. **Employee Recognition** – Mr. McElroy presented a Resolution honoring tenured employees Gerri Boyce McKenzie, Vickie Cavey, Bruce Dugan and Angie Hiers. Each received an award of distinction for their service to JEA. Board members offered appreciative comments to all honorees. Lastly, Ms. Lanahan extended the Board's appreciation to Paul McElroy for his excellent service to JEA.

On ***motion*** by Bobby Stein and seconded by Marty Lanahan, Management's Resolution was approved unanimously.

D. Interim Managing Director/CEO Report – Mr. McElroy introduced Sheila Pressley as the Interim Chief Customer Officer to replace Mr. Dugan. He provided a brief bio of Ms. Pressley's tenure with JEA and then asked her to share the news of on the Company's outstanding community award. Next, Ms. Pressley presented an overview of JEA's outstanding community service activities which earned the Company the FMEA Building Strong Communities Award. Board members paused to express their gratitude and appreciation.

Next, Mr. McElroy presented a straightforward report to the Board which included highlights on the Company's financial outlook; a summary of the letter received from the Florida League of Cities on its policy statement; development of the St. John River Park; and third party review requests for the Company's governance policies, procurement practices and Plant Vogtle. Lastly, Mr. McElroy offered appreciative comments to the Board for their service during his tenure as Interim CEO.

E. Managing Director/CEO – Jay Stowe opened his discussion with appreciative comments to the Board, Senior Leadership, Paul McElroy and employees. He spoke on a time to look forward and how we can position the Company and City to be the best in the country. Chair Baker, on behalf of the Board, offered appreciative comments.

Agenda Item III. Consent Agenda

A. Consent Agenda – The Consent Agenda consists of agenda items 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.

On ***motion*** by Bobby Stein and seconded by Tom VanOsdol, Appendices A and B were approved unanimously and Appendices C through E were received for information only.

Appendix A: Board Meeting Minutes of October 27, 2020 – approved

Appendix B: **Special Board Meeting Minutes of November 2, 2020 –** approved

Appendix C: Monthly FY20 Communications & Engagement Calendar and Plan Update – information only

Appendix D: Corporate Headquarters and HQ2 Update – information only

Appendix E: **Monthly Financial Statements** – information only

Agenda Item IV. For Board Consideration

A. Financial Report – Brian Roche, Interim Chief Financial Officer, citing materials provided in the Board Meeting package, opened the discussion with an overview of

the company's monthly financial and operations report. In his review, Mr. Roche summarized JEA Safety and Recordable Incident Rates. Next, he reviewed sales and financial forecasts for JEA Electric System and JEA Water/Wastewater System. Mr. Roche then reported on Key Financial Metrics, Combined Debt Outstanding and Florida Utilities Monthly Bill Comparisons for Electric and Water/Wastewater. Board members provided feedback and comments.

Next, Bruce Dugan, Interim Customer Officer, presented the Customer Experience Update. He reviewed the Operations Scorecard with an overview of Customer Satisfaction Indices for residential and business and significant occurrences or concerns for the month. There were no comments at this time.

B. JD Power Customer Satisfaction Report – Mr. Dugan provided a JD Power Scorecard with an overview of important metrics including customer satisfaction index scores for residential and business and Florida utilities. Next, he discussed the JD Power Communications Campaign and FY2020 customer satisfaction goal. Lastly, he reviewed customer satisfaction index scores by study year. Board members offered feedback and appreciative comments.

C. Five-Year Financial Assumptions and Plan – Mr. Roche led the discussion on the Company's Five-Year Financial Assumptions and Plan for FY2021 – FY 2025. He reviewed Unit Sales Growth, Residential Customer Rates, Residential Customer Rates, Capital Expenditures and Internal Funding, Total Debt and Variable Debt Considerations, Early Debt Retirement Reduction of Variable Rate Debt and Key Financial Metrics. Feedback was received.

D. Integrated Water Resource Plan (IWRP) – Mr. Roche, citing materials in the Board meeting package presented on the Company's IWRP planning which included an overview of the IWRP process, JEA's water system and supply, sustainability milestones, water demands, expansion of the reclaimed water system, potential water conservation program and management's 10-year draft recommendations. Board members offered feedback and comments.

There was a meeting break from 10:12 am to 10:18 am

B. E. Potential Prohibition of Wastewater Effluent Disposal via Surface Water Discharge – Wayne Young, Interim Chief Environmental Officer, citing materials contained in the meeting packet, led the discussion on this topic by opening with a brief overview of the proposed Senate Bill 1656 2021 legislation to eliminate all surface water discharges from domestic wastewater treatment plants. Next, Mr. Young discussed potential program ramifications and financial impacts. He then outlined management's recommendations to proceed with discussion and present to the City Council at its next regularly scheduled meeting. Hearing no additional comments, Chair Baker asked the Board for a motion on Management's recommendation to accept the resolution City Council's resolution as presented.

On ***motion*** by Bobby Stein and seconded by Dr. Leon Haley, Management's recommendation was approved unanimously.

F. JEA/St. Johns County Agreement – Racetrack Road Water Main and Reclaimed Water Main at Durbin Creek – Hai Vu, Interim General Manager Water/Wastewater, citing the Board meeting materials, led the discussion on the Company's Racetrack Road Water Project. He provided a thorough overview of the project construction design and costs and recommendations received from St. John's County. Feedback was received to which Ms. Brooks provided additional comments on the easement language. Hearing no additional comments, Chair Baker asked the Board for a motion on Management's recommendation to enter into the agreement with St. John's County to proceed with the project.

On ***motion*** by Bobby Stein and seconded by Marty Lanahan, Management's recommendation was approved unanimously.

G. HQ2 Hardened Facility Real Estate Acquisition – Alan McElroy, Interim Chief Supply Chair Officer, opened the discussion with a brief overview of the Company's potential hardened facility real estate acquisition. Next, Jordan Pope, Director of Real Estate, provided details of the real estate property including location and financial impacts. He then discussed management's recommendation for the real estate purchase as outlined in its Board Resolution 2020-11. Board members offered positive feedback and comments. Hearing no additional discussion, Chair Baker asked the Board for a motion on Management's recommendation for the purchase of real property as outlined in Resolution 2020-11.

On ***motion*** by Bobby Stein and seconded by Marty Lanahan, Management's recommendation was approved unanimously.

H. Jacksonville Small and Emerging Business Quarterly Report – Mr. McElroy presented JEA's Fourth Quarter (Q4) FY20 results for the JSEB program noting overall the Company exceeded its goal. His highlights included FY20 New JSEB Vendors, prime contracts awarded to JSEB vendors and the Virtual JSEB Procurement Summit. Appreciative comments were received.

I. Workforce Planning – Rob Mack, Director Organizational Effectiveness and Payroll, led the discussion on JEA Workforce Strategy. Mr. Mack reviewed Workforce Metrics, Retirement Eligibility, Diversity, Succession and Attrition Mitigation, JEA Hiring Practices and Programs, Developing and Retaining the JEA Team and Future State Planning. Feedback and comments were addressed. Next, Mr. McElroy introduced David Emanuel as the Interim, Chief Human Resources Officer to replace Angie Hiers.

J. Board Policy Review – Steve Tuten, Interim Chief Compliance Officer, provided a brief update on the JEA By-Laws and Board Policy Manuel. Mr. Tuten noted detailed information on these two items would be highlighted in the Governance Committee report.

Agenda Item V – Board and Committee Reports

A. Governance Committee – Committee Chair DiSalvo, citing materials contained in the board meeting packet, presented the Governance Committee report which included highlights and actions from the Committee's November 10, 2020 meeting. Mr. DiSalvo's report outlined four key Board Policy Manual items requiring action from the Board.

Hearing no comments from board members, Mr. DiSalvo asked the Board for a motion to approve the Committee's action items as presented at its November 10, 2020 meeting.

On ***motion*** by Bobby Stein and seconded by Dr. Leon Haley, the motion was approved unanimously.

Agenda Item VI– Other Business

A. Old Business – None

B. Other New Business – None

C. Open Discussion – Bobby Stein presented a recommendation to the Board to move its meetings out to other JEA facilities to allow board members the opportunity to meet employees. Lastly, Mr. Tuten and Chair DiSalvo updated the Board on its Self-Assessment process and recommendation to delay the assessment for six months.

D. Chair's Report – None

Agenda Item III – Closing Considerations

A. Announcements – Next Board Meeting December 15, 2020

B. Adjournment

With no further business claiming the attention of the Board, Chair John Baker adjourned the meeting at 11:35 a.m.

APPROVED BY:

_____

SECRETARY
DATE: _____

Board Meeting recorded by:

_____
DeLisa A. Johnigarn, Executive Assistant

JEA Community Engagement Calendar October - December 2020

Date	Event/Activity	Location	Time	Type
DUE TO COVID-19 ALL JEA EMPLOYEE COMMUNITY PARTICIPATION ARE VIRTUAL ACTIVITIES; IN PERSON ACTIVITIES SUSPENDED UNTIL FURTHER NOTICE				
Oct-20				
10/6/2020	Power Pals Video	JEA	11am	Ambassador Instructor
10/14/2020	DESC Calls	DESC App	9am	Ambassador Instructor
10/14/2020	Riverside Prebyterian Day School	Virtual Speaker	2pm	Ambassador Speaker
10/14/2020	FL Urban Forestry Council	Virtual	8am	Ambassador Event
10/15/2020	Greenscape	Virtual	9am	Ambassador Event
10/15/2020	Cap HOA	Virtual	1pm	Ambassador Speaker
10/20/2020	DESC Calls	DESC App	2pm	Ambassador Instructor
10/21/2020	COJ Tree Commission	Virtual	9am	Ambassador Event
10/27/2020	DESC Calls	DESC App	1pm	Ambassador Instructor
10/27/2020	DESC Calls	DESC App	3pm	Ambassador Instructor
10/28/2020	DESC Calls	DESC App	2pm	Ambassador Instructor
Ongoing	Virtual Volunteer - Communities in Schools	Virtual Web	Open	Volunteer Activity
Ongoing	Virtual Volunteer - Hope at Hand	Virtual Web	Open	Volunteer Activity
Ongoing	Virtual Volunteer - The Arc Jacksonville	Virtual Web	Open	Volunteer Activity
10/18-10/19/2020	United Way Fishing Tournament	Palms Fish Camp	Multiple Shifts	Volunteer Activity
Nov-20				
11/2/2020	DESC Calls	Nextiva App	9am	Ambassador Instructor
11/3/2020	DESC Calls	Nextiva App	9am	Ambassador Instructor
11/3/2020	DESC Calls	Nextiva App	10am	Ambassador Instructor
11/6/2020	DESC Calls	Nextiva App	10am	Ambassador Instructor
11/7/2020	Junior Achievement	Virtual Instructor	9am	Ambassador Instructor
11/9/2020	UNF/ARC Transition	Virtual Speaker	9am	Ambassador Speaker

JEA Community Engagement Calendar October - December 2020

Date	Event/Activity	Location	Time	Type
11/9/2020	Junior Achievement - Ed White High	Virtual Instructror	10:45am	Ambassasdor Instructor
11/9/2020	Junior Achievement - Wolfson High	Virtual Instructror	11:20am	Ambassasdor Instructor
11/10/2020	DESC Calls	Nextiva App	10am	Ambassasdor Instructor
11/10/2020	Junior Achievement - Wolfson High	Virtual Instructror	11:20	Ambassasdor Instructor
11/11/2020	Veterans Day Parade	Downtown Jax	11am	Ambassador Event
11/12/2020	Junior Achievement - Terry Parker High	Virtual Instructror	2:30pm	Ambassasdor Instructor
11/17/2020	Junior Achievement - Terry Parker High	Virtual Instructror	2:30pm	Ambassasdor Instructor
11/16/2020	Junior Achievement - Wolfson High	Virtual Instructror	11:20am	Ambassasdor Instructor
11/17/2020	Junior Achievement - Wolfson High	Virtual Instructror	11:20am	Ambassasdor Instructor
11/18/2020	COJ Tree Commission	Virtual Event	8am	Ambassador Event
11/19/2020	Junior Achievement - Terry Parker High	Virtual Instructror	2:30pm	Ambassasdor Instructor
11/19/2020	Greenscape Meeting	Virtual Meeting	9am	Ambassador Event
11/20/2020	DESC Calls	Nextiva App	2pm	Ambassador Instructor
11/24/2020	Junior Achievement - Ed White High	Virtual Instructror	10:45am	Ambassasdor Instructor
11/24/2020	DESC Calls	Nextiva App	3pm	Ambassador Instructor
11/25/2020	DESC Calls	Nextiva App	9:30am	Ambassador Instructor
11/25/2020	DESC Calls	Nextiva App	10am	Ambassador Instructor
Ongoing	Virtual Volunteer - Communities in Schools	Virtual Web	Open	Volunteer Activity
Ongoing	Virtual Volunteer - Hope at Hand	Virtual Web	Open	Volunteer Activity

JEA Community Engagement Calendar October - December 2020

Date	Event/Activity	Location	Time	Type
Ongoing	Virtual Volunteer - The Arc Jacksonville	Virtual Web	Open	Volunteer Activity
Dec-20				
12/1/2020	DESC Calls	Nextiva App	11am	Ambassador Instructor
12/2/2020	DESC Calls	Nextiva App	8am	Ambassador Instructor
12/3/2020	DESC Calls	Nextiva App	9am	Ambassador Instructor
12/4/2020	DESC Calls	Nextiva App	4pm	Ambassador Instructor
12/7/2020	DESC Calls	Nextiva App	10am	Ambassador Instructor
12/7/2020	United Way Golf Tournament	St. John's Golf & Country Club	7am	Volunteer Activity

Improving Lives. Building Community.

DECEMBER
2020

CUSTOMER & COMMUNITY ENGAGEMENT DEPARTMENT OVERVIEW AND UPDATE

The Customer & Community Engagement Team is responsible for developing employee communications, paid advertising campaigns, customer communications, digital/web communications, social media campaigns, videography, and community outreach and sponsorship opportunities.

CUSTOMER MESSAGING

Holiday Safety Tips

In December, JEA continued our campaign highlighting holiday tips for keeping families safe. The 15-second commercial spots emphasized the importance of looking out for unsafe electrical cords and not overloading outlets. Another spot in the same series of promotions, featured the importance of fire safety during the holidays.

Neighbor to Neighbor Fund

For more than 30 years, JEA's Neighbor to Neighbor Fund has helped area residents pay their utility bills when faced with a short-term financial crisis. In December, we promoted this program through digital-out-of-home billboards and on social media, encouraging customers to participate in this meaningful effort to extend help to those in the community who need it most. Our promotion of the Neighbor to Neighbor Fund culminated on the nationally recognized Giving Tuesday, which occurred on Dec. 1.



Social Media Messaging

JEA's social media channels have covered a variety of topics over the past month, geared at educating customers and sharing information. Topics included such things as:

- In early December, we encouraged customers to stay vigilant and prepared for tropical storms, even after the last official day of hurricane season on Nov. 30.
- We highlighted the hazards of disposing of leftover grease and other inappropriate items down the drain to avoid messy backups and costly repairs.

- We reminded customers how to keep neighborhood streets safe by reporting malfunctioning streetlights to JEA.
- We shared information on available City of Jacksonville CARES Act Funding for Jacksonville residents affected by COVID-19, in need of mortgage or rent assistance, which may be available to cover up to 6 months of delinquent housing payments.
- We continued regular alerts about phone scams, with the increase in impostors claiming to be from JEA. These scammers are demanding immediate payments with prepaid debit cards or third-party payment apps. We urged customers to hang up and report these activities to JEA.



Customer Engagement & Educational Campaign

By raising customer awareness of the things we do to be good public stewards, we increase the value of JEA in the eyes of the public. With this in mind, we are currently working on a customer engagement and educational campaign aimed at earning customer loyalty, which will officially launch in January 2021. The primary goal of the campaign involves building back community trust and showing how JEA is committed to its customers, community and environment. Additionally, we plan to improve customer satisfaction through education and messaging to help residential and business customers learn about tools and options to help save money, provide convenience and conserve resources. Finally, through the promotion of a customized microsite DoMoreWithJEA.com, we will encourage customers to engage further and access tools, services and alerts.

Community Engagement

We continue to seek ways to safely engage with our customers through virtual volunteer opportunities. In December, Volunteer Services continued the promotion of the JEA Annual Food Drive, benefitting the Clara White Mission; the Forgotten Angel Toy Drive, benefitting the Salvation Army; and the Adopt-A-Family project for the holidays, reaffirming our commitment to serving the community in a tangible way.

In the first two months of FY21, JEA Ambassadors have participated in 38 virtual activities. Volunteers also served 18 hours, participating in two virtual events.



Employee Messaging

- Daily email updates sharing COVID-19 impacts and cases
- Announcement of new Managing Director and CEO, Jay Stowe
- Benefits open enrollment
- Safety reminders
- Staying healthy over the holidays
- United Way Campaign events
- Artwork submission requests for the 2021 “I Love JEA” employee calendar
- Tips for safe shopping online
- Internal Communication Survey
- Performance management information

INTER-OFFICE MEMORANDUM
December 3, 2020

SUBJECT:	**CORPORATE HEADQUARTERS AND HQ2 UPDATE**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
JEA has been planning for a new corporate headquarters (HQ) 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 and the lease was executed on July 9, 2019 after approval of the site purchase and sale agreement between Ryan and the City of Jacksonville. Reviews by the JEA Board and its Corporate Headquarters Committee in May 2020 resulted in approved changes to the scope of the HQ project including reducing two floors from the main building and the parking garage. A lease amendment reflecting the scope changes was executed on June 23, 2020.

DISCUSSION:
Ryan has been performing site work which included excavation of old foundations and materials. Foundation work continues with additional deep piles, pile caps, grade beams and grading in progress. Additional review and comment on construction drawings and development of the guaranteed maximum price (GMP) is in progress. Once the GMP is acceptable to JEA, several related items will be updated via a lease amendment as specified in the original lease. JEA teams are working collaboratively with the Ryan team and JEA's CBRE Owner's Representative on design clarifications and utilities coordination for the project. The contract for the Tenant Improvement (interior) design services award to RS&H was executed on November 17 following a competitive Request for Proposals and interior design work is commencing.

A purchase agreement was executed on November 23 with LaVilla Partners III LLLP for the complementary hardened facility (HQ2) site as approved by the JEA Board in November.

FINANCIAL IMPACT:
The change in scope for the main headquarters resulted in savings over the January 2020 program to allow for development of a separate hardened facility.

RECOMMENDATION:
This is provided as information only.

Jay C. Stowe, Managing Director/CEO

JCS/NKV


JEA®
Monthly Financial Statements
November 2020

Monthly Financial Statements

November 2020

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JEA
Statements of Net Position
(in thousands)

	November 2020 (unaudited)	September 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 389,635	$ 387,148
Investments	5,578	3,107
Customer accounts receivable, net of allowance ($4,368 and $3,864, respectively)	185,926	219,814
Inventories:		
Materials and supplies	63,425	61,663
Fuel	36,096	37,822
Other current assets	16,310	16,364
Total current assets	696,970	725,918
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	135,998	253,984
Investments	328,327	311,130
Accounts and interest receivable	1,078	1,071
Total restricted assets	465,403	566,185
Costs to be recovered from future revenues	847,137	852,314
Other assets	33,462	32,221
Total noncurrent assets	1,346,002	1,450,720
Capital assets:		
Land and easements	216,918	216,918
Plant in service	12,317,715	12,124,453
Less accumulated depreciation	(7,220,099)	(7,161,707)
Plant in service, net	5,314,534	5,179,664
Construction work in progress	171,996	331,511
Net capital assets	5,486,530	5,511,175
Total assets	7,529,502	7,687,813
Deferred outflows of resources		
Accumulated decrease in fair value of hedging derivatives	180,423	179,286
Unrealized pension contributions and losses	143,881	143,881
Unamortized deferred losses on refundings	99,115	100,314
Unrealized asset retirement obligations	36,533	35,241
Unrealized OPEB contributions and losses	9,406	9,406
Total deferred outflows of resources	469,358	468,128
Total assets and deferred outflows of resources	$ 7,998,860	$ 8,155,941

JEA
Statements of Net Position
(in thousands)

	November 2020 (unaudited)	September 2020
Liabilities		
Current liabilities:		
Customer deposits and prepayments	$ 71,098	$ 71,304
Accounts and accrued expenses payable	50,972	67,279
Billings on behalf of state and local governments	20,889	25,959
Compensation and benefits payable	9,775	14,599
City of Jacksonville payable	10,282	10,255
Asset retirement obligations	4,468	4,136
Total current liabilities	167,484	193,532
Current liabilities payable from restricted assets:		
Debt due within one year	91,535	102,700
Interest payable	19,619	52,856
Construction contracts and accounts payable	16,802	46,366
Renewal and replacement reserve	38,023	37,910
Total current liabilities payable from restricted assets	165,979	239,832
Noncurrent liabilities:		
Net pension liability	641,086	641,086
Asset retirement obligations	32,065	31,105
Compensation and benefits payable	30,336	31,342
Net OPEB liability	10,582	10,091
Other liabilities	21,656	20,556
Total noncurrent liabilities	735,725	734,180
Long-term debt:		
Debt payable, less current portion	3,063,055	3,154,590
Unamortized premium, net	170,769	174,205
Fair value of debt management strategy instruments	177,288	177,288
Total long-term debt	3,411,112	3,506,083
Total liabilities	4,480,300	4,673,627
Deferred inflows of resources		
Revenues to be used for future costs	207,522	206,782
Unrealized pension gains	24,304	24,304
Unrealized OPEB gains	15,294	15,294
Accumulated increase in fair value of hedging derivatives	10,683	11,944
Total deferred inflows of resources	257,803	258,324
Net position		
Net investment in capital assets	2,691,414	2,584,074
Restricted for:		
Capital projects	225,563	204,855
Debt service	14,220	101,558
Other purposes	47,231	48,617
Unrestricted	282,329	284,886
Total net position	3,260,757	3,223,990
Total liabilities, deferred inflows of resources, and net position	$ 7,998,860	$ 8,155,941

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

	Month November		Year-to-Date November	
	2020	2019	2020	2019
Operating revenues				
Electric - base	$ 60,310	$ 59,201	$ 132,534	$ 161,792
Electric - fuel and purchased power	26,834	25,810	55,343	54,406
Water and sewer	33,485	33,333	70,780	88,162
District energy system	461	461	1,248	1,322
Other operating revenues	2,643	2,978	6,657	5,859
Total operating revenues	123,733	121,783	266,562	311,541
Operating expenses				
Operations and maintenance:				
Maintenance and other operating expenses	28,300	32,865	55,187	60,581
Fuel	25,004	20,637	50,612	45,215
Purchased power	6,259	9,194	14,014	17,573
Depreciation	32,757	30,195	65,118	59,943
State utility and franchise taxes	5,220	5,235	11,554	11,940
Recognition of deferred costs and revenues, net	2,008	2,169	3,648	4,274
Total operating expenses	99,548	100,295	200,133	199,526
Operating income	24,185	21,488	66,429	112,015
Nonoperating revenues (expenses)				
Interest on debt	(9,614)	(10,684)	(19,343)	(28,384)
Investment income	559	1,301	1,167	2,960
Allowance for funds used during construction	558	1,876	1,378	3,684
Other nonoperating income, net	568	657	1,139	1,389
Earnings from The Energy Authority	132	147	615	452
Other interest, net	(2)	392	57	245
Total nonoperating expenses, net	(7,799)	(6,311)	(14,987)	(19,654)
Income before contributions	16,386	15,177	51,442	92,361
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(10,001)	(9,901)	(20,002)	(19,803)
Developers and other	4,989	8,449	10,569	17,448
Reduction of plant cost through contributions	(3,341)	(5,361)	(5,242)	(11,913)
Total contributions, net	(8,353)	(6,813)	(14,675)	(14,268)
Change in net position	8,033	8,364	36,767	78,093
Net position, beginning of period	3,252,724	3,022,462	3,223,990	2,952,733
Net position, end of period	$ 3,260,757	$ 3,030,826	$ 3,260,757	$ 3,030,826

Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date November	
Operating activities	**2020**	**2019**
Receipts from customers	$ 295,013	$ 294,856
Payments to suppliers	(112,107)	(110,460)
Payments for salaries and benefits	(47,905)	(46,849)
Other operating activities	6,642	11,414
Net cash provided by operating activities	141,643	148,961
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(19,912)	(19,718)
Net cash used in noncapital and related financing activities	(19,912)	(19,718)
Capital and related financing activities		
Defeasance of debt	-	(93,495)
Acquisition and construction of capital assets	(67,779)	(86,488)
Repayment of debt principal	(102,700)	(192,555)
Interest paid on debt	(54,755)	(67,182)
Capital contributions	5,327	5,535
Other capital financing activities	1,493	(9,487)
Net cash used in capital and related financing activities	(218,414)	(443,672)
Investing activities		
Purchase of investments	(34,967)	(46,379)
Proceeds from sale and maturity of investments	15,299	56,800
Investment income	774	2,651
Distributions from The Energy Authority	78	116
Net cash provided by (used in) investing activities	(18,816)	13,188
Net change in cash and cash equivalents	(115,499)	(301,241)
Cash and cash equivalents at beginning of year	641,132	680,222
Cash and cash equivalents at end of period	$ 525,633	$ 378,981
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 66,429	$ 112,015
Adjustments:		
Depreciation and amortization	65,310	60,144
Recognition of deferred costs and revenues, net	3,648	4,274
Other nonoperating income, net	15	256
Changes in noncash assets and noncash liabilities:		
Accounts receivable	34,293	36,330
Inventories	(35)	(8,065)
Other assets	(830)	(2,620)
Accounts and accrued expenses payable	(25,914)	(8,250)
Current liabilities payable from restricted assets	(324)	(1,388)
Other noncurrent liabilities and deferred inflows	(949)	(43,735)
Net cash provided by operating activities	$ 141,643	$ 148,961
Noncash activity		
Contribution of capital assets from developers	$ 5,242	$ 11,913
Unrealized investment fair market value changes, net	$ -	$ -

JEA
Combining Statement of Net Position
(in thousands - unaudited) November 2020

	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	$ 273,824	$ 49,372	$ -	$ 323,196	65,207	$ 1,232	$ 389,635
Investments	-	5,578	-	5,578	-	-	5,578
Customer accounts receivable, net of allowance ($4,368)	134,658	-	-	134,658	50,997	271	185,926
Inventories:							
Materials and supplies	2,380	-	-	2,380	61,045	-	63,425
Fuel	36,096	-	-	36,096	-	-	36,096
Other current assets	15,269	5,390	(9,560)	11,099	5,211	-	16,310
Total current assets	462,227	60,340	(9,560)	513,007	182,460	1,503	696,970
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	13,956	74,207	-	88,163	45,475	2,360	135,998
Investments	219,754	9,705	-	229,459	98,868	-	328,327
Accounts and interest receivable	1,053	18	-	1,071	7	-	1,078
Total restricted assets	234,763	83,930	-	318,693	144,350	2,360	465,403
Costs to be recovered from future revenues	347,302	231,835	-	579,137	267,970	30	847,137
Other assets	31,270	4,500	(4,500)	31,270	2,156	36	33,462
Total noncurrent assets	613,335	320,265	(4,500)	929,100	414,476	2,426	1,346,002
Capital assets:							
Land and easements	123,748	6,660	-	130,408	83,459	3,051	216,918
Plant in service	5,946,898	1,316,043	-	7,262,941	4,994,311	60,463	12,317,715
Less accumulated depreciation	(3,471,187)	(1,313,447)	-	(4,784,634)	(2,405,787)	(29,678)	(7,220,099)
Plant in service, net	2,599,459	9,256	-	2,608,715	2,671,983	33,836	5,314,534
Construction work in progress	64,170	-	-	64,170	107,654	172	171,996
Net capital assets	2,663,629	9,256	-	2,672,885	2,779,637	34,008	5,486,530
Total assets	3,739,191	389,861	(14,060)	4,114,992	3,376,573	37,937	7,529,502
Deferred outflows of resources							
Accumulated decrease in fair value of hedging derivatives	142,742	-	-	142,742	37,681	-	180,423
Unrealized pension contributions and losses	74,505	17,601	-	92,106	51,775	-	143,881
Unamortized deferred losses on refundings	55,905	3,267	-	59,172	39,775	168	99,115
Unrealized asset retirement obligations	33,849	2,684	-	36,533	-	-	36,533
Unrealized OPEB contributions and losses	5,549	-	-	5,549	3,857	-	9,406
Total deferred outflows of resources	312,550	23,552	-	336,102	133,088	168	469,358
Total assets and deferred outflows of resources	$ 4,051,741	$ 413,413	$ (14,060)	$ 4,451,094	$ 3,509,661	$ 38,105	$ 7,998,860

JEA
Combining Statement of Net Position
(in thousands - unaudited) November 2020

	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:							
Customer deposits and prepayments	$ 53,656	$ -	$ -	$ 53,656	$ 17,442	$ -	$ 71,098
Accounts and accrued expenses payable	44,054	5,689	(5,403)	44,340	6,630	2	50,972
Billings on behalf of state and local governments	17,269	-	-	17,269	3,620	-	20,889
Compensation and benefits payable	7,071	-	-	7,071	2,680	24	9,775
City of Jacksonville payable	8,074	-	-	8,074	2,208	-	10,282
Asset retirement obligations	1,784	2,684	-	4,468	-	-	4,468
Total current liabilities	131,908	8,373	(5,403)	134,878	32,580	26	167,484
Current liabilities payable from restricted assets:							
Debt due within one year	66,220	14,175	-	80,395	9,370	1,770	91,535
Interest payable	9,733	1,649	-	11,382	8,028	209	19,619
Construction contracts and accounts payable	5,178	4,527	(4,157)	5,548	11,213	41	16,802
Renewal and replacement reserve	-	38,023	-	38,023	-	-	38,023
Total current liabilities payable from restricted assets	81,131	58,374	(4,157)	135,348	28,611	2,020	165,979
Noncurrent liabilities:							
Net pension liability	373,642	7,794	-	381,436	259,650	-	641,086
Asset retirement obligations	32,065	-	-	32,065	-	-	32,065
Compensation and benefits payable	21,781	-	-	21,781	8,489	66	30,336
Net OPEB liability	6,238	-	-	6,238	4,344	-	10,582
Other liabilities	21,656	4,500	(4,500)	21,656	-	-	21,656
Total noncurrent liabilities	455,382	12,294	(4,500)	463,176	272,483	66	735,725
Long-term debt:							
Debt payable, less current portion	1,563,630	237,590	-	1,801,220	1,232,195	29,640	3,063,055
Unamortized premium (discount), net	93,953	708	-	94,661	76,131	(23)	170,769
Fair value of debt management strategy instruments	139,607	-	-	139,607	37,681	-	177,288
Total long-term debt	1,797,190	238,298	-	2,035,488	1,346,007	29,617	3,411,112
Total liabilities	2,465,611	317,339	(14,060)	2,768,890	1,679,681	31,729	4,480,300
Deferred inflows of resources							
Revenues to be used for future costs	175,496	5,821	-	181,317	26,205	-	207,522
Unrealized pension gains	11,988	3,986	-	15,974	8,330	-	24,304
Unrealized OPEB gains	9,023	-	-	9,023	6,271	-	15,294
Accumulated increase in fair value of hedging derivatives	10,683	-	-	10,683	-	-	10,683
Total deferred inflows of resources	207,190	9,807	-	216,997	40,806	-	257,803
Net position			-				
Net investment in (divestment of) capital assets	1,020,401	(2,080)	-	1,018,321	1,670,345	2,748	2,691,414
Restricted for:							
Capital projects	153,644	-	-	153,644	70,063	1,856	225,563
Debt service	9,770	2,729	-	12,499	1,426	295	14,220
Other purposes	5,772	30,966	4,157	40,895	6,336	-	47,231
Unrestricted	189,353	54,652	(4,157)	239,848	41,004	1,477	282,329
Total net position	1,378,940	86,267	-	1,465,207	1,789,174	6,376	3,260,757
Total liabilities, deferred inflows of resources, and net position	$ 4,051,741	$ 413,413	$ (14,060)	$ 4,451,094	$ 3,509,661	$ 38,105	$ 7,998,860

JEA
Combining Statement of Net Position
(in thousands) September 2020

	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	$ 266,683	$ 51,814	$ -	$ 318,497	$ 67,036	$ 1,615	$ 387,148
Investments	-	3,107	-	3,107	-	-	3,107
Customer accounts receivable, net of allowance ($3,864)	165,515	-	-	165,515	54,176	123	219,814
Inventories:							
Materials and supplies	2,378	-	-	2,378	59,285	-	61,663
Fuel	37,822	-	-	37,822	-	-	37,822
Other current assets	14,981	5,361	(9,519)	10,823	5,541	-	16,364
Total current assets	487,379	60,282	(9,519)	538,142	186,038	1,738	725,918
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	89,193	89,318	-	178,511	71,232	4,241	253,984
Investments	202,036	10,227	-	212,263	98,867	-	311,130
Accounts and interest receivable	1,053	11	-	1,064	7	-	1,071
Total restricted assets	292,282	99,556	-	391,838	170,106	4,241	566,185
Costs to be recovered from future revenues	348,740	234,170	-	582,910	269,374	30	852,314
Other assets	30,649	4,500	(4,500)	30,649	1,569	3	32,221
Total noncurrent assets	671,671	338,226	(4,500)	1,005,397	441,049	4,274	1,450,720
Capital assets:							
Land and easements	123,748	6,660	-	130,408	83,459	3,051	216,918
Plant in service	5,835,887	1,316,043	-	7,151,930	4,912,993	59,530	12,124,453
Less accumulated depreciation	(3,439,442)	(1,313,379)	-	(4,752,821)	(2,379,631)	(29,255)	(7,161,707)
Plant in service, net	2,520,193	9,324	-	2,529,517	2,616,821	33,326	5,179,664
Construction work in progress	154,702	-	-	154,702	175,783	1,026	331,511
Net capital assets	2,674,895	9,324	-	2,684,219	2,792,604	34,352	5,511,175
Total assets	3,833,945	407,832	(14,019)	4,227,758	3,419,691	40,364	7,687,813
Deferred outflows of resources							
Accumulated decrease in fair value of hedging derivatives	141,605	-	-	141,605	37,681	-	179,286
Unrealized pension contributions and losses	74,505	17,601	-	92,106	51,775	-	143,881
Unamortized deferred losses on refundings	56,693	3,300	-	59,993	40,152	169	100,314
Unrealized asset retirement obligations	32,368	2,873	-	35,241	-	-	35,241
Unrealized OPEB contributions and losses	5,549	-	-	5,549	3,857	-	9,406
Total deferred outflows of resources	310,720	23,774	-	334,494	133,465	169	468,128
Total assets and deferred outflows of resources	$ 4,144,665	$ 431,606	$ (14,019)	$ 4,562,252	$ 3,553,156	$ 40,533	$ 8,155,941

JEA
Combining Statement of Net Position
(in thousands) September 2020

	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:							
Customer deposits and prepayments	$ 53,779	$ -	$ -	$ 53,779	$ 17,525	$ -	$ 71,304
Accounts and accrued expenses payable	57,387	6,269	(5,376)	58,280	8,855	144	67,279
Billings on behalf of state and local governments	22,125	-	-	22,125	3,834	-	25,959
Compensation and benefits payable	10,301	-	-	10,301	4,262	36	14,599
City of Jacksonville payable	8,159	-	-	8,159	2,096	-	10,255
Asset retirement obligations	1,263	2,873	-	4,136	-	-	4,136
Total current liabilities	153,014	9,142	(5,376)	156,780	36,572	180	193,532
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	24,871	5,222	-	30,093	22,115	648	52,856
Construction contracts and accounts payable	15,109	4,964	(4,143)	15,930	30,389	47	46,366
Renewal and replacement reserve	-	37,910	-	37,910	-	-	37,910
Total current liabilities payable from restricted assets	107,745	61,436	(4,143)	165,038	72,374	2,420	239,832
Noncurrent liabilities:							
Net pension liability	373,642	7,794	-	381,436	259,650	-	641,086
Asset retirement obligations	31,105	-	-	31,105	-	-	31,105
Compensation and benefits payable	22,271	-	-	22,271	9,002	69	31,342
Net OPEB liability	5,954	-	-	5,954	4,137	-	10,091
Other liabilities	20,556	4,500	(4,500)	20,556	-	-	20,556
Total noncurrent liabilities	453,528	12,294	(4,500)	461,322	272,789	69	734,180
Long-term debt:							
Debt payable, less current portion	1,629,850	251,765	-	1,881,615	1,241,565	31,410	3,154,590
Unamortized premium (discount), net	95,677	783	-	96,460	77,769	(24)	174,205
Fair value of debt management strategy instruments	139,607	-	-	139,607	37,681	-	177,288
Total long-term debt	1,865,134	252,548	-	2,117,682	1,357,015	31,386	3,506,083
Total liabilities	2,579,421	335,420	(14,019)	2,900,822	1,738,750	34,055	4,673,627
Deferred inflows of resources							
Revenues to be used for future costs	177,589	5,821	-	183,410	23,372	-	206,782
Unrealized pension gains	11,988	3,986	-	15,974	8,330	-	24,304
Unrealized OPEB gains	9,023	-	-	9,023	6,271	-	15,294
Accumulated increase in fair value of hedging derivatives	11,944	-	-	11,944	-	-	11,944
Total deferred inflows of resources	210,544	9,807	-	220,351	37,973	-	258,324
Net position							
Net investment in (divestment of) capital assets	952,894	(13,503)	-	939,391	1,643,320	1,363	2,584,074
Restricted for:							
Capital projects	139,308	-	-	139,308	63,679	1,868	204,855
Debt service	66,487	13,706	-	80,193	19,640	1,725	101,558
Other purposes	5,772	32,163	4,143	42,078	6,539	-	48,617
Unrestricted	190,239	54,013	(4,143)	240,109	43,255	1,522	284,886
Total net position	1,354,700	86,379	-	1,441,079	1,776,433	6,478	3,223,990
Total liabilities, deferred inflows of resources, and net position	$ 4,144,665	$ 431,606	$ (14,019)	$ 4,562,252	$ 3,553,156	$ 40,533	$ 8,155,941

Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the month ended November 2020

	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	$ 60,588	$ -	$ -	$ 60,588	$ -	$ -	$ (278)	$ 60,310
Electric - fuel and purchased power	27,877	2,223	(2,223)	27,877	-	-	(1,043)	26,834
Water and sewer	-	-	-	-	33,512	-	(27)	33,485
District energy system	-	-	-	-	-	490	(29)	461
Other operating revenues	1,865	-	-	1,865	962	-	(184)	2,643
Total operating revenues	90,330	2,223	(2,223)	90,330	34,474	490	(1,561)	123,733
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	17,792	(1,008)	-	16,784	12,715	362	(1,561)	28,300
Fuel	25,004	-	-	25,004	-	-	-	25,004
Purchased power	8,482	-	(2,223)	6,259	-	-	-	6,259
Depreciation	17,914	34	-	17,948	14,596	213	-	32,757
State utility and franchise taxes	4,416	-	-	4,416	804	-	-	5,220
Recognition of deferred costs and revenues, net	560	1,157	-	1,717	291	-	-	2,008
Total operating expenses	74,168	183	(2,223)	72,128	28,406	575	(1,561)	99,548
Operating income	16,162	2,040	-	18,202	6,068	(85)	-	24,185
Nonoperating revenues (expenses)								
Interest on debt	(5,137)	(815)	-	(5,952)	(3,556)	(106)	-	(9,614)
Investment income	329	12	-	341	217	1	-	559
Allowance for funds used during construction	211	-	-	211	347	-	-	558
Other nonoperating income, net	340	24	-	364	204	-	-	568
Earnings from The Energy Authority	132	-	-	132	-	-	-	132
Other interest, net	(2)	-	-	(2)	-	-	-	(2)
Total nonoperating expenses, net	(4,127)	(779)	-	(4,906)	(2,788)	(105)	-	(7,799)
Income before contributions	12,035	1,261	-	13,296	3,280	(190)	-	16,386
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,801)	-	-	(7,801)	(2,200)	-	-	(10,001)
Developers and other	89	-	-	89	4,900	-	-	4,989
Reduction of plant cost through contributions	(89)	-	-	(89)	(3,252)	-	-	(3,341)
Total contributions, net	(7,801)	-	-	(7,801)	(552)	-	-	(8,353)
Change in net position	4,234	1,261	-	5,495	2,728	(190)	-	8,033
Net position, beginning of period	1,374,706	85,006	-	1,459,712	1,786,446	6,566	-	3,252,724
Net position, end of period	$ 1,378,940	$ 86,267	$ -	$ 1,465,207	$ 1,789,174	$ 6,376	$ -	$ 3,260,757

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 operating revenues	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:								
Maintenance and other operating expenses	19,777	869	-	20,646	13,317	434	(1,532)	32,865
Fuel	20,637	-	-	20,637	-	-	-	20,637
Purchased power	11,258	-	(2,064)	9,194	-	-	-	9,194
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	(5,759)	(844)	-	(6,603)	(3,972)	(109)	-	(10,684)
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	(3,467)	(600)	-	(4,067)	(2,147)	(97)	-	(6,311)
Income before contributions	10,817	(56)	-	10,761	4,662	(246)	-	15,177
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	2,995	(56)	-	2,939	5,671	(246)	-	8,364
Net position, beginning of period	1,222,168	98,322	-	1,320,490	1,695,673	6,299	-	3,022,462
Net position, end of period	$ 1,225,163	$ 98,266	$ -	$ 1,323,429	$ 1,701,344	$ 6,053	$ -	$ 3,030,826

Combining Statement of Revenues, Expenses, and Changes in Net Position
(in thousands - unaudited) for the two months ended November 2020

	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	$ 133,106	$ -	$ -	$ 133,106	$ -	$ -	$ (572)	$ 132,534
Electric - fuel and purchased power	57,494	4,443	(4,443)	57,494	-	-	(2,151)	55,343
Water and sewer	-	-	-	-	70,839	-	(59)	70,780
District energy system	-	-	-	-	-	1,307	(59)	1,248
Other operating revenues	5,073	-	-	5,073	1,953	-	(369)	6,657
Total operating revenues	195,673	4,443	(4,443)	195,673	72,792	1,307	(3,210)	266,562
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	32,555	619	-	33,174	24,446	777	(3,210)	55,187
Fuel	50,612	-	-	50,612	-	-	-	50,612
Purchased power	18,457	-	(4,443)	14,014	-	-	-	14,014
Depreciation	35,532	68	-	35,600	29,095	423	-	65,118
State utility and franchise taxes	9,843	-	-	9,843	1,711	-	-	11,554
Recognition of deferred costs and revenues, net	1,084	2,313	-	3,397	251	-	-	3,648
Total operating expenses	148,083	3,000	(4,443)	146,640	55,503	1,200	(3,210)	200,133
Operating income	47,590	1,443	-	49,033	17,289	107	-	66,429
Nonoperating revenues (expenses)								
Interest on debt	(10,353)	(1,630)	-	(11,983)	(7,148)	(212)	-	(19,343)
Investment income	697	27	-	724	442	1	-	1,167
Allowance for funds used during construction	573	-	-	573	803	2	-	1,378
Other nonoperating income, net	683	48	-	731	408	-	-	1,139
Earnings from The Energy Authority	615	-	-	615	-	-	-	615
Other interest, net	37	-	-	37	20	-	-	57
Total nonoperating expenses, net	(7,748)	(1,555)	-	(9,303)	(5,475)	(209)	-	(14,987)
Income before contributions	39,842	(112)	-	39,730	11,814	(102)	-	51,442
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(15,602)	-	-	(15,602)	(4,400)	-	-	(20,002)
Developers and other	98	-	-	98	10,471	-	-	10,569
Reduction of plant cost through contributions	(98)	-	-	(98)	(5,144)	-	-	(5,242)
Total contributions, net	(15,602)	-	-	(15,602)	927	-	-	(14,675)
Change in net position	24,240	(112)	-	24,128	12,741	(102)	-	36,767
Net position, beginning of year	1,354,700	86,379	-	1,441,079	1,776,433	6,478	-	3,223,990
Net position, end of period	$ 1,378,940	$ 86,267	$ -	$ 1,465,207	$ 1,789,174	$ 6,376	$ -	$ 3,260,757

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 operating revenues	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:								
Maintenance and other operating expenses	37,616	817	-	38,433	24,666	864	(3,382)	60,581
Fuel	45,215	-	-	45,215	-	-	-	45,215
Purchased power	21,590	-	(4,017)	17,573	-	-	-	17,573
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	(15,811)	(1,689)	-	(17,500)	(10,665)	(219)	-	(28,384)
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	(11,406)	(1,078)	-	(12,484)	(6,980)	(190)	-	(19,654)
Income before contributions	61,706	336	-	62,042	30,399	(80)	-	92,361
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	46,061	336	-	46,397	31,776	(80)	-	78,093
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	$ 1,225,163	$ 98,266	$ -	$ 1,323,429	$ 1,701,344	$ 6,053	$ -	$ 3,030,826

JEA
Combining Statement of Cash Flows
(in thousands - unaudited) for the two months ended November 2020

	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	$ 219,868	$ 4,443	$ (4,506)	$ 219,805	$ 76,891	$ 1,158	$ (2,841)	$ 295,013
Payments to suppliers	(98,595)	(1,503)	4,506	(95,592)	(18,885)	(840)	3,210	(112,107)
Payments for salaries and benefits	(33,769)	-	-	(33,769)	(14,010)	(126)	-	(47,905)
Other operating activities	4,025	-	-	4,025	2,986	-	(369)	6,642
Net cash provided by operating activities	91,529	2,940	-	94,469	46,982	192	-	141,643
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(15,623)	-	-	(15,623)	(4,289)	-	-	(19,912)
Net cash used in noncapital and related financing activities	(15,623)	-	-	(15,623)	(4,289)	-	-	(19,912)
Capital and related financing activities								
Acquisition and construction of capital assets	(34,216)	-	-	(34,216)	(33,479)	(84)	-	(67,779)
Repayment of debt principal	(67,765)	(13,340)	-	(81,105)	(19,870)	(1,725)	-	(102,700)
Interest paid on debt	(26,413)	(5,222)	-	(31,635)	(22,472)	(648)	-	(54,755)
Capital contributions	-	-	-	-	5,327	-	-	5,327
Other capital financing activities	1,385	-	-	1,385	108	-	-	1,493
Net cash used in capital and related financing activities	(127,009)	(18,562)	-	(145,571)	(70,386)	(2,457)	-	(218,414)
Investing activities								
Purchase of investments	(32,028)	(2,500)	-	(34,528)	(439)	-	-	(34,967)
Proceeds from sale and maturity of investments	14,310	550	-	14,860	439	-	-	15,299
Investment income	647	19	-	666	107	1	-	774
Distributions from The Energy Authority	78	-	-	78	-	-	-	78
Net cash provided by (used in) investing activities	(16,993)	(1,931)	-	(18,924)	107	1	-	(18,816)
Net change in cash and cash equivalents	(68,096)	(17,553)	-	(85,649)	(27,586)	(2,264)	-	(115,499)
Cash and cash equivalents at beginning of year	355,876	141,132	-	497,008	138,268	5,856	-	641,132
Cash and cash equivalents at end of period	$ 287,780	$ 123,579	$ -	$ 411,359	$ 110,682	$ 3,592	$ -	$ 525,633
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 47,590	$ 1,443	$ -	$ 49,033	$ 17,289	$ 107	$ -	$ 66,429
Adjustments:								
Depreciation and amortization	35,532	68	-	35,600	29,287	423	-	65,310
Recognition of deferred costs and revenues, net	1,084	2,313	-	3,397	251	-	-	3,648
Other nonoperating income, net	15	-	-	15	-	-	-	15
Changes in noncash assets and noncash liabilities:								
Accounts receivable	30,212	21	-	30,233	4,209	(149)	-	34,293
Inventories	1,725	-	-	1,725	(1,760)	-	-	(35)
Other assets	(60)	-	-	(60)	(737)	(33)	-	(830)
Accounts and accrued expenses payable	(21,098)	(581)	-	(21,679)	(4,082)	(153)	-	(25,914)
Current liabilities payable from restricted assets	-	(324)	-	(324)	-	-	-	(324)
Other noncurrent liabilities and deferred inflows	(3,471)	-	-	(3,471)	2,525	(3)	-	(949)
Net cash provided by operating activities	$ 91,529	$ 2,940	$ -	$ 94,469	$ 46,982	$ 192	$ -	$ 141,643
Noncash activity								
Contribution of capital assets from developers	$ 98	$ -	$ -	$ 98	$ 5,144	$ -	$ -	$ 5,242
Unrealized investment fair market value changes, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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)	(1,458)	4,302	(96,176)	(16,760)	(906)	3,382	(110,460)
Payments for salaries and benefits	(32,531)	(933)	-	(33,464)	(13,269)	(116)	-	(46,849)
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 (loss), 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 investment fair market value changes, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Debt Service Coverage
November 2020
(unaudited)

	Month November		Year-to-Date November	
	2020	**2019**	**2020**	**2019**
Electric System				
Senior debt service coverage, (annual minimum 1.20x)	9.16 x	7.51 x	11.24 x	12.59 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	4.01 x	3.41 x	4.91 x	5.70 x
Bulk Power Supply System				
Debt service coverage, (annual minimum 1.15x)	1.31 x	2.46 x	1.33 x	2.34 x
St. Johns River Power Park, Second Resolution				
Debt service coverage, (annual minimum 1.15x)	1.13 x	1.17 x	1.13 x	1.17 x
Water and Sewer System				
Senior debt service coverage, (annual minimum 1.25x)	5.84 x	4.76 x	6.71 x	7.00 x
Senior and subordinated debt service coverage excluding capacity fees [(1)]	4.74 x	3.68 x	5.27 x	5.70 x
Senior and subordinated debt service coverage including capacity fees [(1)]	5.11 x	4.22 x	5.86 x	6.19 x
District Energy System				
Debt service coverage, (annual minimum 1.15x)	0.51 x	0.26 x	1.05 x	1.08 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).

Electric System
Operating Statistics
(unaudited)

	Month November			Year-to-Date November		
	2020	**2019**	**Variance**	**2020**	**2019**	**Variance**
Electric revenues sales (000s omitted):						
Residential	$ 41,387	$ 37,460	10.48%	$ 94,018	$ 91,610	2.63%
Commercial	28,541	28,438	0.36%	60,980	62,858	-2.99%
Industrial	14,596	16,674	-12.46%	31,381	32,323	-2.91%
Public street lighting	1,115	1,093	2.01%	2,252	2,214	1.72%
Electric revenues - territorial	85,639	83,665	2.36%	188,631	189,005	-0.20%
Sales for resale - off system	230	178	29.21%	464	404	14.85%
Electric revenues	85,869	83,843	2.42%	189,095	189,409	-0.17%
Rate stabilization & recovery	3,124	2,415	29.36%	2,033	29,518	-93.11%
Allowance for doubtful accounts	(528)	-		(528)	-	
Net electric revenues	88,465	86,258	2.56%	190,600	218,927	-12.94%
MWh sales						
Residential	357,889	321,771	11.22%	815,497	793,094	2.82%
Commercial	290,779	288,532	0.78%	623,146	638,927	-2.47%
Industrial	202,400	210,553	-3.87%	431,453	436,235	-1.10%
Public street lighting	4,366	4,392	-0.59%	8,860	8,879	-0.21%
Total MWh sales - territorial	855,434	825,248	3.66%	1,878,956	1,877,135	0.10%
Sales for resale - off system	75	5,106	-98.53%	225	11,501	-98.04%
Total MWh sales	855,509	830,354	3.03%	1,879,181	1,888,636	-0.50%
Number of accounts (1)						
Residential	432,684	423,810	2.09%	432,399	423,438	2.12%
Commercial	53,916	53,316	1.13%	53,887	53,288	1.12%
Industrial	197	195	1.03%	197	195	1.03%
Public street lighting	3,966	3,918	1.23%	3,960	3,911	1.25%
Total average accounts	490,763	481,239	1.98%	490,443	480,832	2.00%
Residential averages						
Revenue per account - $	95.65	88.39	8.22%	217.43	216.35	0.50%
kWh per account	827	759	8.94%	1,886	1,873	0.69%
Revenue per kWh - ¢	11.56	11.64	-0.67%	11.53	11.55	-0.19%
Degree days						
Heating degree days	62	165	(103)	63	166	(103)
Cooling degree days	139	32	107	446	364	82
Total degree days	201	197	4	509	530	(21)
Degree days - 30 year average	206			431		

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

Water and Sewer System
Operating Statistics
(unaudited)

	Month November			Year-to-Date November		
	2020	**2019**	**Variance**	**2020**	**2019**	**Variance**
Water						
Revenues (000s omitted):						
Residential	$ 7,008	$ 6,758	3.70%	$ 15,536	$ 16,172	-3.93%
Commercial and industrial	3,829	3,714	3.10%	7,926	7,960	-0.43%
Irrigation	2,228	2,775	-19.71%	4,831	6,215	-22.27%
Total water revenues	13,065	13,247	-1.37%	28,293	30,347	-6.77%
Rate stabilization	(303)	(386)	-21.50%	(1,085)	4,822	-122.50%
Allowance for doubtful accounts	(84)	(17)	394.12%	(84)	(38)	121.05%
Net water revenues	$ 12,678	$ 12,844	-1.29%	$ 27,124	$ 35,131	-22.79%
Kgal sales (000s omitted)						
Residential	1,283,179	1,308,999	-1.97%	2,764,594	2,882,728	-4.10%
Commercial and industrial	1,131,254	1,163,028	-2.73%	2,290,470	2,295,018	-0.20%
Irrigation	338,753	477,054	-28.99%	738,841	1,065,630	-30.67%
Total kgals sales	2,753,186	2,949,081	-6.64%	5,793,905	6,243,376	-7.20%
Number of accounts (1):						
Residential	304,969	296,928	2.71%	304,712	296,641	2.72%
Commercial and industrial	26,352	26,120	0.89%	26,350	26,105	0.94%
Irrigation	37,775	37,370	1.08%	37,788	37,362	1.14%
Total average accounts	369,096	360,418	2.41%	368,850	360,108	2.43%
Residential averages:						
Revenue per account - $	22.98	22.76	0.97%	50.99	54.52	-6.47%
Kgals per account	4.21	4.41	-4.54%	9.07	9.72	-6.69%
Revenue per kgals - $	5.46	5.16	5.81%	5.62	5.61	0.18%
Sewer						
Revenues (000s omitted):						
Residential	$ 10,708	$ 10,295	4.01%	$ 23,620	$ 23,783	-0.69%
Commercial and industrial	9,117	8,929	2.11%	18,692	18,523	0.91%
Total sewer revenues	19,825	19,224	3.13%	42,312	42,306	0.01%
Rate stabilization	(508)	(330)	53.94%	(1,747)	7,285	-123.98%
Allowance for doubtful accounts	(125)	(24)	420.83%	(125)	(56)	123.21%
Net sewer revenues	19,192	18,870	1.71%	40,440	49,535	-18.36%
Kgal sales (000s omitted)						
Residential	1,110,485	1,121,964	-1.02%	2,406,869	2,456,214	-2.01%
Commercial and industrial	995,805	1,001,773	-0.60%	2,018,455	1,989,466	1.46%
Total kgals sales	2,106,290	2,123,737	-0.82%	4,425,324	4,445,680	-0.46%
Number of accounts (1):						
Residential	271,468	263,598	2.99%	271,201	263,339	2.99%
Commercial and industrial	18,744	18,603	0.76%	18,742	18,602	0.75%
Total average accounts	290,212	282,201	2.84%	289,943	281,941	2.84%
Residential averages:						
Revenue per account - $	39.44	39.06	0.97%	87.09	90.31	-3.57%
kgals per account	4.09	4.26	-3.99%	8.87	9.33	-4.93%
Revenue per kgals - $	9.64	9.18	5.01%	9.81	9.68	1.34%
Reuse						
Revenues (000s omitted):						
Reuse revenues	$ 1,642	$ 1,624	1.11%	$ 3,275	$ 3,544	-7.59%
Kgal sales (000s omitted)						
Reuse sales (kgals)	289,536	346,041	-16.33%	654,392	760,309	-13.93%
Number of accounts (1):						
Reuse accounts	18,655	16,015	16.48%	18,557	15,913	16.62%
Rainfall			Diff in inches			Diff in inches
Normal	2.11	2.11		6.04	6.04	
Actual	2.01	3.69	(1.68)	5.50	6.99	(1.49)
Rain Days	15	6	9	27	17	10

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

Appendix

JEA
Schedule of Cash and Investments
(in thousands - unaudited) November 2020

	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	$ 57,309	$ 34,241	$ 91,550	$ 22,138	$ 1,232	$ 114,920
Rate stabilization:						
Fuel	76,235	-	76,235	-	-	76,235
Environmental	21,637	-	21,637	26,205	-	47,842
Purchased Power	31,173	-	31,173	-	-	31,173
DSM/Conservation	5,837	-	5,837	-	-	5,837
Total rate stabilization funds	134,882	-	134,882	26,205	-	161,087
Customer deposits	43,588	-	43,588	16,864	-	60,452
General reserve	-	20,709	20,709	-	-	20,709
Self insurance reserve funds:						
Self funded health plan	11,477	-	11,477	-	-	11,477
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,477	-	21,477	-	-	21,477
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	$ 273,824	$ 54,950	$ 328,774	$ 65,207	$ 1,232	$ 395,213
Restricted assets						
Renewal and replacement funds	$ 152,263	$ 38,023	$ 190,286	$ 45,175	$ 1,856	$ 237,317
Debt service reserve account	55,844	10,545	66,389	58,664	-	125,053
Debt service funds	19,503	4,378	23,881	9,287	504	33,672
Construction funds	266	-	266	24,881	-	25,147
Environmental funds	62	-	62	446	-	508
Subtotal	227,938	52,946	280,884	138,453	2,360	421,697
Unrealized holding gain (loss) on investments	5,772	100	5,872	5,890	-	11,762
Other funds	-	30,866	30,866	-	-	30,866
Total restricted cash and investments	$ 233,710	$ 83,912	$ 317,622	$ 144,343	$ 2,360	$ 464,325
Total cash and investments	$ 507,534	$ 138,862	$ 646,396	$ 209,550	$ 3,592	$ 859,538

JEA
Schedule of Cash and Investments
(in thousands) September 2020

	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	$ 48,670	$ 34,212	$ 82,882	$ 26,738	$ 1,615	$ 111,235
Rate stabilization:						
Fuel	73,347	-	73,347	-	-	73,347
Environmental	21,818	-	21,818	23,372	-	45,190
Purchased Power	36,326	-	36,326	-	-	36,326
DSM/Conservation	5,423	-	5,423	-	-	5,423
Total rate stabilization funds	136,914	-	136,914	23,372	-	160,286
Customer deposits	43,641	-	43,641	16,926	-	60,567
General reserve	-	20,709	20,709	-	-	20,709
Self insurance reserve funds:						
Self funded health plan	10,890	-	10,890	-	-	10,890
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,890	-	20,890	-	-	20,890
Environmental liability reserve	16,568	-	16,568	-	-	16,568
Total unrestricted cash and investments	$ 266,683	$ 54,921	$ 321,604	$ 67,036	$ 1,615	$ 390,255
Restricted assets						
Renewal and replacement funds	$ 137,643	$ 37,910	$ 175,553	$ 38,131	$ 1,868	$ 215,552
Debt service reserve account	55,844	10,544	66,388	58,228	-	124,616
Debt service funds	91,358	18,928	110,286	41,660	2,373	154,319
Construction funds	311	-	311	25,541	-	25,852
Environmental funds	301	-	301	649	-	950
Subtotal	285,457	67,382	352,839	164,209	4,241	521,289
Unrealized holding gain (loss) on investments	5,772	101	5,873	5,890	-	11,763
Other funds	-	32,062	32,062	-	-	32,062
Total restricted cash and investments	$ 291,229	$ 99,545	$ 390,774	$ 170,099	$ 4,241	$ 565,114
Total cash and investments	$ 557,912	$ 154,466	$ 712,378	$ 237,135	$ 5,856	$ 955,369

JEA
INVESTMENT PORTFOLIO REPORT
November 2020
(unaudited)
All Funds

INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL
Federal Home Loan Bank	$ 98,380,466	2.36%	11.68%
Municipal Bonds	128,356,261	3.17%	15.24%
Commercial Paper	95,389,385	0.23%	11.33%
U.S. Treasury Money Market Funds (1)	179,393,072	0.03%	21.30%
Agency Money Market Funds (2)	44,575,000	0.03%	5.29%
PALM Money Market Fund	40,500,000	0.13%	4.81%
Florida Prime Fund	118,828,000	0.22%	14.11%
Wells Fargo Bank Accounts (3)			
Electric, Scherer	88,802,693	0.16%	10.55%
SJRPP	12,817,808	0.16%	1.52%
Water & Sewer, DES	34,997,090	0.16%	4.16%
Total Portfolio	$ 842,039,775	0.84%	100.00%

Weighted Avg. Annual Yield for November 2020, Excluding Bank & Money Market Funds: 2.05%

Weighted Avg. Annual Yield for November 2020, Including Bank & Money Market Funds: 0.84%

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

(1) Treasury Funds: Federated, Fidelity, Goldman Sachs
(2) State Street Government Fund
(3) Month-end bank balances

JEA
Schedule of Outstanding Indebtedness
November 2020

	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%	2021-2044	466,610,000	15,705,000
Fixed Rate Subordinated	3.375-6.406%	2021-2039	500,505,000	31,870,000
Variable Rate Senior	0.123-0.611%	2021-2040	448,430,000	8,595,000
Variable Rate Subordinated	0.096-0.286%	2021-2038	132,420,000	2,970,000
Total Electric System	2.668% (wtd avg)	2021-2044	1,547,965,000	59,140,000
Bulk Power Supply System				
Fixed Rate Senior	2.250-5.920%	2021-2038	81,885,000	7,080,000
St. Johns River Power Park				
Fixed Rate Senior	2.250-5.450%	2021-2039	251,765,000	14,175,000
Total Electric Enterprise	2.882% (wtd avg)	2021-2044	1,881,615,000	80,395,000
Water and Sewer System				
Fixed Rate Senior	3.000-6.310%	2021-2044	899,860,000	2,060,000
Fixed Rate Subordinated	2.750-5.000%	2023-2040	88,845,000	-
Variable Rate Senior	0.111-1.981%	2021-2042	147,025,000	4,860,000
Variable Rate Subordinated	0.068-0.132%	2021-2038	100,835,000	2,450,000
Other Obligations	1.298%	2021	5,000,000	-
Total Water and Sewer System	3.228% (wtd avg)	2021-2044	1,241,565,000	9,370,000
District Energy System				
Fixed Rate Senior	2.694 - 4.538%	2021-2034	31,410,000	1,770,000
Total JEA	3.032% (wtd avg)	2021-2044	3,154,590,000	91,535,000

JEA
Debt Ratio
November 2020

	Current YTD
Electric Enterprise	59.8%
Water and Sewer System	41.2%

JEA
Interest Rate Swap Position Report
November 2020
(unaudited)

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
Electric System									
1	Goldman Sachs	9/18/2003	9/16/2033	$ 84,800,000	3.717	0.101	3.616	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	4.351	0.111	4.239	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	81,575,000	3.661	0.101	3.560	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	3.716	0.101	3.615	n/a	68% 1 mth Libor
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	3.907	0.111	3.796	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	3.836	0.111	3.725	n/a	SIFMA
			Total	402,785,000					
Water/Sewer System									
7	Morgan Stanley	10/31/2006	10/1/2022	9,915,000	4.075	1.981	2.094	n/a	CPI
9	Merrill Lynch	3/8/2007	10/1/2041	85,290,000	3.895	0.111	3.784	n/a	SIFMA
			Total	95,205,000					
			Grand Total	$ 497,990,000	Wtd Avg Spread		3.742		

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

Electric System
Production Statistics
(unaudited)

	Month November			Year-to-Date November		
	2020	**2019**	**Variance**	**2020**	**2019**	**Variance**
Generated power:						
Steam:						
Fuel oil						
Fuel expense	$ -	$ -		$ -	$ (37,630)	-100.00%
Barrels #6 oil consumed	-	-		-	(347)	-100.00%
$/ per barrel consumed	$ -	$ -		$ -	$ 108.44	-100.00%
kWh oil generated (1)	-	1,014	-100.00%	-	141,446	-100.00%
Cost per MWh - oil	$ -	$ -		$ -	$ (266.04)	-100.00%
Natural gas units #1-3						
Gas expense - variable	$ 4,722,342	$ 2,927,376	61.32%	$ 10,074,275	$ 8,941,181	12.67%
MMBTU's consumed	1,667,738	1,084,230	53.82%	3,889,372	3,512,934	10.72%
$/ per MMBTU consumed	$ 2.83	$ 2.70	4.88%	$ 2.59	$ 2.55	1.77%
kWh - gas generated (1)	143,647,716	102,944,413	39.54%	345,265,821	336,795,957	2.51%
Cost per MWh - gas	$ 32.87	$ 28.44	15.61%	$ 29.18	$ 26.55	9.91%
Cost per MWh - gas & oil - steam	$ 32.87	$ 28.44	15.61%	$ 29.18	$ 26.42	10.42%
Coal						
Coal expense	$ 1,280,304	$ 1,716,598	-25.42%	$ 2,700,106	$ 2,105,595	28.23%
kWh generated	51,166,575	70,270,532	-27.19%	102,826,628	83,516,973	23.12%
Cost per MWh - coal	$ 25.02	$ 24.43	2.43%	$ 26.26	$ 25.21	4.15%
Pet coke and limestone						
Expense	$ 2,862,486	$ 2,551,877	12.17%	$ 6,144,374	$ 3,423,094	79.50%
kWh generated	79,816,718	112,236,628	-28.89%	174,263,951	139,099,856	25.28%
Cost per MWh - pet coke and limestone	$ 35.86	$ 22.74	57.73%	$ 35.26	$ 24.61	43.28%
Cost per MWh - coal & petcoke - steam	$ 31.63	$ 23.39	35.23%	$ 31.92	$ 24.84	28.52%
Combustion turbine:						
Fuel oil						
Fuel expense	$ 68,977	$ 115,999	-40.54%	$ 258,292	$ 314,452	-17.86%
Barrels #2 oil consumed	332	600	-44.67%	1,730	2,297	-24.68%
$/ per barrel consumed	$ 207.76	$ 193.33	7.46%	$ 149.30	$ 136.90	9.06%
kWh - oil generated	39,482	330,466	-88.05%	547,606	1,011,282	-45.85%
Cost per MWh - oil	$ 1,747.05	$ 351.02	397.71%	$ 471.67	$ 310.94	51.69%
Natural gas (includes landfill)						
Gas expense Kennedy & landfill - variable	$ 57,749	$ 358,159	-83.88%	$ 853,232	$ 712,647	19.73%
MMBTU's consumed	18,506	132,657	-86.05%	349,110	275,726	26.61%
$/ per MMBTU consumed	$ 3.12	$ 2.70	15.58%	$ 2.44	$ 2.58	-5.44%
kWh - gas generated (1)	1,233,696	10,924,357	-88.71%	31,307,744	23,644,504	32.41%
Cost per MWh - gas	$ 46.81	$ 32.79	42.78%	$ 27.25	$ 30.14	-9.58%
Gas expense BB simple - variable	$ 317,679	$ 107,192	196.36%	$ 940,046	$ 351,608	167.36%
MMBTU's consumed	$ 114,935	39,723	189.34%	409,676	140,231	192.14%
$/ per MMBTU consumed	$ 2.76	$ 2.70	2.43%	$ 2.29	$ 2.51	-8.48%
kWh - gas generated (1)	10,443,900	3,411,486	206.14%	38,177,200	21,219,368	79.92%
Cost per MWh - gas simple	$ 30.42	$ 31.42	-3.19%	$ 24.62	$ 16.57	48.60%
Gas expense BB combined - variable	$ 7,890,160	$ 4,679,301	68.62%	$ 14,320,848	$ 12,336,023	16.09%
MMBTU's consumed	2,817,593	1,733,100	62.58%	5,692,281	4,822,698	18.03%
$/ per MMBTU consumed	$ 2.80	$ 2.70	3.72%	$ 2.52	$ 2.56	-1.64%
kWh - gas generated (1)	418,217,338	261,391,585	60.00%	836,096,117	698,398,095	19.72%
Cost per MWh - gas combined	$ 18.87	$ 17.90	5.39%	$ 17.13	$ 17.66	-3.03%
Gas expense GEC simple - variable	$ 599,079	$ 629,193	-4.79%	$ 1,242,448	$ 2,102,837	-40.92%
MMBTU's consumed	183,204	233,037	-21.38%	422,582	828,010	-48.96%
$/ per MMBTU consumed	$ 3.27	$ 2.70	21.11%	$ 2.94	$ 2.54	15.77%
kWh - gas generated	15,742,062	21,075,514	-25.31%	37,463,767	76,214,136	-50.84%
Cost per MWh - gas simple	$ 38.06	$ 29.85	27.47%	$ 33.16	$ 27.59	20.20%
Cost per MWh - gas & oil ct	$ 20.05	$ 19.82	1.12%	$ 18.67	$ 19.28	-3.17%
Natural gas expense - fixed	$ 2,978,881	$ 3,031,593	-1.74%	$ 6,028,548	$ 6,147,208	-1.93%
Total generated power:						
Fuels expense	$ 20,777,657	$ 16,117,288	28.92%	$ 42,562,169	$ 36,397,015	16.94%
kWh generated	720,307,487	582,585,995	23.64%	1,565,948,834	1,380,041,617	13.47%
Cost per MWh	$ 28.85	$ 27.67	4.27%	$ 27.18	$ 26.37	3.06%

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

	Month November			Year-to-Date November		
	2020	**2019**	**Variance**	**2020**	**2019**	**Variance**
Production Statistics (Continued)						
Cost of fuels						
Natural gas	$ 16,565,890	$ 11,732,814	41.19%	$ 33,459,397	$ 30,591,504	9.37%
Petcoke	2,862,486	2,551,877	12.17%	6,144,374	3,423,094	79.50%
Coal	1,280,304	1,716,598	-25.42%	2,700,106	2,105,595	28.23%
Fuel oil #2	68,977	115,999	-40.54%	258,292	314,452	-17.86%
Fuel oil #6	-	-		-	(37,630)	-100.00%
Total	$ 20,777,657	$ 16,117,288	28.92%	$ 42,562,169	$ 36,397,015	16.94%
Purchased power:						
Plant Scherer						
Purchases	$ 4,320,407	$ 4,909,463	-12.00%	$ 8,773,218	$ 9,989,537	-12.18%
kWh purchased	91,223,000	91,876,000	-0.71%	174,465,000	202,562,000	-13.87%
Cost per MWh	$ 47.36	$ 53.44	-11.37%	$ 50.29	$ 49.32	1.97%
TEA & other						
Purchases	$ 6,260,011	$ 9,194,077	-31.91%	$ 14,013,496	$ 17,572,671	-20.25%
kWh purchased	88,731,156	210,972,593	-57.94%	222,590,924	402,230,982	-44.66%
Cost per MWh	$ 70.55	$ 43.58	61.89%	$ 62.96	$ 43.69	44.10%
SJRPP						
Purchases	$ 2,222,554	$ 2,063,782	7.69%	$ 4,443,221	$ 4,017,111	10.61%
Total purchased power:						
Purchases	$ 12,802,972	$ 16,167,322	-20.81%	$ 27,229,935	$ 31,579,319	-13.77%
kWh purchased	179,954,156	302,848,593	-40.58%	397,055,924	604,792,982	-34.35%
Cost per MWh	$ 71.15	$ 53.38	33.27%	$ 68.58	$ 52.22	31.34%
Subtotal - generated and purchased power:	$ 33,580,629	$ 32,284,610	4.01%	$ 69,792,104	$ 67,976,334	2.67%
Fuel interchange sales	(1,924)	(124,958)	-98.46%	(6,038)	(298,429)	-97.98%
Earnings of The Energy Authority	(133,023)	(147,928)	-10.08%	(615,330)	(451,545)	36.27%
Realized and Unrealized (Gains) Losses	(498,480)	510,570	-197.63%	(1,132,080)	644,370	-275.69%
Fuel procurement and handling	1,020,748	1,363,205	-25.12%	2,284,461	2,338,266	-2.30%
By product reuse	782,642	100,947	675.30%	1,364,936	337,590	304.32%
Total generated and net purchased power:						
Cost, net	34,750,592	33,986,446	2.25%	71,688,053	70,546,586	1.62%
kWh generated and purchased	900,261,643	885,434,588	1.67%	1,963,004,758	1,984,834,599	-1.10%
Cost per MWh	$ 38.60	$ 38.38	0.56%	$ 36.52	$ 35.54	2.75%
Reconciliation:						
Generated and purchased power per above	$ 34,750,592	$ 38.60		$ 71,688,053	$ 36.52	
SJRPP operating expenses:						
SJRPP debt service	(1,974,843)	(2.19)		(3,947,798)	(2.01)	
SJRPP R & R	(247,712)	(0.28)		(495,423)	(0.25)	
Scherer operating expenses:						
Scherer power production	(499,593)	(0.55)		(1,402,723)	(0.71)	
Scherer R & R	(248,321)	(0.28)		(535,577)	(0.27)	
Scherer transmission	(541,256)	(0.60)		(1,082,511)	(0.55)	
Scherer taxes	(110,140)	(0.12)		(220,280)	(0.11)	
Florida and other capacity	(683,697)	(0.76)		(1,368,932)	(0.70)	
MEAG	(2,576,395)	(2.86)		(5,153,076)	(2.63)	
Rounding	1	0.00		-	-	
Energy expense per budget page	$ 27,868,636	$ 30.96		$ 57,481,733	$ 29.28	

Electric System		Month			Prior Year Month	
Budget vs. Actual	**ANNUAL BUDGET**	**BUDGET**	**ACTUAL**	**Variance**	**ACTUAL**	**Variance**
November 2020 and 2019 (unaudited)	**2020-21**	**2020-21**	**2020-21**	**%**	**2019-20**	**%**
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 410,912,775	$ 29,113,859	$ 27,564,354	-5.32%	$ 26,563,793	3.77%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	307,626,283	21,246,017	22,082,566		18,092,009	
Other Purchased Power	66,547,723	4,626,994	5,786,070		8,577,636	
Subtotal Energy Expense	374,174,006	25,873,011	27,868,636	-7.71%	26,669,645	-4.50%
Transfer to (from) Rate Stabilization, Net	35,506,030	3,138,120	(484,118)		(106,236)	
Fuel Related Uncollectibles	1,232,739	102,728	179,836		384	
Total	410,912,775	29,113,859	27,564,354	5.32%	26,563,793	-3.77%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	793,579,500	56,226,438	53,345,898		52,215,374	
Conservation Charge Revenue	768,600	54,457	30,943		25,342	
Environmental Charge Revenue	7,814,100	553,642	524,853		507,017	
Investment Income	7,962,574	663,548	329,394		780,961	
Natural Gas Revenue Pass Through	967,784	80,649	50,869		60,496	
Other Revenues	25,141,212	2,095,101	2,130,558		2,159,153	
Total	836,233,770	59,673,835	56,412,515	-5.47%	55,748,343	1.19%
Nonfuel Related Expenses						
Non-Fuel O&M	239,699,869	18,484,227	14,878,450		14,579,135	
DSM / Conservation O&M	6,422,909	519,610	367,158		465,443	
Environmental O&M	1,891,598	156,047	66,869		17,226	
Rate Stabilization - DSM	750,691	62,558	103,041		2,135	
Rate Stabilization - Environmental	(9,423,646)	(785,304)	(166,356)		(750,805)	
Natural Gas Expense Pass Through	915,183	75,361	72,966		75,673	
Debt Principal - Electric System	59,140,000	4,928,333	4,928,333		5,065,833	
Debt Interest - Electric System	72,033,417	6,002,785	5,305,818		5,725,871	
R&R - Electric System	64,012,472	5,334,373	5,211,688		5,468,638	
Operating Capital Outlay	217,292,441	12,000,000	12,000,000		8,000,000	
Operating Capital Outlay - Environmental	9,640,680	-	624,339		1,240,596	
City Contribution Expense	93,609,555	7,800,796	7,800,796		7,822,581	
Taxes & Uncollectibles	2,606,030	217,169	363,240		16,654	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	14,175,000	1,181,250	1,181,250		1,111,667	
* SJRPP D/S Interest	9,893,940	824,495	800,443		843,913	
** Other Non-Fuel Purchased Power	48,573,631	4,047,803	3,159,586		5,709,305	
Total Nonfuel Expenses	836,233,770	60,849,503	56,697,621	6.82%	55,393,865	-2.35%
Non-Fuel Balance	-	(1,175,668)	(285,106)		354,478	
Total Balance	-	(1,175,668)	(285,106)		354,478	
Total Revenues	**1,247,146,545**	**88,787,694**	**83,976,869**	-5.42%	**82,312,136**	2.02%
Total Expenses	**1,247,146,545**	**89,963,362**	**84,261,975**	6.34%	**81,957,658**	-2.81%
KWH Sold - Territorial	**12,810,000,000**	**907,610,000**	**855,434,272**	-5.75%	**825,248,545**	3.66%
KWH Sold - Off System	**-**	**-**	**75,000**		**5,106,000**	
	12,810,000,000	**907,610,000**	**855,509,272**	-5.74%	**830,354,545**	3.03%

* 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 2020 and 2019 (unaudited)	**2020-21**	**2020-21**	**2020-21**	**%**	**2019-20**	**%**
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 410,912,775	$ 61,454,516	$ 60,549,145	-1.47%	$ 60,461,072	0.15%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	307,626,283	44,484,852	45,079,487		39,717,240	
Other Purchased Power	66,547,723	9,294,693	12,402,246		16,543,784	
Subtotal Energy Expense	374,174,006	53,779,545	57,481,733	-6.88%	56,261,024	-2.17%
Transfer to (from) Rate Stabilization, Net	35,506,030	7,469,515	2,887,577		4,197,434	
Fuel Related Uncollectibles	1,232,739	205,456	179,835		2,614	
Total	410,912,775	61,454,516	60,549,145	1.47%	60,461,072	-0.15%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	793,579,500	118,684,664	117,488,364		117,293,800	
Conservation Charge Revenue	768,600	114,949	84,957		83,035	
Environmental Charge Revenue	7,814,100	1,168,646	1,153,835		1,149,877	
Investment Income	7,962,574	1,327,096	697,042		1,679,548	
Natural Gas Revenue Pass Through	967,784	161,297	109,876		119,408	
Other Revenues	25,141,212	4,190,202	4,657,685		29,683,080	
Total	836,233,770	125,646,854	124,191,759	-1.16%	150,008,748	-17.21%
Nonfuel Related Expenses						
Non-Fuel O&M	239,699,869	45,625,357	25,864,550		29,671,885	
DSM / Conservation O&M	6,422,909	1,088,012	642,017		655,081	
Environmental O&M	1,891,598	321,612	122,167		27,736	
Rate Stabilization - DSM	750,691	125,115	413,451		430,289	
Rate Stabilization - Environmental	(9,423,646)	(1,570,608)	(180,930)		(1,138,406)	
Natural Gas Expense Pass Through	915,183	156,158	139,597		144,118	
Debt Principal - Electric System	59,140,000	9,856,667	9,856,667		10,131,667	
Debt Interest - Electric System	72,033,417	12,005,569	10,691,606		11,642,981	
Early Debt Retirement	-	-	-		55,154,065	
Rate Stabilization - Debt Management	-	-	-		(29,884,152)	
R&R - Electric System	64,012,472	10,668,745	10,423,375		10,937,275	
Operating Capital Outlay	217,292,441	38,000,000	38,000,000		30,000,000	
Operating Capital Outlay - Environmental	9,640,680	-	1,212,599		2,260,547	
City Contribution Expense	93,609,555	15,601,593	15,601,593		15,645,161	
Taxes & Uncollectibles	2,606,030	434,338	378,440		36,836	
Emergency Reserve	5,000,000	-	-		-	
* SJRPP D/S Principal	14,175,000	2,362,500	2,362,500		2,223,333	
* SJRPP D/S Interest	9,893,940	1,648,990	1,600,886		1,687,826	
** Other Non-Fuel Purchased Power	48,573,631	8,095,605	6,761,294		10,001,085	
Total Nonfuel Expenses	836,233,770	144,419,653	123,889,812	14.22%	149,627,327	17.20%
Non-Fuel Balance	-	(18,772,799)	301,947		381,421	
Total Balance	-	(18,772,799)	301,947		381,421	
Total Revenues	**1,247,146,545**	**187,101,370**	**184,740,904**	-1.26%	**210,469,820**	-12.22%
Total Expenses	**1,247,146,545**	**205,874,169**	**184,438,957**	10.41%	**210,088,399**	12.21%
KWH Sold - Territorial	**12,810,000,000**	**1,915,814,000**	**1,878,955,420**	-1.92%	**1,877,135,892**	0.10%
KWH Sold - Off System	**-**	**-**	**225,000**		**11,501,000**	
	12,810,000,000	**1,915,814,000**	**1,879,180,420**	-1.91%	**1,888,636,892**	-0.50%

* Gross debt service

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

Water and Sewer System

Budget vs. Actual November 2020 and 2019 (unaudited)	ANNUAL BUDGET 2020-21	Month BUDGET 2020-21	 ACTUAL 2020-21	 Variance %	Prior Year Month ACTUAL 2019-20	 Variance %
REVENUES						
Water & Sewer Revenues	$ 465,323,338	$ 36,994,186	$ 33,727,827		$ 33,278,889	
Capacity & Extension Fees	29,388,151	1,877,768	1,647,333		3,088,480	
Investment Income	2,975,171	247,931	217,409		293,944	
Other Income	14,600,000	381,437	1,162,155		1,423,438	
Total	512,286,660	39,501,322	36,754,724	-6.95%	38,084,751	-3.49%
EXPENSES						
O & M Expenses	177,824,583	13,980,702	12,412,194		12,755,289	
Debt Principal - Water & Sewer	9,370,000	780,833	780,833		1,655,834	
Debt Interest - Water & Sewer	56,066,531	4,672,211	4,174,007		4,417,921	
Rate Stabilization - Environmental	-	-	811,359		715,859	
R&R - Water & Sewer	26,606,100	2,217,175	2,217,175		2,094,913	
Operating Capital Outlay	167,449,118	11,412,602	11,412,602		10,312,602	
Operating Capital Outlay - Capacity/Extension	29,388,151	2,449,013	1,647,333		3,088,480	
Operating Capital Outlay - Environmental	16,783,512	1,398,626	290,916		369,364	
City Contribution Expense	26,402,695	2,200,225	2,200,225		2,079,420	
Uncollectibles & Fees	1,395,970	116,331	209,000		40,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	512,286,660	39,227,718	36,155,644	7.83%	37,529,682	3.66%
Total Balance	$ -	$ 273,604	$ 599,080		$ 555,069	
Sales kgals						
Water	40,425,000	3,261,642	2,753,186	-15.59%	2,949,081	-6.64%
Sewer	34,650,000	2,767,466	2,395,826	-13.43%	2,469,778	-2.99%
Total	75,075,000	6,029,109	5,149,012	-14.60%	5,418,859	-4.98%

Budget vs. Actual November 2020 and 2019 (unaudited)	ANNUAL BUDGET 2020-21	Year-To-Date BUDGET 2020-21	 ACTUAL 2020-21	 Variance %	Prior Year to Date ACTUAL 2019-20	 Variance %
REVENUES						
Water & Sewer Revenues	$ 465,323,338	$ 77,368,665	$ 72,168,779		$ 74,410,023	
Capacity & Extension Fees	29,388,151	3,900,206	5,327,053		5,535,393	
Investment Income	2,975,171	495,862	441,472		698,891	
Other Income	14,600,000	786,930	2,351,753		36,870,701	
Total	512,286,660	82,551,663	80,289,057	-2.74%	117,515,008	-31.68%
EXPENSES						
O & M Expenses	177,824,583	31,328,765	23,665,515		23,932,314	
Debt Principal - Water & Sewer	9,370,000	1,561,667	1,561,667		3,311,667	
Debt Interest - Water & Sewer	56,066,531	9,344,422	8,384,581		8,961,223	
Early Debt Retirement	-	-	-		48,195,881	
Rate Stabilization - Debt Management	-	-	-		(14,209,250)	
Rate Stabilization - Environmental	-	-	2,832,413		2,101,764	
R&R - Water & Sewer	26,606,100	4,434,350	4,434,350		4,189,825	
Operating Capital Outlay	167,449,118	28,125,204	28,125,203		29,525,203	
Operating Capital Outlay - Capacity/Extension	29,388,151	4,898,025	5,327,053		5,535,393	
Operating Capital Outlay - Environmental	16,783,512	2,797,252	250,504		423,579	
City Contribution Expense	26,402,695	4,400,449	4,400,449		4,158,840	
Uncollectibles & Fees	1,395,970	232,662	208,880		93,730	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	512,286,660	87,122,796	79,190,615	9.10%	116,220,169	31.86%
Total Balance	$ -	$ (4,571,133)	$ 1,098,442		$ 1,294,839	
Sales kgals						
Water	40,425,000	6,656,843	5,793,905	-12.96%	6,243,376	-7.20%
Sewer	34,650,000	5,649,724	5,079,716	-10.09%	5,205,989	-2.43%
Total	75,075,000	12,306,567	10,873,621	-11.64%	11,449,365	-5.03%

District Energy System

Budget vs. Actual November 2020 and 2019 (unaudited)	ANNUAL BUDGET 2020-21	Month BUDGET 2020-21	 ACTUAL 2020-21	 Variance %	Prior Year Month ACTUAL 2019-20	 Variance %
REVENUES						
Revenues	$ 9,328,327	$ 718,386	$ 489,942		$ 489,470	
Investment Income	-	-	309		10,292	
Total	9,328,327	718,386	490,251	-31.76%	499,762	-1.90%
EXPENSES						
O & M Expenses	5,193,927	415,296	361,143		432,890	
Debt Principal - Water & Sewer	1,770,000	147,500	147,500		143,750	
Debt Interest - Water & Sewer	1,253,891	104,491	104,491		107,963	
R&R - Water & Sewer	437,313	36,443	36,079		49,100	
Operating Capital Outlay	673,196	-	-		-	
Total Expenses	9,328,327	703,730	649,213	7.75%	733,703	11.52%
Total Balance	$ -	$ 14,656	$ (158,962)		$ (233,941)	

Budget vs. Actual November 2020 and 2019 (unaudited)	ANNUAL BUDGET 2020-21	Year-To-Date BUDGET 2020-21	 ACTUAL 2020-21	 Variance %	Prior-Year-to-Date ACTUAL 2019-20	 Variance %
REVENUES						
Revenues	$ 9,328,327	$ 1,623,982	$ 1,307,153		$ 1,384,451	
Investment Income	-	-	719		23,822	
Total	9,328,327	1,623,982	1,307,872	-19.47%	1,408,273	-7.13%
EXPENSES						
O & M Expenses	5,193,927	901,309	773,472		861,090	
Debt Principal - Water & Sewer	1,770,000	295,000	295,000		287,500	
Debt Interest - Water & Sewer	1,253,891	208,982	208,982		215,925	
R&R - Water & Sewer	437,313	72,885	72,158		98,200	
Operating Capital Outlay	673,196	-	-		-	
Total Expenses	9,328,327	1,478,176	1,349,612	8.70%	1,462,715	7.73%
Total Balance	$ -	$ 145,806	$ (41,740)		$ (54,442)	

Building Community

Monthly Financial and Operations Report

Board of Directors
December 15, 2020

Building Community

JEA Safety

FY2020

- RIR = 0.81
- FY20 Recordables = 17
  - Electric Systems = 13
  - Water/Wastewater = 2
  - Customer = 2
- Lost Time Incidents = 8

FY2021

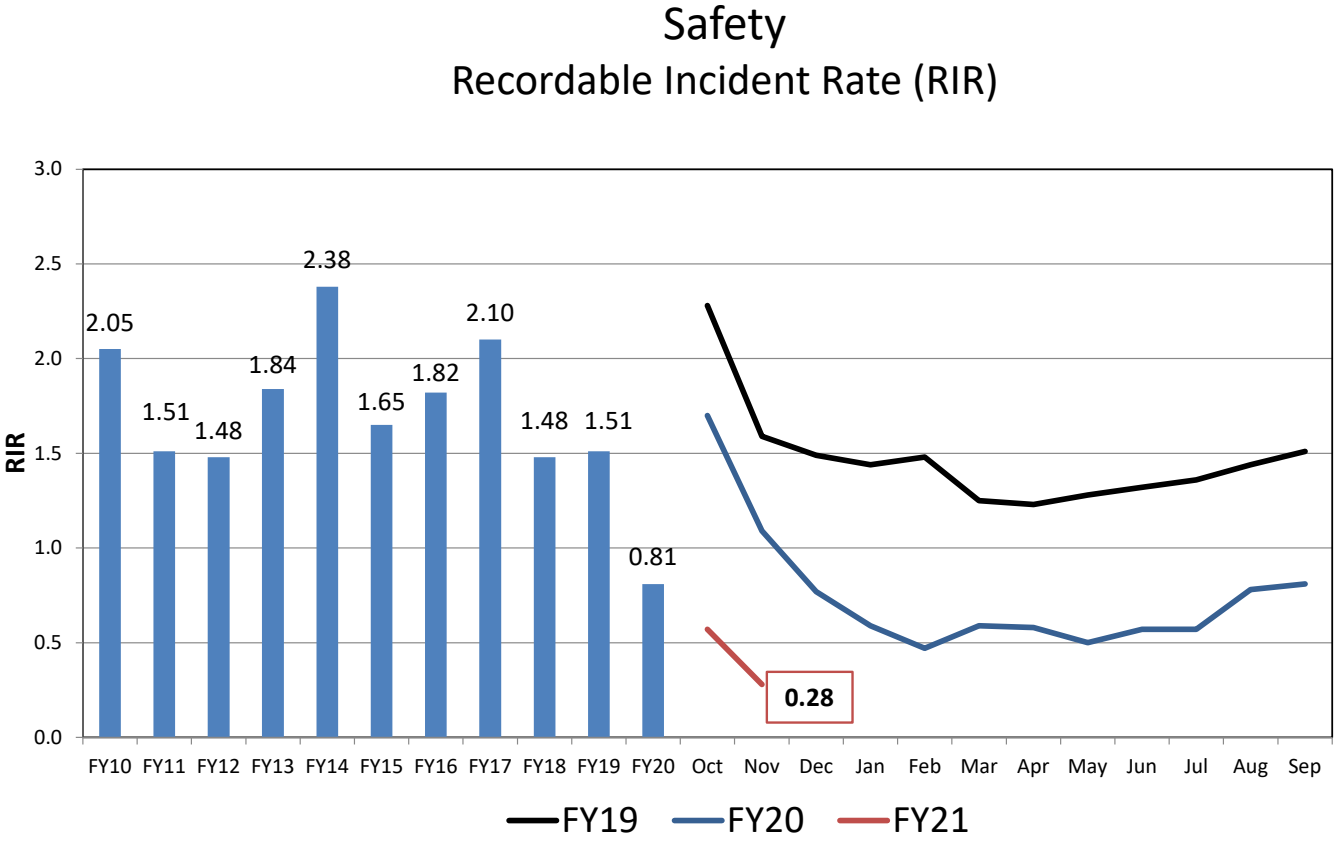
- RIR = 0.28
- FY21 Recordables = 1
  - Electric Systems = 1
- Lost Time Incidents = 0
- October Recordables = 1

FOCUS

- COVID Prevention
- Safety Focused Training
- Driver Coaching
- Safety Checks

Other Industry Benchmarks
APPA 2019 RIR 4.5 (Group H 1.5)
BLS 2018 Public 5.3; Private 1.9

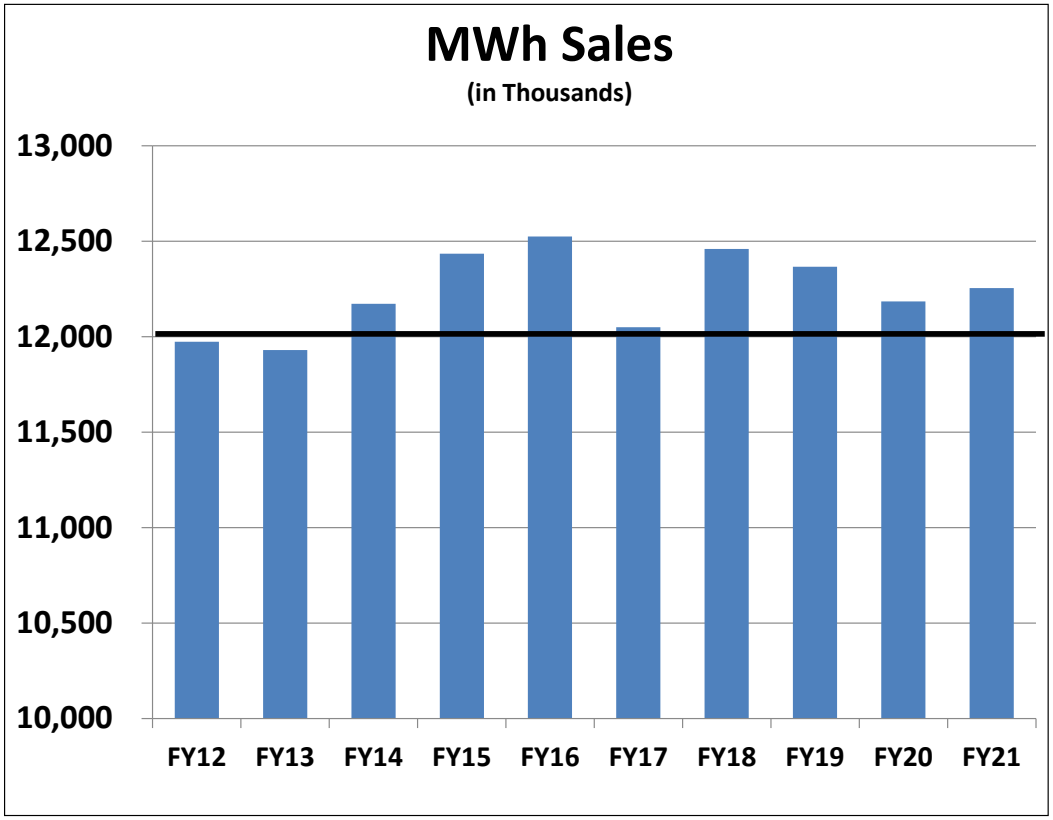
Units	FY2019	FY2020	FY2021	FY2021 PFP Target
RIR	1.51	0.81	**0.28**	1.2



Building Community

JEA Electric System

MWh Sales



Month	FY20	FY21	%
Oct	1,051,888	1,023,521	(2.7%)
Nov	825,249	855,434	3.7%
YTD	**1,877,137**	**1,878,955**	**0.1%**
Dec	935,174		
Jan	947,721		
Feb	828,828		
Mar	954,440		
Apr	854,707		
May	1,032,730		
Jun	1,117,064		
Jul	1,266,372		
Aug	1,248,005		
Sep	1,122,383		
Total/Forecast	**12,184,561**	**12,254,790**	

Forecast = YTD actual plus budget sales for future months

Unit Sales Driver: Residential unit sales are up 2.8%.

YTD Customer Accounts		
FY20	FY21	%
480,831	490,443	2.0%

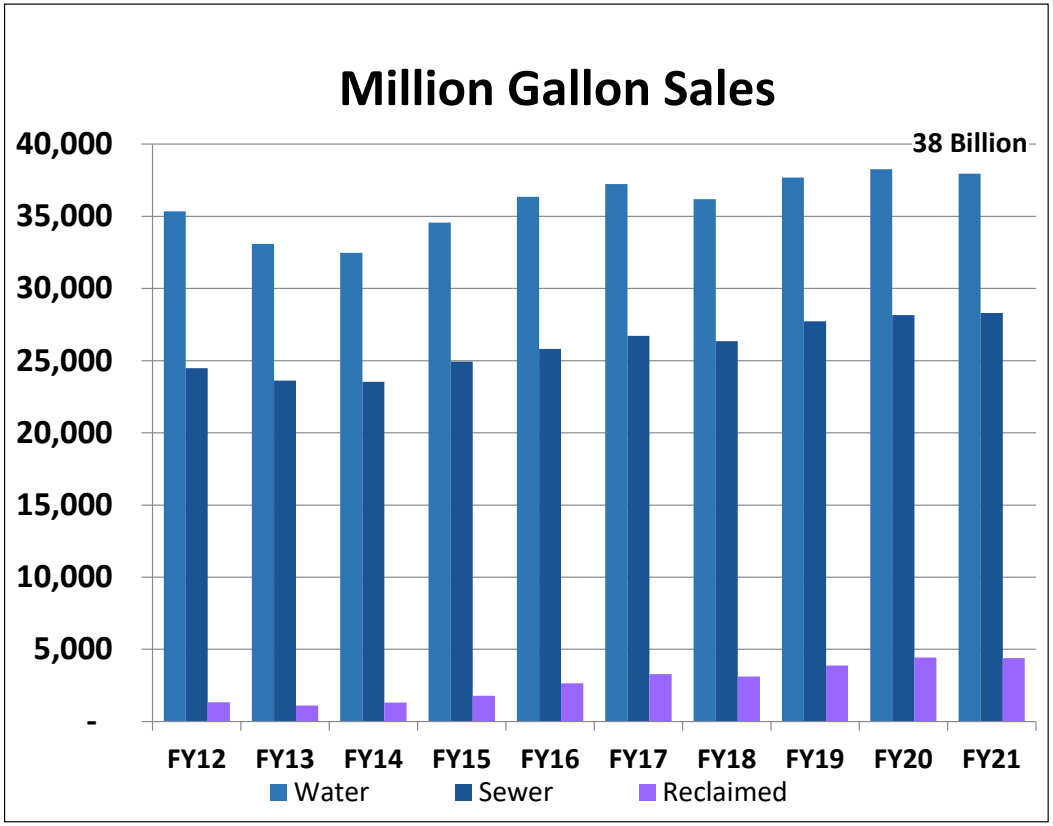
YTD Degree Days			
30-yr. Avg.	FY20	FY21	Δ
431	530	509	(21)

Total System	0.1%
Residential	2.8%
Commercial	(2.5%)
Industrial	(1.1%)

Building Community

JEA Water/Wastewater System

Million Gallon Sales



Month	FY20	FY21	%
Oct	3,294	3,041	(7.7%)
Nov	2,949	2,753	(6.6%)
YTD	**6,243**	**5,794**	**(7.2%)**
Dec	2,934		
Jan	2,943		
Feb	2,642		
Mar	3,429		
Apr	3,068		
May	3,990		
Jun	3,135		
Jul	3,642		
Aug	3,235		
Sep	3,010		
Total/Forecast	**38,272**	**37,954**	

Forecast = YTD actual plus budget sales for future months

Unit Sales Driver: Residential and irrigation unit sales are down **(4.1%)** and **(30.7%)** respectively driven by above average rain days

YTD Customer Accounts		
FY20	FY21	%
360,107	368,849	**2.4%**

YTD Rain			
	30-yr. Avg.	FY20	FY21
Inches	6	7	6
Days	14	17	27

Total System	(7.2%)
Residential	**(4.1%)**
Commercial	(0.2%)
Irrigation	**(30.7%)**

Building Community

JEA Electric System

Financial Forecast

Current Year Forecast

Revenues

- May 2020 $24 million customer fuel credit, and higher unit sales results in a $27 million variance

Expenses

- Increased fuel expenses due to higher projected fuel prices
- Forecast methodology: 2 months actual + 10 months budget = $16 million higher O&M in FY21

Debt/Debt Service

- Budget basis: FY20 early debt retirement funded with prior years' funds and debt management rate stabilization
- $100 million Early Debt Retirement $63 million + $37 million from capital balances

FY21 100% CAPEX funded with current year revenues

$ in millions	FY20 Actual	FY21 Forecast	Δ
Unit Sales - MWh	12,184,561	12,254,790	70,229
Current Year Revenues	$1,169	$1,196	$27
Prior Period - Budget Basis	$25	$0	($25)
Total Revenues	**$1,194**	**$1,196**	**$2**
Fuel Expense	$343	$384	$41
O&M[1]	$218	$234	$16
Non Fuel Purchased Power	$72	$71	($1)
Transfer to / (from) Fuel Reserve	$26	$10	($16)
Net Revenues	**$535**	**$497**	**($38)**
Total Debt Service	$133	$127	($6)
City Contribution	$94	$94	$0
R&R and OCO	$283	$215	($68)
Early Debt Retirement	$55	$63	$8
Debt Mgmt Rate Stabilization	($30)	$0	$30
Other Expenses[2]	$0	($2)	($2)
Balance	**$0**	**$0**	**$0**
Capital Expenditures	$194	$215	$6

[1]Includes DSM and Environmental Expenses
[2]Includes DSM and Environmental stabilization transfers, emergency reserve, uncollectibles, PSC fees and other debt financing costs

Building Community

JEA Water/Wastewater System

Financial Forecast

Current Year Forecast

Revenues

- $5 million lower due to unit sales
- Prior period revenues utilized for early debt retirement in FY20

Expenses

- O&M expenses are stable

Debt/Debt Service

- Debt service lower in FY21 due to early debt retirement extended through FY22
- Budget basis: FY20 early debt retirement funded with prior years' funds and debt management rate stabilization

FY21 CAPEX currently forecasted at $278 million, funded with current year revenues and up to $35 million of new debt

Unit sales in million gallons $ in millions	FY20 Actual	FY21 Forecast	Δ
Unit Sales – Water	38,272	37,954	(318)
Unit Sales – Sewer	28,160	28,307	147
Unit Sales – Reclaim	4,427	4,392	(35)
System Sales Revenues	$454	$449	($5)
Other Revenues[1]	$50	$51	$1
Prior Period – Budget Basis Capital	$34	$0	($34)
Total Revenues	**$538**	**$500**	**($38)**
O&M	$171	$170	($1)
Net Revenues	**$367**	**$330**	**($37)**
Total Debt Service	$72	$64	($8)
City Contribution	$28	$26	($2)
R&R and OCO	$213	$243	$40
Early Debt Retirement	$48	$0	($48)
Debt Mgmt Rate Stabilization	($14)	$0	$14
Other Expenses[2]	$11	($3)	($13)
Balance	**$9**	**$0**	**($9)**
Capital Expenditures	$189	$278	$71

[1]Includes Capacity Fees and Other Income
[2]Includes uncollectibles, Environmental stabilization transfers, emergency reserve, other debt financing costs and interlocal agreements

Building Community

Key Financial Metrics

Electric System	FY21 YTD	FY21 Forecast	Target	Result	Moody's
Debt Service Coverage	4.9x	4.8x	≥ 2.2x	✓	2.2x[1]
Days Liquidity	356	309	150 to 250 days	✓	251[1]
Days Cash on Hand	181	146	N/A	✓	223[1]
Debt/Asset %	60%	52%	50%	✓	46%[1]
Moody's/S&P/Fitch Ratings	A2/A+/AA				A2

[1] Fiscal 2018 medians by public power utility – Top 30 City Owned Generators (By Debt Outstanding – Aa-rated). Moody's Sector In-Depth – Public Power Utilities – US, 2019-09-11.

Water/Wastewater System	FY21 YTD	FY21 Forecast	Target	Result	Moody's
Debt Service Coverage	5.9x	5.4x	≥ 1.8x	✓	2.4x[2]
Days Liquidity	351	300	150 to 250 days	✓	-
Days Cash on Hand	176	144	N/A	✓	504[2]
Debt/Asset %	41%	41%	50%	✓	-
Moody's/S&P/Fitch Ratings	Aa3/AA+/AA				Aa3

[2] Moody's Water and Sewer Utilities - 2018 medians US combined water and sewer utilities by rating category, Aa (A)-rated.

Building Community

Combined Debt Outstanding

Electric System (ES, BPSS, SJRPP)

- Debt outstanding: $1,882
  - $81 lower due to October 1st principal payments
- Variable rate debt: $581
- **Unhedged** Variable Rate Debt Exposure is planned to be reduced in FY21 by $69 million from $181 to **$112**
- Total Debt is planned to be reduced in FY21 by $253 million from $3,257 to $3,004

Water/Sewer System

- Debt outstanding: $1,241
  - $20 lower due to October 1st principal payments
- Variable rate debt: $253 million, **$158 unhedged**

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

($ in millions)	Principal Sep 2020	Principal Nov 2020	Change	Nov 2020 Weighted Average Interest Rates
Electric System (ES)				
Fixed rate bonds	$1,022	$967	($55)	3.95%
Hedged variable rate bonds	406	403	(3)	4.49%
Unhedged variable rate bonds	181	178	(3)	0.79%
Revolving credit agreement	--	--	--	--
Total	**$1,609**	**$1,548**	**($61)**	**3.74%**
Bulk Power Supply System (BPSS)				
Fixed rate bonds	$89	$82	(7)	3.89%
Total	**$89**	**$82**	**(7)**	**3.89%**
SJRPP				
Fixed rate bonds	$265	$252	($13)	3.95%
Revolving credit agreement	--	--	--	--
Total	**$265**	**$252**	**($13)**	**3.95%**
Combined ES, BPSS and SJRPP	**$1,963**	**$1,882**	**($81)**	**3.77%**
Water and Sewer System				
Fixed rate bonds	$997	$988	($9)	3.92%
Hedged variable rate bonds	104	95	(9)	4.50%
Unhedged variable rate bonds	155	153	(2)	0.66%
Revolving credit agreement	5	5	--	1.30%
Total	**$1,261**	**$1,241**	**($20)**	**3.58%**
District Energy System				
Fixed rate bonds	$33	$31	($2)	4.27%
Total	**$33**	**$31**	**($2)**	**4.27%**
Total JEA Debt	**$3,257**	**$3,154**	**($103)**	**3.70%**

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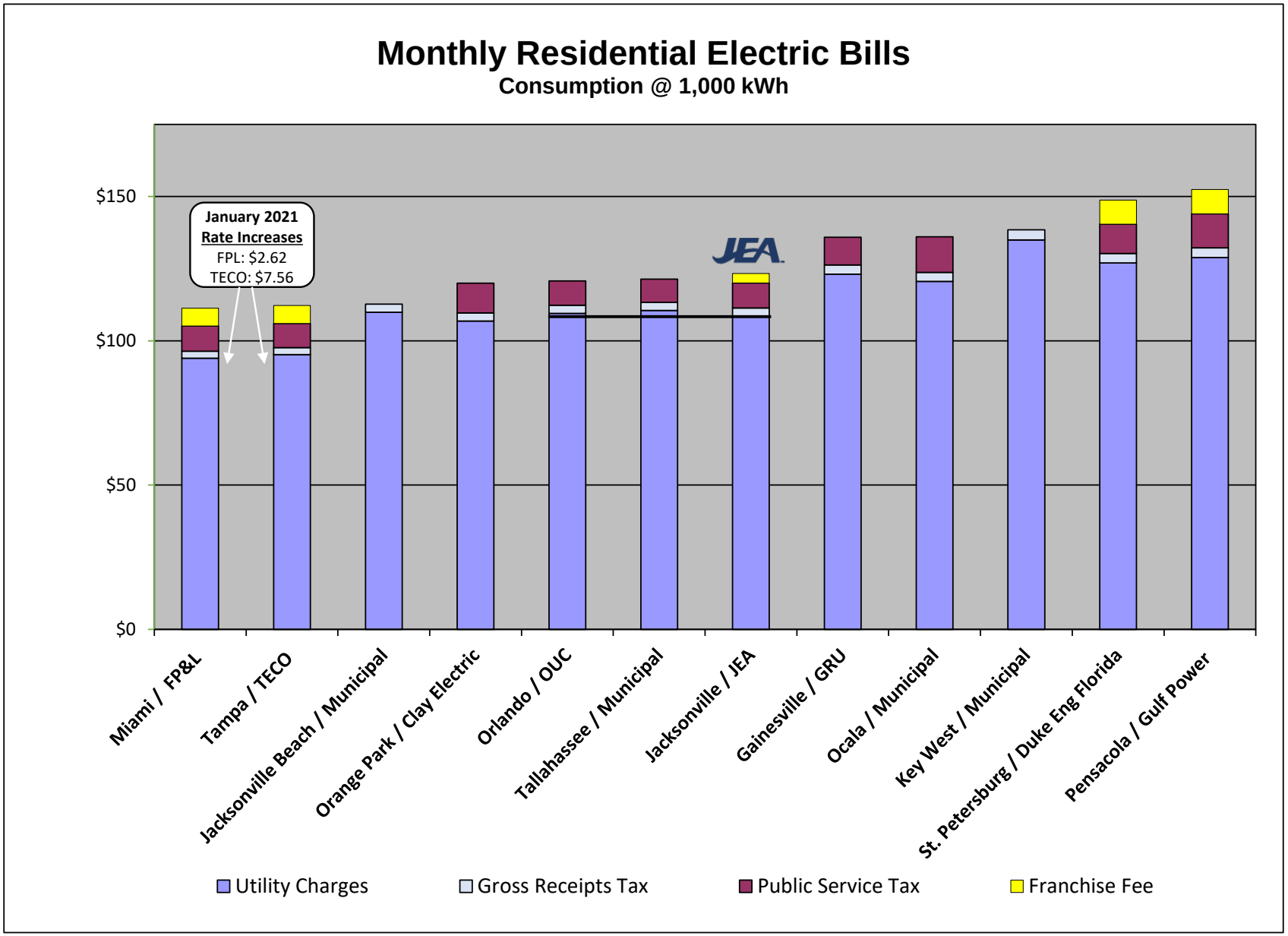
Florida Utilities Monthly Bill Comparison - Electric



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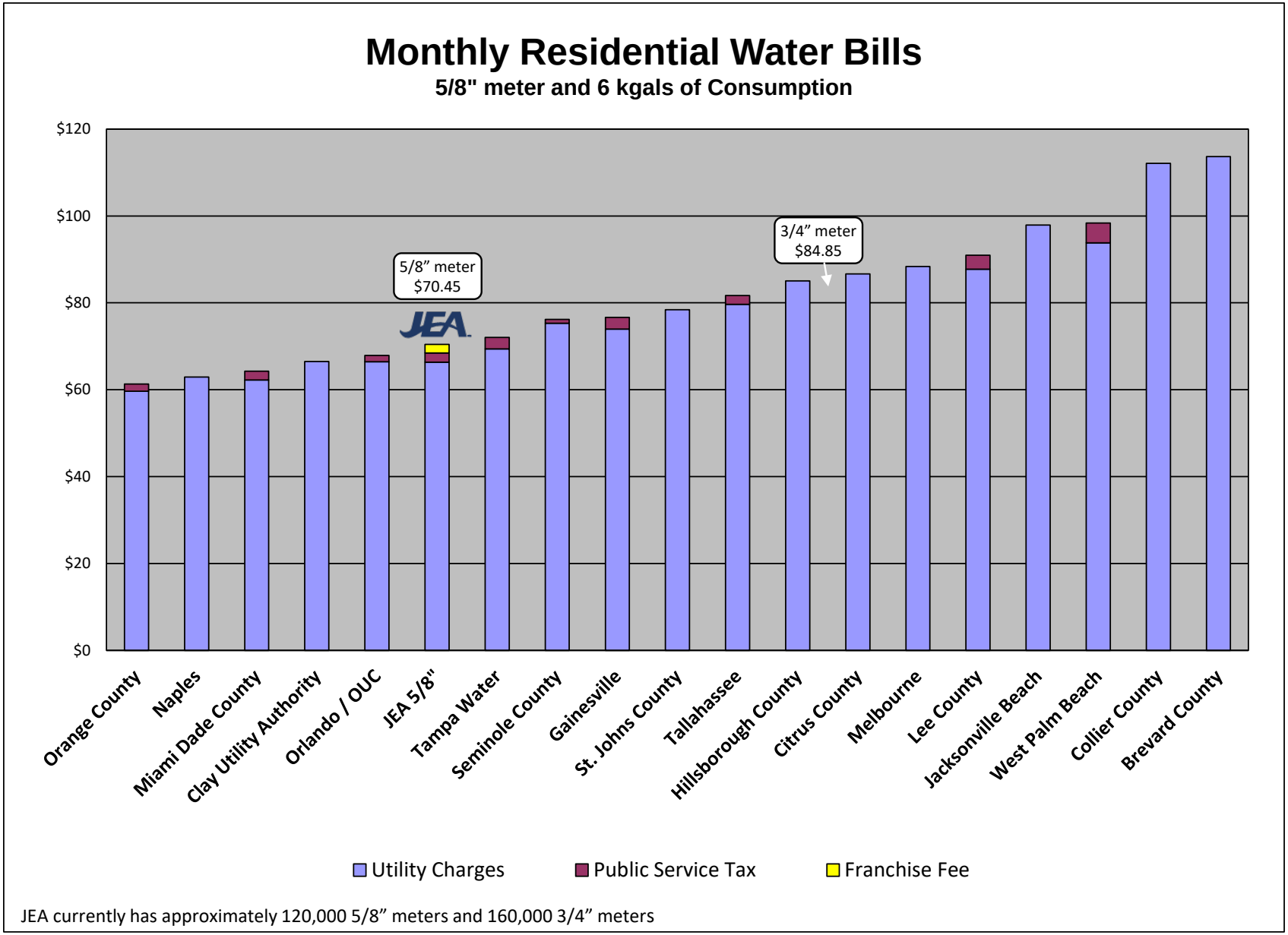
Florida Utilities Monthly Bill Comparison – Water/Wastewater



JEA currently has approximately 120,000 5/8" meters and 160,000 3/4" meters

JEA
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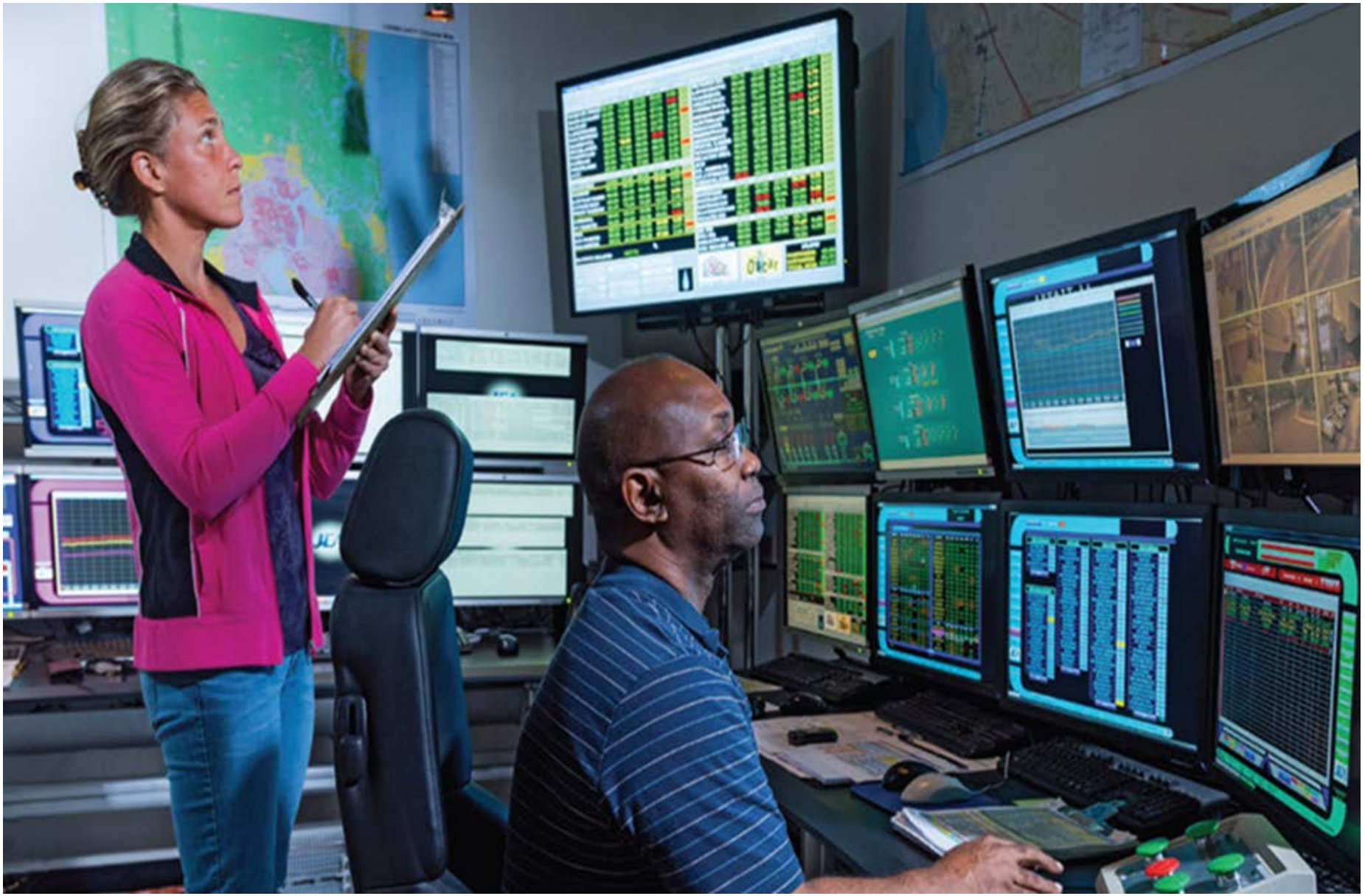
Water/Wastewater Update



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Operations Scorecard
Water/Wastewater System

Water & Wastewater	FY2020	FY2021 Goal	FY2021	Status
JEA Safety RIR (total JEA)	0.81	1.2	**0.28**	
Sales Forecast (kGals in 1000's)	38,272	38,000	**37,954**	
Water Unplanned Outages (# cust.)	15,342	6,750	**261**	
CUP Compliance	Yes	Yes	**Yes**	
Nitrogen to the River (tons)	299	450	**57 YTD**	
Sanitary Sewer Overflows (# SSO's)	48	30	**6**	
Water Pressure (avg min < 30 psi)	4.0	3.0	**2.0**	

Significant Occurrences or Concerns This Month

- **Unplanned Water Main Outages:**. We experienced 121 customers with an unplanned water outage due to five water main breaks with minimum impact to the customer (less than 35 customers each event) during the month of November.
- **CUP:** Average daily flow of 119 MGD is 15% below CY20 limit of 140 MGD; reclaimed usage at 20 MGD.
- **Nitrogen to River**: FY21 Forecast is 436 tons. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- **SSO's Impacting Waters of the US**: 6 YTD, in the month of November. 0.11% YTD per 100 miles of pipe. There was (1) large SSO event in November caused by a blockage of a large fatberg. Root cause analysis is performed on each SSO.
- **Water Pressure Average Minutes < 30 psi:** 2.0 YTD. There were no major events this month. 8 new potable water pressure monitoring points were added this month.

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FY2021 Water/Wastewater System Update
System Reliability

Unplanned Water Outages

- Percentage of customers affected by unplanned outages

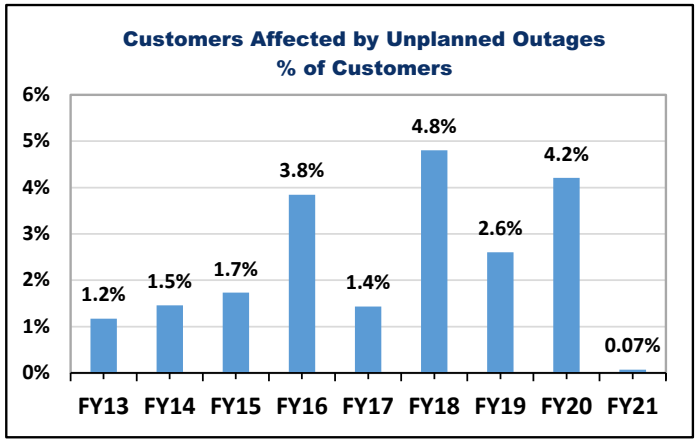
Water Pressure (minutes per month < 30 psi)

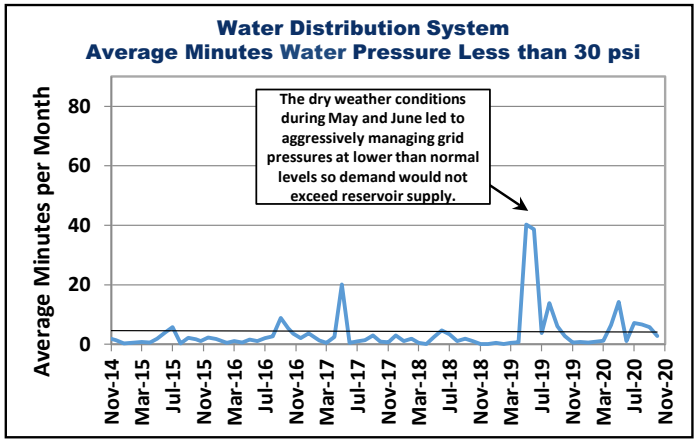
- Measured by 359 pressure monitoring stations in the distribution system. Pressure must be greater than 30 psi, and is expected to be greater than 50 psi. Regulatory requirement is minimum 20 psi.

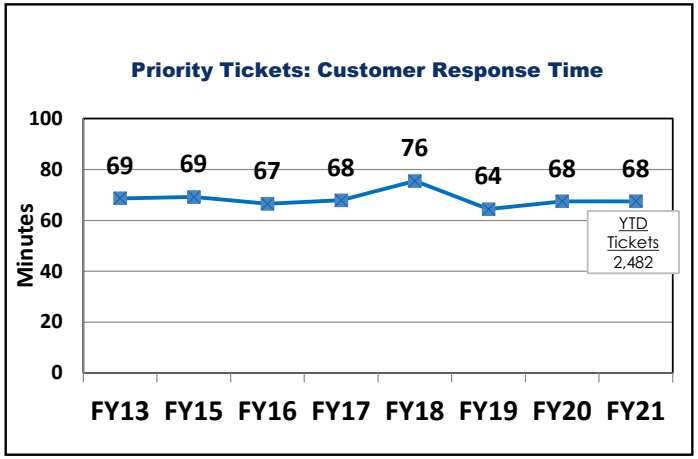
Customer Response Time

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

Compliance	Metric	2019	2020	2021 Target	FY2021
Water Main Outages	# of Customers per Year	9,268	15,342	6,750	261







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FY2021 Water/Wastewater System Update

Water System Consumption Use Permit

St. Johns River Water Management District CUP

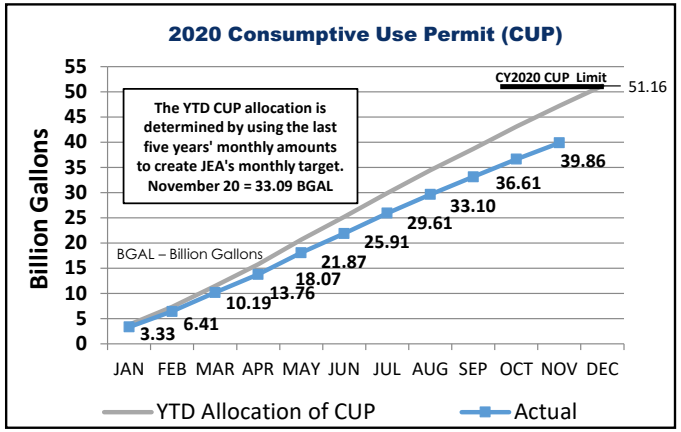
Compliance	Metric – CY Basis	2017	2018	2019	2020 Target	CY2020
Water	CUP Limits (MGD)	114 (133 limit)	112 (135 limit)	119 (138 limit)	140 limit	119
South Grid	Wellfield Allocation (MGD)	48.62 (<50.23 limit)	46.35 (<50.23 limit)	47.90 (<50.23 limit)	50.23 limit	48.39
Reclaim	Usage (MGD)	20	17	19	20	20

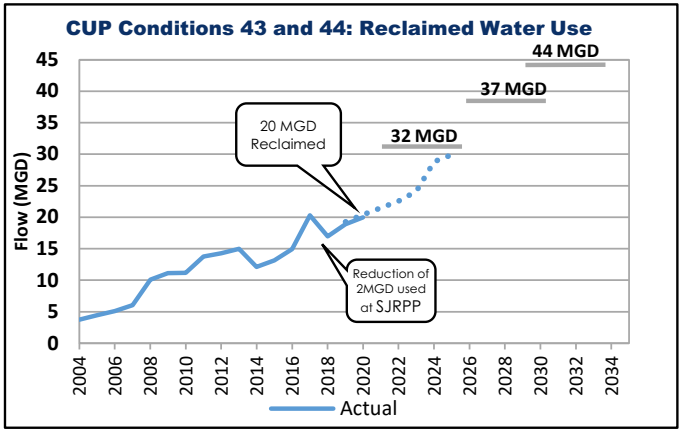
YTD CUP Allocation

- The YTD CUP allocation is determined by using the last five years' monthly amounts to create JEA's monthly target
- November 2020 = 39.86 BGAL

Condition 18

- YTD average daily flow is 15% below CY limit of 140 MGD





CUP Condition 50 : South Grid Wellfield Allocation Limits

	Actuals						
Critical Wellfields	2015	2016	2017	2018	2019	YTD 2020	Post Sep-14 Permit Limit
Deerwood III	6.67	7.88	7.64	7.17	7.18	7.32	7.00
Ridenour	6.66	7.64	6.68	6.54	6.75	6.77	6.85
Oakridge	4.99	5.79	5.49	5.55	5.41	5.55	5.65
Greenland	4.27	4.16	3.99	4.18	4.31	4.47	4.53
Brierwood	2.84	3.36	2.98	2.43	2.74	2.80	3.02
Subtotal	**25.43**	**28.83**	**26.78**	**25.87**	**26.39**	**26.91**	**27.05**
Other Wellfields	**22.07**	**24.12**	**21.85**	**20.48**	**21.51**	**21.48**	**23.18**
Total South Grid	**47.50**	**52.95**	**48.62**	**46.35**	**47.90**	**48.39**	**50.23**
Total System ADF MGD	**107**	**107**	**114**	**112**	**118**	**119**	**140**

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FY2021 Water/Wastewater System Update

Wastewater System Environmental Compliance

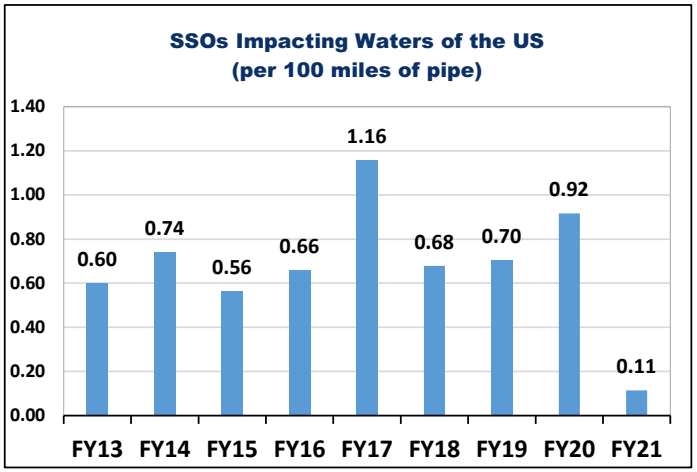
Sanitary Sewer Outflows (SSOs to US Waters)

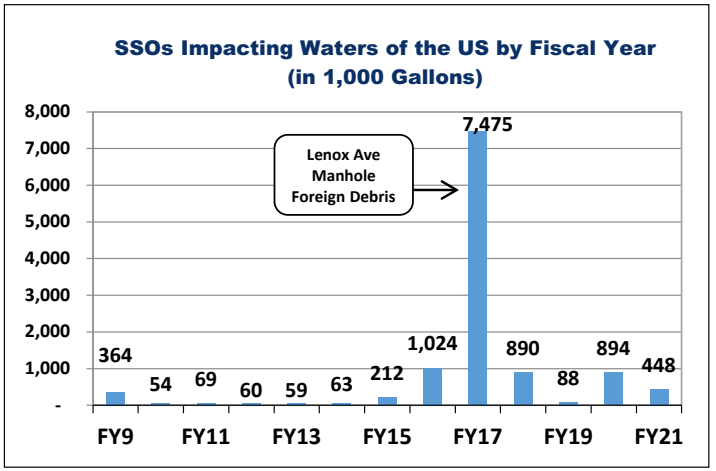
- FY04 – FY07: 54/yr average
- FY08 – FY20: 34/yr average
- 6 SSO's impacting US Waters during FY21

Nitrogen Discharge to St. Johns River

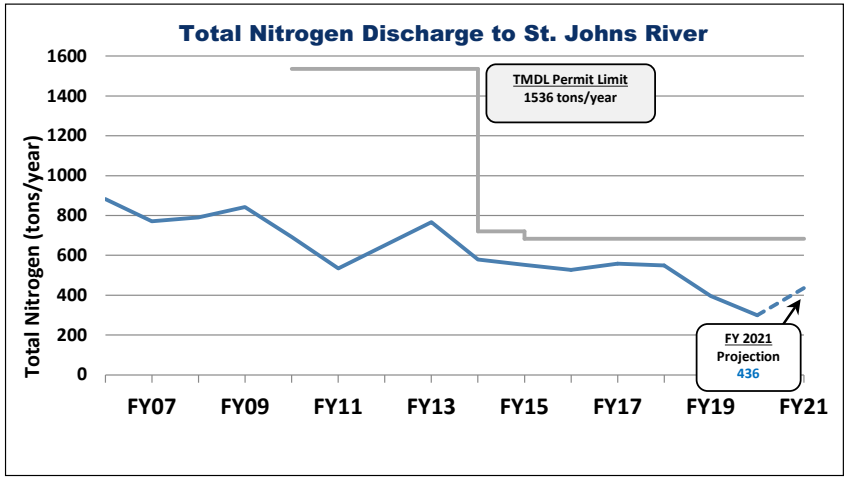
- Total Maximum Daily Load (TMDL) Permit Limit is 683 tons (rolling 12 month total)
- FY21 projection is 436 tons

Compliance	Metric	2019	2020	2021 Target	FY2021
Sewer	Nitrogen (N) Tons – FY basis	397 (TMDL of 683*)	299 (TMDL of 683*)	450	57
Sewer	SSOs – US Waters (per 100 miles of pipe)	0.70	0.92	0.58 - 0.67	0.11





*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.



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Supplemental Schedules

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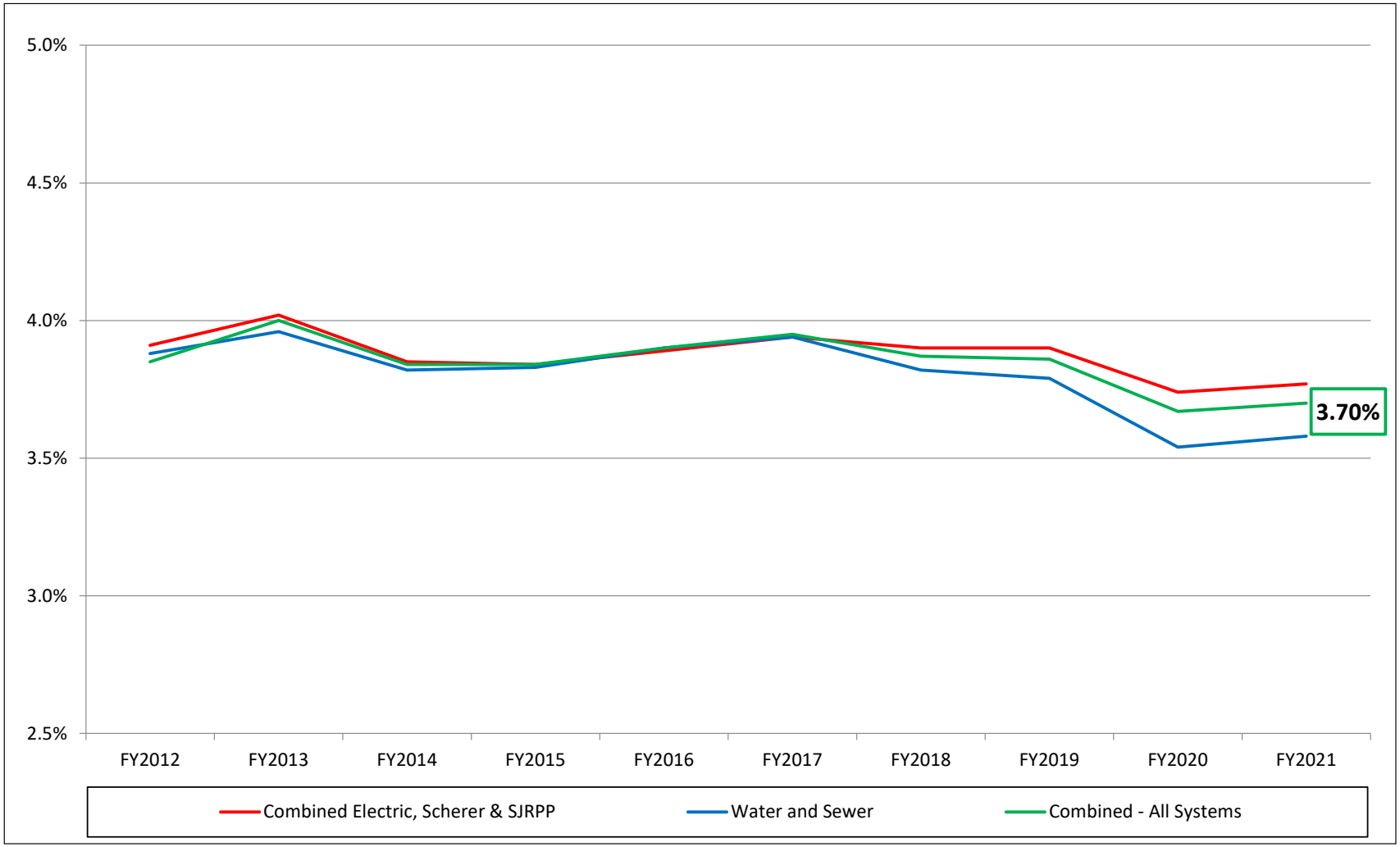
Combined Debt Outstanding

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.

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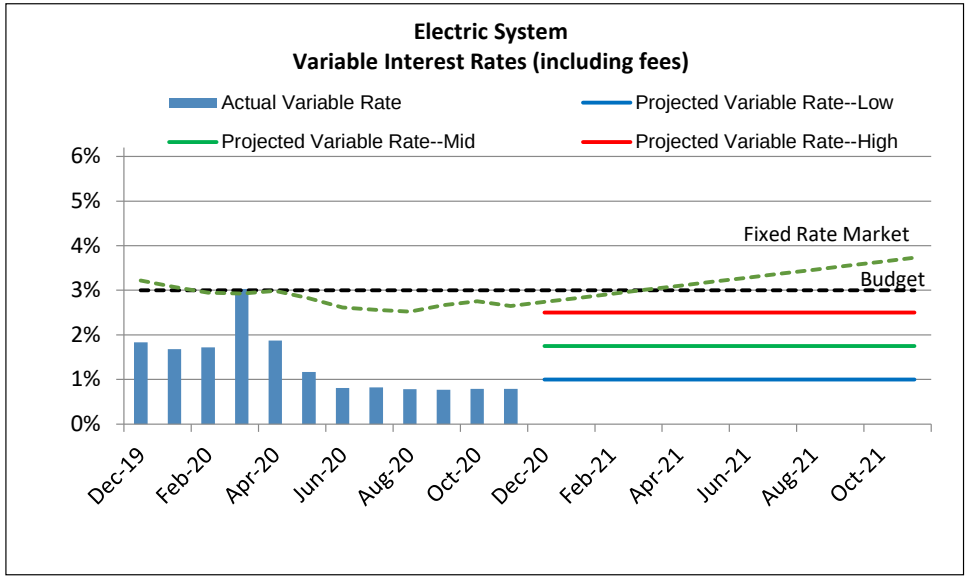
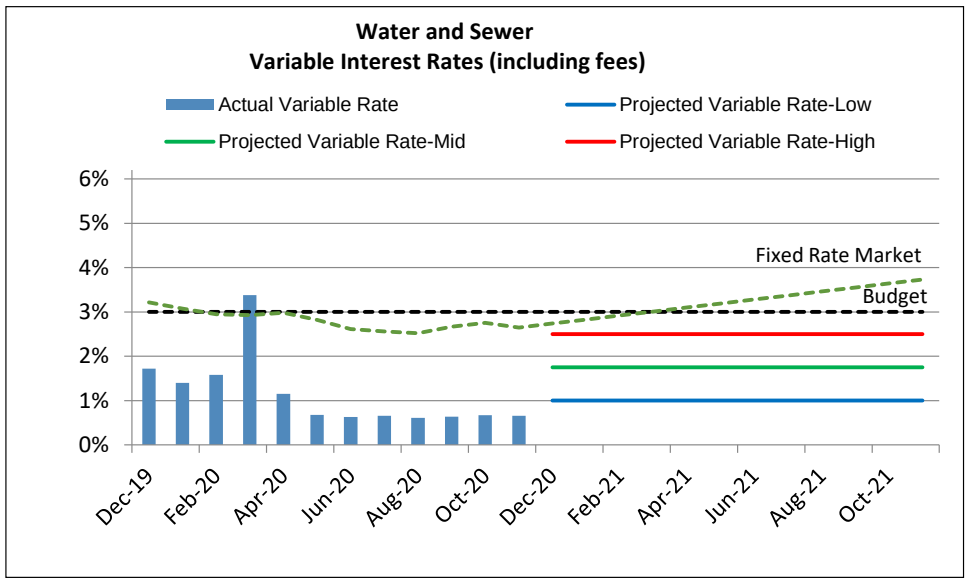
Variable Rate Debt Risk Analysis





Total variable rate debt of $834 with $498 swapped to fixed rate

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-	$205	25
JP Morgan Chase Bank N.A.	Aa2/A+/AA	199	24
Royal Bank of Canada	A2/AA-/AA	193	24
US Bank, N.A.	A1/AA-/AA-	139	17
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total		$819	

Swap Providers			
Bank	Moody's/S&P/Fitch	$ (in millions)	%
Morgan Stanley Capital Services	A2/BBB+/A	$155	31
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	137	28
JP Morgan Chase Bank N.A.	Aa2/A+/AA	121	24
Merrill Lynch	A2/A-/A+	85	17
Total		$498	

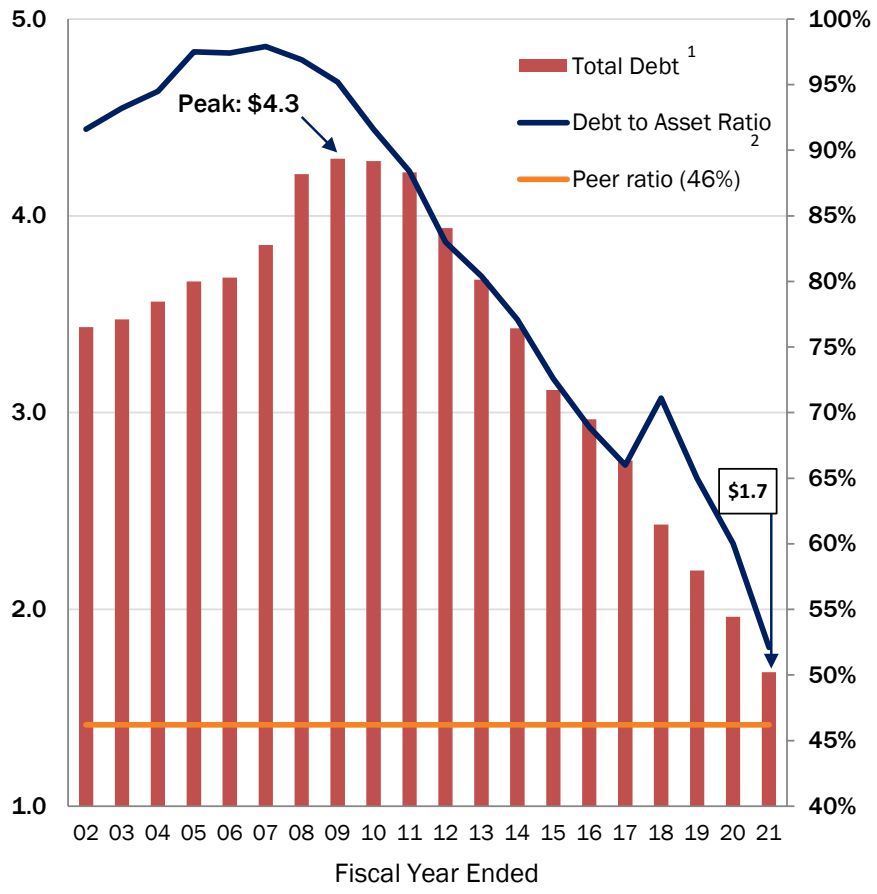
Items of Interest

- Variable debt as a percentage of total debt:
  - Unhedged variable at 10% for Electric and 13% for Water and Sewer
  - Hedged variable at 21% for Electric and 8% for Water and Sewer
- Liquidity facilities / direct purchase bonds are with highly rated providers
- Next liquidity renewal in March 2021
- $44M debt management strategy stabilization reserve utilized for Oct 2019 STAR Plan Phase 2

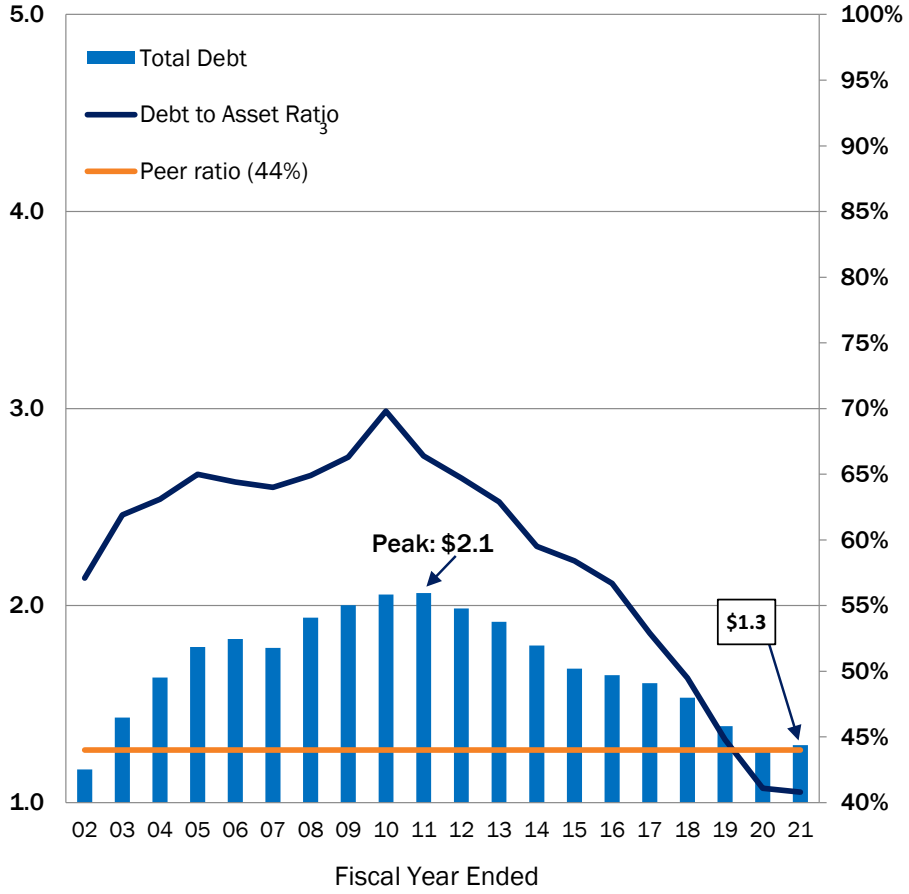
Debt and Debt to Asset Ratios

$ in billions

Electric System



Water/Wastewater System



[1] Includes Electric System, Scherer, and SJRPP
[2] Per Exhibit 7 – Fiscal 2018 medians by public power utility subset and rating agency – Top 30 City Owned Generators (By Debt Outstanding – Aa-rated.) Moody's Sector In-Depth – Public Power Utilities – US, 2019-09-11.
[3] Calculated from Moody's Municipal Financial Ratio Analysis database of 195 Aa rated public water-sewer utilities, Nov. 9, 2020

JEA
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Electric System Update



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Operations Scorecard
Electric System

Electric System	FY2020	FY2021 Goal	FY2021	Status
JEA Safety RIR (total JEA)	0.81	1.2 - 1.4	**0.28**	
Sales Forecast (million MWh)	12.2	12.2	**12.25**	
T&D Grid Performance Customer Outage				
SAIFI Frequency (outages/year per customer)	1.4	1.4 - 1.6	**1.42**	
SAIDI Duration (minutes/year per customer)	89	75 - 80	**89**	
SARFI-80 (low voltage events/year per meter)	41	45	**40**	
$CEMI_5$ (% of customers > 5 outages/year)	0.25%	0.80%	**0.19%**	
Generating Plant Performance				
Generation Fleet Reliability (forced outages rate)	2.31%	2.25% – 2.5%	**0.32%**	
Environmental Compliance (permit exceedances)	1	<4	**0**	

Significant Occurrences or Concerns This Month

- **SAIDI:** Pursuing SAIDI reduction projects during FY21 to improve customer reliability.
- **$CEMI_5$**: Current reliability at 0.19% with 924 of 486,820 customers served experienced more than 5 outages in the last 12 months
- **Environmental Permit Exceedances**: Electric Systems has not experienced any environmental permit exceedances in FY21
- **EFOR:** The JEA Fleet Forced Outage Rate is currently at 0.32%

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FY2021 Electric System Update

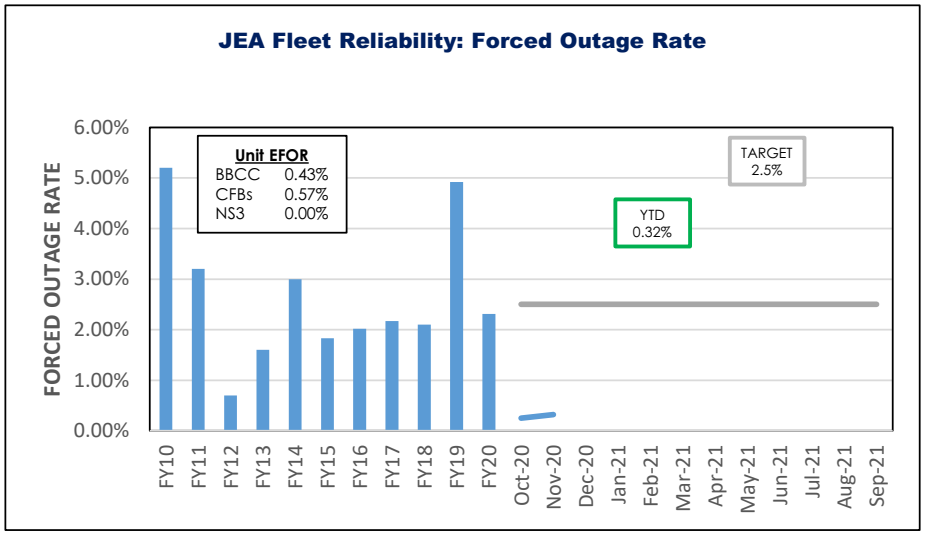
Generating Fleet Reliability

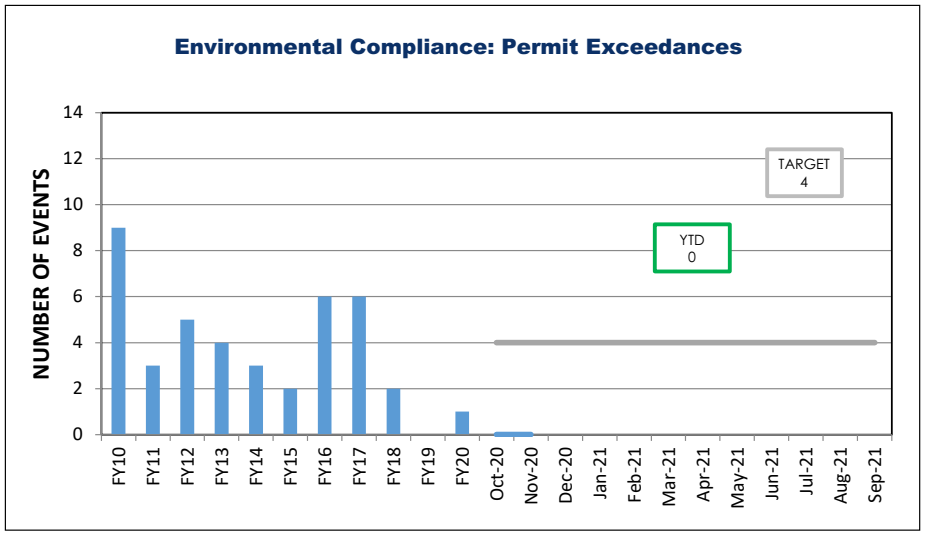
- The JEA Fleet Forced Outage Rate is currently at 0.25%

Environmental Compliance

- Electric Systems has not experienced any environmental permit exceedances in FY21
- JEA remains actively engaged in preparing for all new and emerging environmental regulations

Generating Plant Performance	Metric	FY2019	FY2020	FY2021 Target	FY2021
Generation Fleet Reliability	Forced Outages Rate	4.9%	2.31%	2.25% - 2.50%	0.32%
Environmental Compliance	Permit Exceedances	0	1	4	0





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FY2021 Electric System Update

Electric Service Reliability

- Outage frequency and duration have been reduced significantly over the last 10 years; running flat over last several years
- The typical JEA customer sees 1.4 outages per year and a total outage duration of about 89 minutes

Power Quality

- FY21 (39.5) is better than target

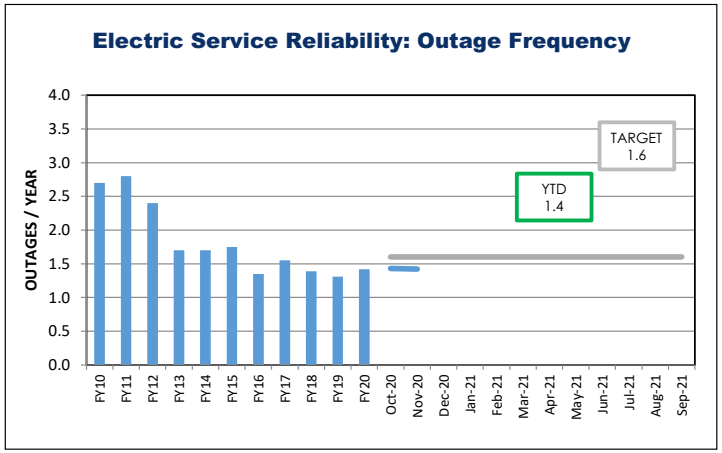
CEMI-5

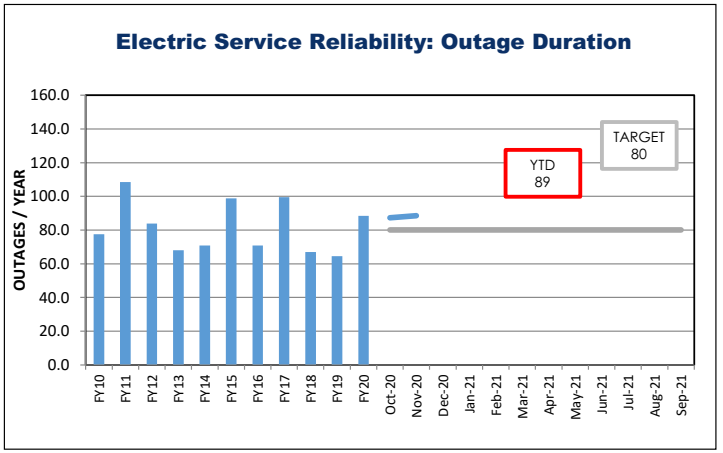
- Improvement trend over past three years for CEMI5. 924 (0.19%) of our customers have experienced more than 5 outages in the past 12 months

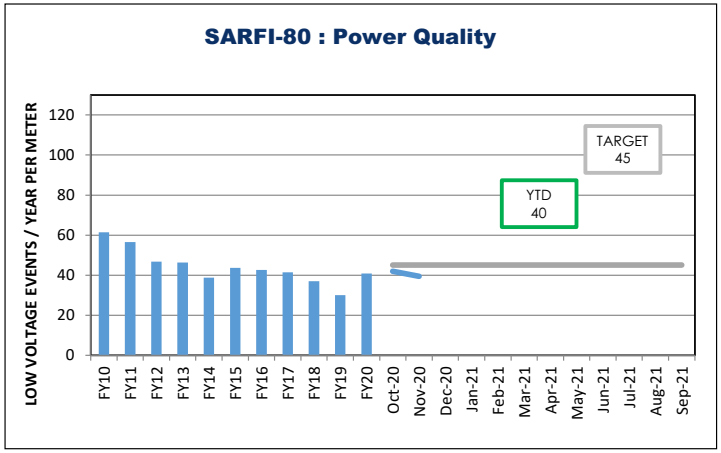
Other Operational Metrics

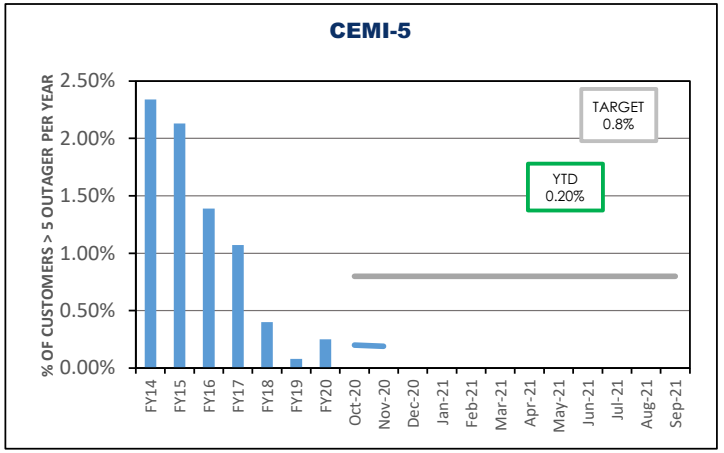
- Continue showing favorable trends over time

T&D Grid Performance	Metric	FY2019	FY2020	FY2021 Target	FY2021
Customer Outage Frequency	# of Outages per Year	1.3	1.4	1.4 - 1.6	1.4
Electric Outage Duration	# of Minutes out per Year	65	89	75 - 80	89
SARFI-80 Power Quality	low voltage events/year per meter	30.0	40.9	45.0	39.5
$CEMI_5$	% Customers > 5 outages per yr	0.08%	0.25%	0.8%	0.19%









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Customer Experience Update



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Operations Scorecard
Customer Experience

Customer Experience	FY2020	FY2021 Goal	FY2021	Status
JDP Customer Satisfaction Index - Residential	3rd Q	1st Quartile	-	
JDP Customer Satisfaction Index - Business	2nd Q	Top Decile	**4Q**	
Overall First Contact Resolution Index	78.1%	>=80%	**79.0%**	
Net Write-offs/Bad Debt Expense	0.11%	< % 0.15	**-0.07%**	

Significant Occurrences or Concerns This Month

JD Power utility ratings criteria:

- Customer Service
- Power Quality and Reliability (PQR)
- Billing and Payment
- Communication
- Price
- Corporate Citizenship

Residential/Commercial

- Launching multiple initiatives to improve JDP scores
- Targeting Corporate Citizenship, Communication, PQR
- Continuing to manage COVID impacts on Customers
- Expanding successful Electrification Program

FY2021 Customer Satisfaction Goal

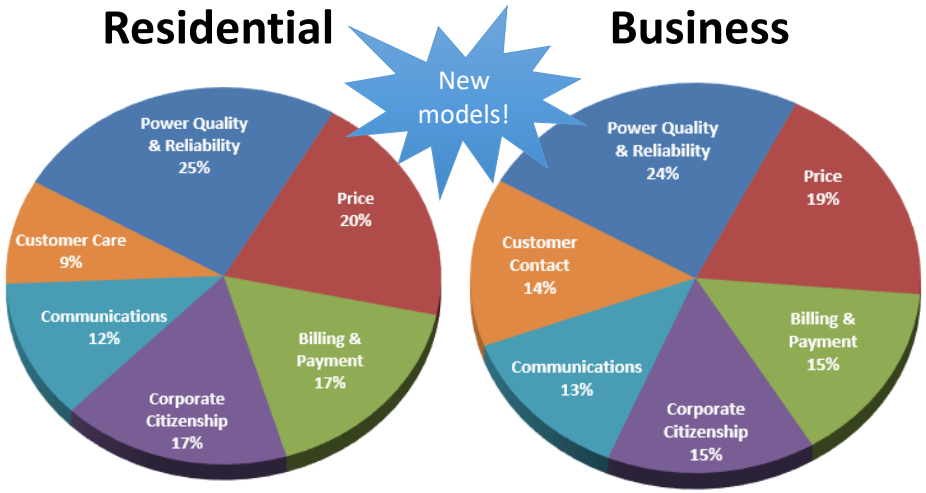
Achieve 1st Quartile Ranking for JD Power Customer Satisfaction Index for both Residential and Business Studies

Residential (R)

FY19		FY20		Per 1		Per 2		Per 3		Per 4		FY21 YTD	
1Q	756	3Q	748										

Business (B)

FY19		FY20		Per 1		Per 2		FY21 YTD	
2Q	782	2Q	799	4Q	771			4Q	771



FY20 Residential # of companies ranked: 143
FY20 Business # of companies ranked: 86

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

Be Easy to Do Business With

Customer Care

	FY20		Per 1		Per 2		Per 3		Per 4		FY21 YTD	
R	3Q	807										
B	1Q	851	2Q	842							2Q	842

Power Quality & Reliability

	FY20		Per 1		Per 2		Per 3		Per 4		FY21 YTD	
R	2Q	793										
B	1Q	835	4Q	793							4Q	793

Empower Customers to Make Informed Decisions

Billing & Payment

	FY20		Per 1		Per 2		Per 3		Per 4		FY21 YTD	
R	3Q	799										
B	2Q	835	3Q	813							3Q	813

Communication

	FY20		Per 1		Per 2		Per 3		Per 4		FY21 YTD	
R	3Q	708										
B	2Q	781	4Q	749							4Q	749

Price

	FY20		Per 1		Per 2		Per 3		Per 4		FY21 YTD	
R	3Q	693										
B	3Q	748	4Q	712							4Q	712

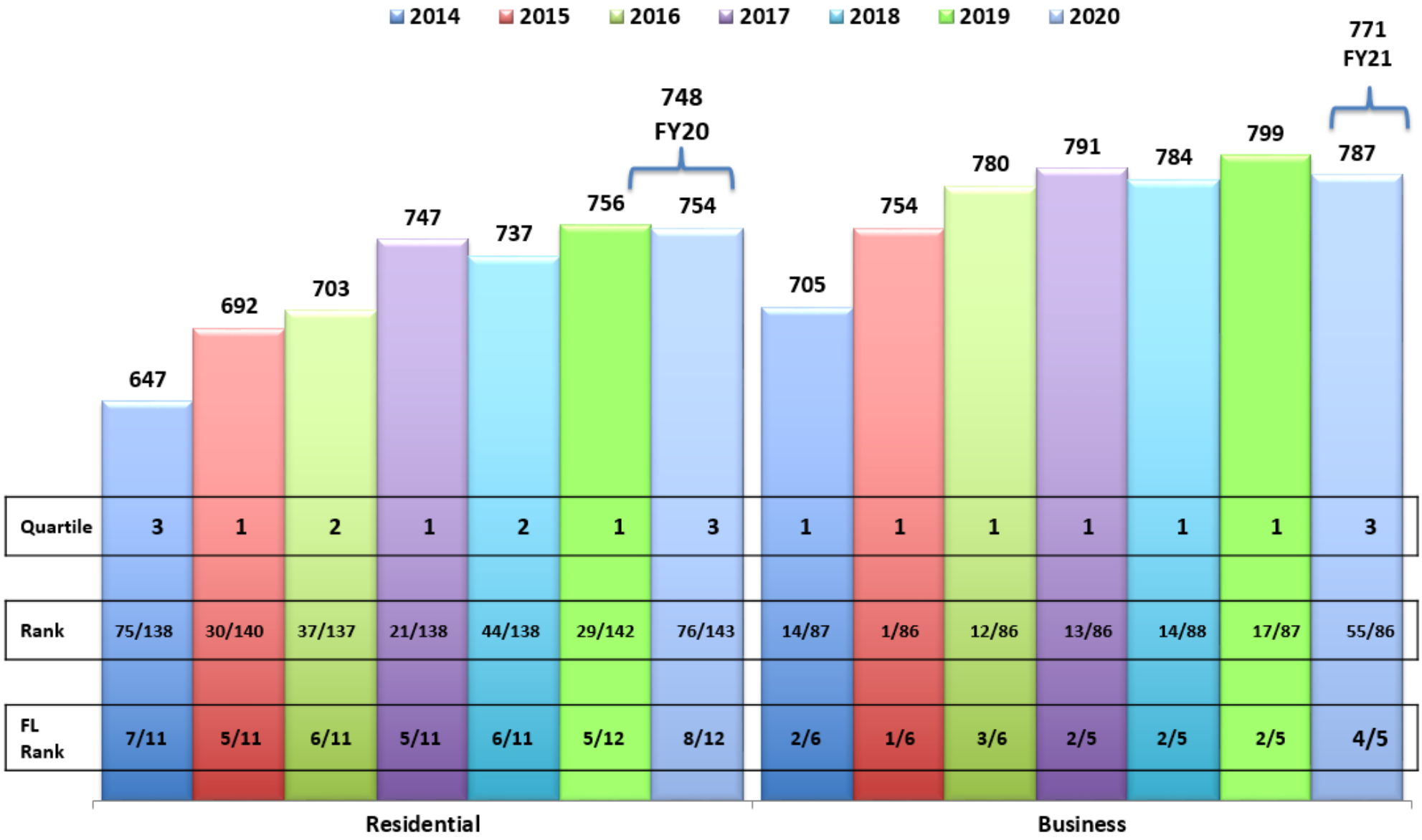
Demonstrate Community Responsibility

Corporate Citizenship

	FY20		Per 1		Per 2		Per 3		Per 4		FY21 YTD	
R	3Q	692										
B	2Q	756	3Q	738							3Q	738

JEA
Building Community

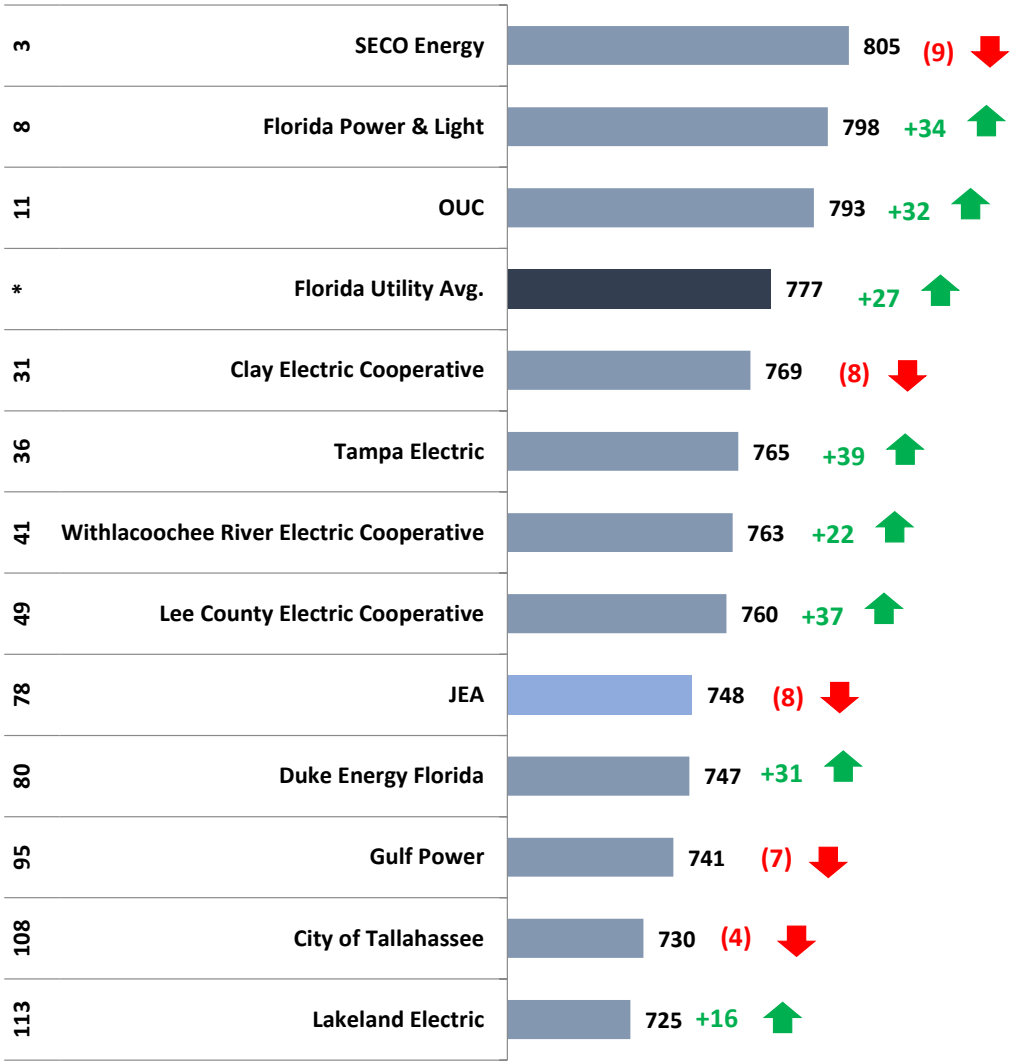
Customer Satisfaction Index Scores by Study Year



Building Community

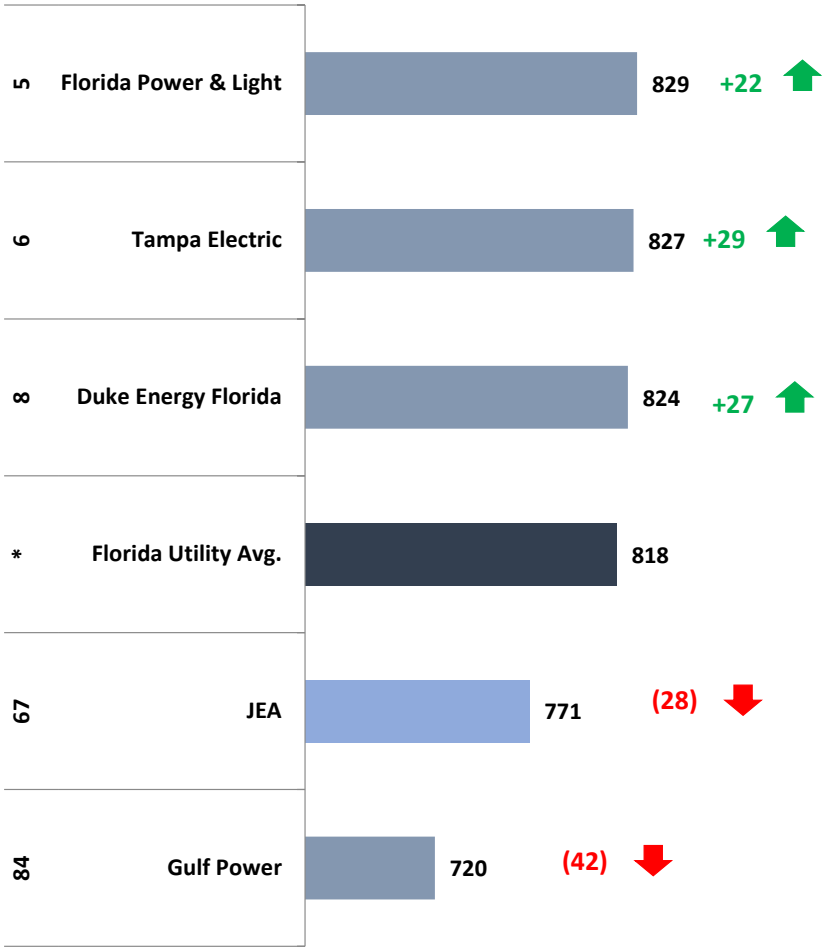
Customer Satisfaction Index Scores Florida Utilities

Residential FY 2020 Final



Business FY 2021 YTD

(2020 WV2)



NB: Green and red numbers indicate point difference from 2019

INTER-OFFICE MEMORANDUM
December 3, 2020

SUBJECT:	**ELECTRIC COMPLIANCE POLICY**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
JEA is required to comply with various federal and state rules, regulations and standards (Rules and Standards) monitoring design, maintenance and operation of the bulk electric system, disclosure of certain information, behavior of employees or agents, and reporting of specific events. To ensure compliance with the Rules and Standards, in 2007 JEA developed an Electric Compliance Policy and an associated Internal Compliance Program (ICP). The purpose of this policy is to identify responsibilities for implementation and monitoring of Reliability Standards compliance.

DISCUSSION:
On July 1, 2019, the SERC Reliability Corporation (SERC) expanded to include all registered entities in the state of Florida. Entities, including JEA, transferring to SERC from the former FRCC (Florida Reliability Coordinating Council) Region created a seventh SERC sub-region, FL-Peninsula. This update accounts for the realignment from FRCC to SERC.

FINANCIAL IMPACT:
There is no financial impact specific to the updating of this policy.

RECOMMENDATION:
Staff recommends the Board's approval of the updated Electric Compliance Policy.

Jay C. Stowe, Managing Director/CEO

JCS/SVT

Electric Compliance Policy

Approved ~~7~~5/~~26~~15/20~~13~~*07

Last Revision Date 12/3~~0~~/2020~~13~~

~~*Approved by the Enterprise Risk & Compliance Committee; pending JEA Board of Director's approval (scheduled to be presented to the BOD Finance & Audit Committee in August 2013)~~*

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I. Policy Overview

In the conduct of its electric business, JEA is required to comply with various federal and state rules, regulations and standards (Rules and Standards) monitoring design, maintenance and operation of the bulk electric system, disclosure of certain information, behavior of employees or agents and reporting of specific events. To ensure compliance with the Rules and Standards, JEA has developed an Electric Compliance Policy and an associated Internal Compliance Program (ICP).

The purpose of the Electric Compliance Policy is to identify compliance responsibilities for implementation and monitoring of Reliability Standards compliance. The objectives of this policy are to:

- Outline its regulatory scope.
- Establish the governance structure for Electric and Critical Infrastructure Protection (CIP) Compliance management.
- Clearly delineate the roles and responsibilities of the groups and individuals responsible for implementing the ICP.

II. Scope

This policy pertains to the following rules, regulations and standards:

- SERC/FRCC/NERC/FERC Reliability Standards
- NERC Alerts
- FERC OATT Rules
- FERC Standards of Conduct
- NAESB/FERC Business Practice Rules
- PSC Required Reporting

This policy does not address environmental compliance or accounting/financial rules and reporting. This policy addresses JEA's interface with TEA, as it may relate to the above rules. This policy shall apply to all JEA employees.

III. Policy Establishment and Applicability

A. Policy Establishment, Authority, Approval, and Revision

JEA's Board of Directors must approve this policy as well as any future changes to the policy, except that Board approval shall not be required for the policy appendices or for the procedures that are developed to implement this policy. On at least a biennial basis (but more frequently if deemed appropriate), the Chief Risk and Compliance Officer or his designee will review this policy and determine if it should be amended, supplemented or updated in order to account for business developments or for other appropriate business reasons. Recommendations for any such changes shall be brought for action to the Enterprise Compliance and Risk Committee (ECRC).

It is expected that policies and procedures are developed and maintained to fully implement this policy. The development and implementation of those policies and procedures are the responsibility of the assigned groups. Such policies and procedures do not require Board approval and should not conflict with this policy. In the event any such policies or procedures do conflict with this policy, this policy shall prevail.

Questions about the interpretation of any matters relating to this policy should be referred to the Director, Electric Compliance. The Director, Electric Compliance will also provide clarification and explanation on any updates to the policy.

All legal matters stemming from this policy will be referred to the appropriate legal counsel.

B. Applicability of Policy

This policy shall apply to all JEA employees engaged in activities governed by the Rules and Standards or possessing or privy to information, the dissemination of which is governed by the Rules and Standards. It shall also apply to those employees involved in the management of the program, including the CEO, the members of the ECRC and members of the JEA Board of Directors.

IV. Assignment of Responsibility

A. Board of Directors Responsibilities

JEA's Board of Directors is responsible for:

- Approving this policy.
- Understanding JEA's overall compliance responsibilities.
- Reviewing for approval any proposals by JEA's Enterprise Compliance and Risk Committee to amend this policy.

B. Managing Director/CEO Responsibilities

The CEO or his designee is accountable to the Board and, in connection with the Compliance program and this policy, is responsible for:

- The management and control of compliance activities throughout the organization as set forth in this policy.
- Discussing significant compliance issues with the Board.
- Ensuring sufficient funding for the administration of the compliance programs.
- Reporting to the Board on at least a semi-annual basis on JEA's compliance activities and the performance of the compliance program.

C. Enterprise Compliance and Risk Committee

The oversight and administration of the Electric Compliance Policy is the responsibility of the Enterprise Compliance and Risk Management Committee (ECRC). With respect to the Electric Compliance Policy, the responsibilities of the ECRC include:

- Stating and communicating compliance philosophy for JEA.
- Monitoring compliance performance.

- Reviewing and approving the major strategies employed to manage compliance.
- Reviewing this policy and making recommendations for changes to the CEO and Board.
- Reviewing compliance metrics and reports.
- Reviewing and assessing the impact of all findings of non-compliance.

D. Chief Risk and Compliance Officer Responsibilities

The executive compliance oversight is the responsibility of the Chief Risk and Compliance Officer (CRCO). With respect to the Electric Compliance Policy, the responsibilities of the CRCO include:

- Executive administration of JEA's Electric Compliance Program including the Operations & Planning and CIP Compliance Programs.
- Participate as a member of the ECRC.
- Keep the ECRC aware of compliance issues and potential compliance violations.
- Keep abreast of industry developments that may change JEA's compliance requirements.
- JEA signature approval of compliance filings as required.
- Ensure overall compliance of JEA staff to this policy and related subordinate policies and procedures.
- Staffing the key positions with individuals qualified to implement the compliance program.

The following three directors and work groups support the CRCO with the responsibilities associated with compliance oversight:

Director, Electric Compliance

- Responsible for NERC Operations & Planning (O&P) Reliability Standards compliance oversight for JEA and reports to the Chief Risk & Compliance Officer.
- Work with TEA management and staff to ensure TEA-JEA interfaces and communications comply with applicable rules.
- Chair the Electric Compliance Committee.
- Maintain Internal Compliance Program documentation.
- Administer Standards of Conduct and NERC Electric Reliability Standards compliance training for all appropriate employees.
- Develop, implement and track compliance metrics.
- Work with JEA management and staff to design, document, implement and monitor procedures and processes to ensure compliance as required by this policy.
- Work with JEA management to assign accountability for each NERC approved Standard to a JEA appointed manager.
- Oversee and conduct reviews of all internal investigations related to O&P Reliability Standards.
- Administer compliance documentation and record retention programs.
- Coordinate and facilitate responses to all compliance surveys, forms requests, etc.
- Ensure the appropriate and required confidentiality of information collected.

Director, CIP Compliance

- Responsible for NERC Critical Infrastructure Protection (CIP) Reliability Standards compliance oversight for JEA and reports to the Chief Risk & Compliance Officer.
- Oversee and conduct reviews of all internal investigations related to CIP Standards.
- Work with JEA management and staff to design, document, implement and monitor procedures and processes to ensure compliance as required by this policy.
- Develop and maintain a yearly CIP Compliance training program.
- Monitor national CIP standards under development. Review and provide comments of NERC's CIP standards under development and their impact on JEA operations.
- Develop, implement and track compliance metrics.
- Administer compliance documentation and record retention programs.
- Ensure the appropriate and required confidentiality of information collected.
- Lead and facilitate the CIP Steering Committee meetings.

Internal Audit Responsibilities

JEA's Internal Audit Department will conduct audits to assess compliance with this policy and compliance by JEA with the Rules and Standards.

E. Business Unit Responsibilities

- Implement and execute processes as assigned/reviewed by the Electric & CIP Compliance groups to meet the objectives of the ICP.
- Implement, coordinate and monitor activities to ensure compliance with assigned Reliability Standards.
- Ensure the provision of accurate and current evidentiary documentation.
- Supply requested data and respond to survey/audit requests by Compliance Agencies or the ECRC.
- Ensure the appropriate and required confidentiality of information collected.
- Ensure all employees are aware of their compliance responsibilities and that failure to comply may result in disciplinary action in accordance with JEA Procedure LR606 *Guidelines for Disciplinary Action*.
- Ensure compliance of assigned staff to the rules and Reliability Standards.

F. Compliance Committees

The following committees are in place to serve as a forum for the communication of legislative and regulatory developments to the business unit leaders responsible for compliance with the Reliability Standards. These committees are charged with ensuring that appropriate business units develop and implement procedures to ensure compliance with specified rules, regulations and standards. For specific information related to the responsibilities of each committee, please refer to the Internal Compliance Program (ICP) document.

- Electric Compliance Committee
- CIP Compliance Steering Committee

G. Legal Counsel Responsibilities

JEA's Counsel shall review this document and related procedures and compliance issues as appropriate.

V. Revision History

Revision #	Date	Description	Revised By	Approval
0	5/15/07	New Procedure	ECRC	BOD
1	6/19/08	Review, updated roles, revised review schedule	ECRC	BOD
2	4/21/09	Review, update roles	ECRC	BOD
3	9/27/10	Review, update scope, definitions and committee members	ECRC	BOD
4	2/02/11	Add committee members	JJB	N/A – Appendix Update
5	1/10/13	Review and update of job titles	RIW	ECRC 1/28/13; Pending BOD
6	7/02/13	Remove specific Electric Compliance Committee details; duplicative of ICP document. Further define Director of CIP Compliance responsibilities.	RIW	
7	12/19/13	Reviewed; No Changes JMH & RIW	N/A	N/A
8	12/08/14	Reviewed; No Changes RIW	N/A	N/A
9	09/22/20	Added SERC Reliability Corporation	JJB	Pending BOD
10	12/3/20	Reviewed w/ minor format and text edits.	SVT	Pending BOD

VI. Appendix

A. Definitions

Compliance Agencies – FERC, FRCC, NAESB, NERC, PSC or SERC

FERC – Federal Energy Regulatory Commission

FRCC – Florida Reliability Coordinating Council

NAESB – North American Energy Standards Board

NERC – North American Electric Reliability Corporation

OATT – Open Access Transmission Tariff, as defined by FERC in their orders 888, 889 and 890

~~NERC – North American Electric Reliability Corporation~~

Policy – JEA's Electric Compliance Policy

PSC – Florida Public Service Commission

Reliability Standards – NERC Reliability Standards define the reliability requirements for planning and operating the North American bulk power system. Requirements are approved by FERC and monitored and enforced by NERC and FRCC (or applicable Regional Entity).

Rules and Standards – Any rule, standard, requirement or regulation which is mandatory on JEA and its employees (as an electric utility) as specified in the multitude of FERC Rules and Orders or approved NAESB Business Practice Rules.

SERC – SERC Reliability Corporation

INTER-OFFICE MEMORANDUM
December 3, 2020

SUBJECT:	**JEA CHARTER/ARTICLE 21**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
In February 2020, the Office of General Counsel presented to the City Council proposed changes to the City of Jacksonville's Charter and Related Laws, Part A, Article 21. – JEA, related to how JEA is governed. This review process has continued since then, with the City Council's final approval of the amended Charter scheduled for December 8, 2020.

DISCUSSION:
Presented today is the latest Article 21 update, a redlined version of the Transportation, Energy and Utilities (TEU) Committee's Substitute Bill #2020-419, dated November 30, 2020.

FINANCIAL IMPACT:
There is no financial impact specific to this update.

RECOMMENDATION:
This update is for information only.

Jay C. Stowe, Managing Director/CEO

JCS/SVT

The Transportation, Energy and Utilities Committee offers the following Substitute to File No. 2020-419:

Introduced by Council Member Boylan and Co-sponsored by Council Members Bowman, DeFoor, Dennis, Ferraro, Priestly Jackson, Salem ~~and Wilson~~, Wilson, Pittman, Dennis, Morgan, Hazouri, Newby, Diamond and Gaffney:

ORDINANCE 2020-419

AN ORDINANCE RELATING TO JEA AND ARTICLE 21 (JEA), CHARTER OF THE CITY OF JACKSONVILLE; REPEALING SECTIONS 21.03 (COMPOSITION; COMPENSATION; OFFICERS; MEETINGS), 21.08 (EMPLOYEES), AND 21.09 (AWARDS OF CONTRACTS) OF ARTICLE 21 (JEA), CHARTER OF THE CITY OF JACKSONVILLE; AMENDING ARTICLE 21 (JEA), CHARTER OF THE CITY OF JACKSONVILLE; CREATING NEW SECTIONS 21.03 (COMPOSITION; COMPENSATION; OFFICERS; MEETINGS), 21.08 (EMPLOYEES; MANAGING DIRECTOR; EMPLOYMENT CONTRACT RESTRICTIONS), 21.09 (PROCUREMENT GENERALLY; CONTRACTS GENERALLY), 21.11 (PRIVATIZATION, SALE, REORGANIZATION, SERVICE TERRITORY TRANSFERS PROHIBITED) AND 21.12 (PUBLIC ENGAGEMENT); RENUMBERING EXISTING SECTIONS 21.11 (LEGISLATIVE AUTHORITY OF COUNCIL) AND 21.12 (SEVERABILITY) TO 21.13 AND 21.14 RESPECTIVELY; PROVIDING FOR ~~PROVISO LANGUAGE REGARDING 2020-100-E; PROVIDING FOR~~ CODIFICATION INSTRUCTIONS; PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED by the Council of the City of Jacksonville:

Section 1. Repealing Sections 21.03 (Composition; compensation; officers; meetings), 21.08 (Employees), and 21.09 (Awards of contracts) of Article 21 (JEA), Charter of the City of Jacksonville. Sections 21.03 (Composition; compensation; officers; meetings), 21.08 (Employees), and 21.09 (Awards of contracts) of Article 21 (JEA), Charter of the City of Jacksonville, a copy of which is attached hereto as **Exhibit 1**, are hereby repealed in their entirety.

Section 2. Amending Article 21 (JEA), Charter of the City of Jacksonville. Article 21 (JEA), Charter of the City of Jacksonville is hereby amended to read as follows:

CHARTER AND RELATED LAWS

PART A – CHARTER LAWS CHARTER OF THE CITY OF JACKSONVILLE, FLORIDA

*** * ***

ARTICLE 21. JEA

Sec. 21.01. - JEA created and continued; audits.

(a) Creation. There is hereby created and established a body politic and corporate to be known as JEA, which is authorized to own, manage and operate for the benefit of the City of Jacksonville the ~~a~~ utilities systems within and without the City of Jacksonville. JEA is created for the express purpose of acquiring, constructing, operating, financing and otherwise having plenary authority with respect to electric, water, sewer, natural gas and such other utility system~~s~~ as may be under its control now or in the future. ~~Such~~ The utilities systems may be owned, operated or managed by JEA for the benefit of the City of Jacksonville separately or in such combined or consolidated manner as JEA may determine and JEA may use such name or names in the conduct of its business in

connection therewith as it may determine. It is the specific purpose of this article ~~21~~ to repose in JEA all powers with respect to electric, water, sewer, natural gas and such other ~~utilities~~ utility system which are now, in the future could be, or could have been but for this article, exercised by the City of Jacksonville. JEA created and established by this article is the same Jacksonville Electric Authority previously created and established by ~~chapter~~ Chapter 67-1569, Laws of Florida, as amended, (including as added to Chapter 67-1320, Laws of Florida by Chapter 78-538, Laws of Florida and, as amended and readopted by Chapters 80-515, and 92-341, Laws of Florida) and, except as otherwise provided or authorized by this article, JEA shall continue to function under this article the same as it previously functioned under ~~chapter~~ Chapter 67-1569, Laws of Florida, as amended (including as added to Chapter 67-1320, Laws of Florida by Chapter 78-538, Laws of Florida and, as amended and readopted by Chapters 80-515 and 92-341, Laws of Florida).

(b) *Audits*. JEA shall be subject to the council auditor's authority set forth in section 5.10 of the charter.

Sec. 21.02. - Definitions.

In the interpretation of this article, unless the context otherwise requires:

(a) The term "utilities systems" means the electric utility system and the water and sewer utility system now operated by JEA which shall include, except where inconsistent with Chapter 80-513, Laws of Florida, as amended, or where the context otherwise requires, any "system" or "project" authorized pursuant to the provisions of Chapter 80-513, Laws of Florida, as amended and any natural gas utility system to be operated in the future by JEA together with any other additional

utility system~~s~~ as may be hereafter designated as a part of the utilities systems operated by JEA as provided in section 21.04(v) herein.

(b) The term "member" means ~~a member of JEA~~ an individual confirmed by the council to serve on the governing body of JEA pursuant to this article.

(c) The term "managing director" means the ~~managing director~~ chief executive officer of JEA.

(d) The term "utility system" shall mean any ~~of the~~ separate utility system~~s~~ operated by JEA such as its electric utility system, its water utility system, its wastewater utility system, ~~or~~ its natural gas utility system or any other additional utility system as may be hereafter designated as a part of the utilities systems operated by JEA as provided in section 21.04(v) herein.

(e) The terms "sewer utility system" and "wastewater utility system" shall each have the same meaning as the other and these terms shall be interpreted as meaning the same.

(f) The term "district energy system" or "DES" shall mean a system of centrally located chillers designed to provide chilled or heated water via pipes for the purposes of providing heating and cooling within a designated area.

(g) The term "governing body of JEA" means the governing body of JEA consisting of seven members.

Sec. 21.03. - Composition; compensation; officers; meetings.

(a) *Composition; qualifications; removal.* The governing body of JEA shall consist of seven members, each of whom shall serve for a term of four years or until such member's successor has been appointed and has qualified. Four members shall be nominated by the council president and confirmed by the council, and three members shall be appointed by the mayor and

shall be confirmed by the council. With regard to one member appointed by council through open application, the council president shall nominate an applicant who has one of the following qualifications: was a former JEA employee, or person recommended by an employee, union or group of current or former JEA employees. To the extent feasible and regarding member appointments generally, individuals who have demonstrated corporate, executive or administrative experience working in public or private organizations, including, but not limited to, non-profit and government organizations, are preferred, but not required, to serve on the governing body of JEA. Each member shall have been a resident and elector of the city for at least six consecutive months prior to such member's appointment. No member shall hold any other public office or position. If at any time during a member's tenure on the governing body of JEA, such member shall cease to possess the qualifications required for membership on the governing body of JEA, such member shall cease to be a member and a vacancy shall exist on JEA. Any vacancy on the governing body of JEA, however created, shall be filled for the unexpired term in the same manner as the position was originally filled, and the person filling the vacancy shall have and shall retain all the qualifications prescribed for membership on JEA. Any member appointed to the governing body of JEA for two consecutive full terms shall not be eligible for the succeeding term. The members appointed by the mayor may be removed by the mayor at any time with or without cause, but a removal must be approved by a two-thirds vote of the council. The members appointed by the council may be removed by the council at any time with or without cause, but a removal must be approved by a two-thirds vote of the council.

(b) *Compensation; applicable laws.* Members shall not be entitled to pension or other retirement benefits on account of service on the governing body of JEA, but members shall be entitled to payment or reimbursement for reasonable expenses incurred (e.g., travel expenses) as prescribed by the council by ordinance. Members shall be subject to the provisions of section 286.012, Florida Statutes, as amended, relating to voting at meetings of JEA, and the provisions of sections 112.311 through 112.3175, Florida Statutes, as amended, relating to financial disclosure and conflicts of interest. Additionally, Members shall be subject to all other relevant and applicable laws and ordinances, including but not limited to, Chapter 286 (Public Business: Miscellaneous Provisions),Florida Statutes, as amended, Chapter 112, Part III (Code of Ethics for Public Officers and Employees), Florida Statutes, as amended, and Chapter 119 (Public Records), Florida Statutes, as amended, and Chapter 602 (Jacksonville Code of Ethics), Ordinance Code of the City of Jacksonville, as amended.

(c) *Officers; meetings; quorum; governing documents*. The governing body of JEA shall elect a chairperson, vice-chairperson and secretary of JEA and may elect one or more assistant secretaries of JEA, each of whom shall serve for one year or until such officer's successor is chosen. JEA may meet at such times and places designated by the governing body of JEA and shall hold regular meetings as necessary. Generally, JEA shall meet once a month, but in no event less than eight (8) times a year. Special meetings may be held upon the call of the chairperson or any three (3) members. JEA meetings shall be subject to section 286.011 (Florida Open Meetings Laws), Florida Statutes, as amended. A majority of the membership

shall constitute a quorum for the purpose of meeting and transacting business. Each member shall have one vote. The governing body of JEA shall adopt governing documents, including, but not limited to, bylaws, a board policy manual, and such other rules and regulations not inconsistent with this article, the charter or general law. Unless otherwise provided herein, the governing body of JEA shall annually review and update its governing documents. JEA's bylaws, board policy manual, and other governing documents, including any amendments thereto, shall be posted on JEA's website in a conspicuous manner for the public to view.

(d) *Office-holding; oath.* JEA membership shall be considered an office and limited by the office holding provisions as provided for under the Florida Constitution. No member shall be eligible to serve as a member while holding another office or being an employee of JEA. Members shall be required to take an oath of office consistent with the oath of office taken by other public officials serving on city boards and commissions.

(e) *Transparency in meetings.* JEA should hold its meetings in the most open and transparent manner practicable for the benefit of the public and citizens of the City of Jacksonville. JEA shall adopt procedural rules regarding the publication of meeting agendas, meeting materials, meeting minutes, and public participation during all meetings, including regular, special and committee meetings, where action by the governing body of JEA or committee is contemplated. To the greatest extent feasible, JEA is encouraged to adhere to best practices and recommendations regarding openness and transparency contained in the latest published edition of Florida's Government-In-the Sunshine Law Manual prepared by the Office of the Attorney General. At a minimum, such procedural rules

should require JEA to (i) publish an agenda and any meeting materials for its regular, special and committee meetings in a conspicuous manner on JEA's official website; (ii) promptly post meeting minutes generally within 72 hours after each meeting; and (iii) provide the timeframe for when an agenda and any meeting materials must be made available to the public in advance of such meetings. Such procedural rules should also require JEA to deliver copies of its meeting agendas, including regular, special and committee meeting agendas, and any meeting materials related thereto, to the council auditor in substantially the same timeframe and content as provided to members. Nothing in this subsection shall prohibit JEA from amending previously published meeting agendas and meeting materials in accordance with its bylaws, board policy manual, or other applicable governing documents.

Sec. 21.04. - Powers.

JEA shall have the following powers, in addition to powers otherwise conferred:

(a) To construct, own, acquire, establish, improve, extend, enlarge, reconstruct, reequip, maintain, repair, finance, manage, operate, and promote the utilities systems.

(b) To acquire for the use of the utilities systems by grant, purchase, gift, devise, condemnation by eminent domain proceedings, exchange, lease or in any other manner, all property, real or personal, or any estate or interest therein, including without limitation, property used:

(1) In connection with the generation, transmission and distribution of electric power and energy~~.~~;

(2) In connection with the collection, storage, treatment, processing, disposal, transmission and distribution of water and wastewater including, but not limited to, raw

water, potable water, non-potable water, chilled water and reused water; however, JEA shall have no power or authority for the function of stormwater runoff and drainage management~~.~~;

(3) In connection with the production, procurement, extraction, manufacture, transmission, transportation, distribution, and storage of natural gas~~.~~; and

(4) In connection with the production of steam, the mining, extraction, development, production, manufacture, procurement, transportation, handling, storage, processing or reprocessing of fuel of any kind, to likewise acquire any facility or rights with respect to the supply of water, any rights with respect to minerals, including but not limited to coal, petroleum coke, natural gas and oil and bio-mass facilities for the processing of by-products derived from the operation of the utilities systems, solid waste disposal and environmental protection facilities, communication and computer facilities, and any other property, equipment, facilities or property rights whatsoever determined by JEA to be necessary or convenient in connection with the operation, promotion, financing, construction, management, improvement, extension, enlargement, reconstruction, re-equipment, maintenance, repair, decommissioning or disposal of the utilities systems or any part thereof, and to sell, lease or otherwise transfer, with or without consideration, any such property when in JEA's discretion it is no longer needed or useful, or such sale, lease or transfer otherwise is in the best interest of JEA, all upon such terms and conditions as JEA shall by resolution fix and determine.

The right of eminent domain conferred herein shall be exercised by JEA in the manner provided by law. If JEA leases any real property to another agency, firm, corporation, entity, or individual, it shall cause a memorandum of said lease ~~or leases~~ to be recorded in the official records with the clerk of the circuit court ~~as a matter of public record.~~ where the property is located. For any real property that exceeds either an assessed value or just market value of $50,000 as determined by the property appraiser of the county where the real property is located, JEA shall not sell such real property for less than the appraised value as ~~recorded by the property appraiser for Duval County~~ certified by an MAI certified appraiser, unless approved by the council. ~~If there is no recorded appraised value, then JEA shall request the property appraiser for Duval County to provide an appraisal prior to the sale of the real property.~~

Regarding any real property interests acquired or disposed of by JEA pursuant to this subsection, the governing body of JEA shall approve real estate rules and procedures and any amendments thereto governing the reporting, acquisition, sale, purchase, lease, license, transfer, and disposition of real property. Such real estate rules and procedures shall not be inconsistent with this article, including, but not limited to, the express prohibitions set forth in section 21.11 herein. The governing body of JEA shall review its real estate rules and procedures no less than biennially. The governing body of JEA shall not delegate its approval authority of such real estate rules and procedures, including any amendments thereto, to the managing director or any other officer, employee or agent of JEA. JEA shall post such real estate rules and

procedures, including any amendments thereto, on JEA's website in a conspicuous manner for the public to view.

* * *

(e) To enter into contracts with any person or entity, public or private, deemed necessary or desirable by JEA in connection with carrying out its powers and duties, except as otherwise prohibited in this article or the charter.

* * *

(g) To sue and be sued, implead and be impleaded, complain and defend in all courts, to adopt and use a corporate seal, to apply for, hold and own patents and copyrights, to sell or license patents, copyrights, patented or copyrighted materials to other public or private entities. Prices or fees for such sales or licensing may be based upon market considerations. JEA may designate how proceeds from such sales or licensing shall be used. Prices or fees for the sale of copyrighted data processing software, as defined in section ~~119.083~~ 119.011, Florida Statutes, shall be established pursuant to section ~~119.083~~ 119.084, Florida Statutes, as amended.

* * *

(n) To enter into joint project agreements as provided by part II of chapter 361, Florida Statutes, as amended, for the purpose of implementing a project, as such term is defined in Part II of Chapter 361, Florida Statutes. A copy of all such joint project agreements shall be filed with the council, the council auditor, and the mayor at least thirty days prior to the effective date of the agreement. Anything in this provision to the contrary notwithstanding, (i) any joint project agreement that involves a transfer of ~~any~~ the electric system, function or operation that ~~comprises more than ten percent of the total of the utilities system by sale, lease or~~

~~otherwise to any other utility, public or private,~~ is subject to the requirements and limitations of section 21.11 herein or (ii) any joint project agreement that involves the issuance of debt not previously authorized by ~~s.~~ section 21.04(i)(2) herein, shall require prior approval of the council.

(o) To enter into agreements with one or more other electric utilities, public or private, and related contracts with respect to joint electric power projects as provided in section 2 of ~~chapter~~ Chapter 80-513, Laws of Florida, as amended. The provisions of said ~~chapter~~ Chapter 80-513 shall govern and control JEA in all respects in the carrying out of a joint electric power project authorized thereunder notwithstanding any provision of the charter or of the Ordinance Code of the City of Jacksonville which may be in conflict therewith.

(p) ~~To transfer, sell, finance, lease or otherwise provide services or products, or by-products, developed or used by JEA incident to the exercise of the powers conferred by this article, including but not limited to, energy performance contracting, water, sewer and natural gas (and any other utility service hereafter provided by JEA) contracting, power marketing services, the testing and maintenance of customer-owned facilities such as transformers, capacitors, lighting, HVAC systems, water cooling and heating systems, energy management systems, etc.; the temporary leasing of JEA facilities such as oil storage tanks; the supply of steam or other thermal energy; the provision of specially conditioned power on the premises of customers and the provision of services or products to build, transfer, lease, finance, operate or sell cogeneration facilities, small power production facilities, specially conditioned power, energy~~

~~conservation, energy efficiency and dispersed generation to other electric utilities both within and without the state or to any wholesale or retail customers of JEA, upon such terms and conditions as JEA shall by resolution fix and determine; and to transfer, sell, finance, lease or otherwise provide services, products or by-products developed or used by JEA incident to the exercise of the powers conferred by this article, in the delivery of water, wastewater and natural gas services, including but not limited to the financing, testing, maintenance and operation of customer owned facilities used in water, wastewater and natural gas functions; provided, however, that JEA will not enter into any activity pursuant to this section in addition to those activities listed herein without first providing written notice of such activities to the council auditor no less than 30 days before the commencement of such activity. Nothing in this article shall authorize or be construed to authorize JEA to transfer any function or operation which comprises more than ten percent of the total of the utilities system by sale, lease or otherwise to any other utility, public or private without approval of the council; provided, however, that no approval by the council shall become effective without subsequent referendum approval of the terms and conditions of the sale. So long as there are outstanding any of the city's "Capital Project Revenue Bonds" as originally authorized pursuant to Ordinance 97-1054-E, the council may approve only such transfer which does not materially adversely affect future receipts of JEA contributions as defined therein.~~ To provide, supply, transfer, sell, finance, or lease services, products, by-products, and activities developed or used by JEA incident to the exercise of the powers conferred by this article in the

delivery of the utilities systems in the following manner:

(1) *JEA governing body approval*. The governing body of JEA shall approve in advance all services, products, by-products or activities developed or used by JEA in accordance with this subsection (p) at a duly noticed meeting. The governing body of JEA shall not delegate its approval authority under this subsection to the managing director or any other officer, employee or agent of JEA.

(2) *Permitted services, products, by-products and activities*. The services, products, by-products and activities expressly permitted to be developed or used by JEA pursuant to this subsection (p) shall include providing, supplying, transferring, selling, financing or leasing the following: (i) energy performance contracting; (ii) water, sewer and natural gas (and any other utility service hereafter provided by JEA) contracting; (iii) power marketing services; (iv) testing and maintenance of customer-owned facilities such as transformers, capacitors, lighting, HVAC systems, water cooling and heating systems, energy management systems, etc.; (v) temporary leasing of JEA facilities such as oil storage tanks; (vi) steam or other thermal energy services and contracting; (vii) services regarding specially conditioned power on the premises of customers; (viii) services or products to build, transfer, lease, finance, operate or sell cogeneration facilities, small power production facilities, specially conditioned power, energy conservation, energy efficiency and dispersed generation to other electric utilities both within and without the state or to any wholesale or retail customers of JEA, upon such terms and conditions as JEA shall by resolution fix

and determine; and (ix) financing, testing, maintenance and operation of customer owned facilities used in water, wastewater and natural gas functions.

(3) *Required notice of additional services or products not expressly listed in subsection (p)(2) above*. JEA may provide "additional services or products" not listed in subsection (p)(2) above. However, JEA shall not provide, supply, transfer, sell, finance or lease any additional service, product, by-product or activity not expressly listed in subsection (p)(2)(i)-(ix) above ("additional service or product") to any person or entity under this subsection without first providing written notice as provided herein of such additional service or product to the council auditor no less than 60 days prior to such date that the governing body of JEA is scheduled to approve such additional service or product in accordance with subsection (p)(1). JEA's required written notice to the council auditor shall include the following information regarding such additional service or product: (i) an express reference in the notice that the notice is being provided pursuant to this subsection; (ii) a detailed description of the additional service or product; (iii) a copy of any applicable business plans; (iv) a copy of any proposed contracts or contract forms; (v) a financial analysis, including projected revenues and expenses; and (vi) any other information developed by JEA or third parties regarding the additional service or product. Any action by JEA to provide, supply, transfer, sell, finance or lease an additional service or product pursuant to this subsection shall be void without the required prior approval of the governing body of JEA and

prior notice to the council auditor as provided herein. JEA shall provide the mayor and council with a notice containing the information in items (i) and (ii) above regarding such additional service or product concurrent with the required council auditor notice provided herein.

(4) *Annual report*. JEA shall provide a comprehensive annual written report to the mayor, council, and council auditor regarding all services, products, or by-products developed or used by JEA pursuant to this subsection (p). JEA shall post such written report on JEA's website in a conspicuous manner for the public to view.

(5) *Prohibition*. JEA shall not exercise any powers pursuant to this subsection (p) that are expressly prohibited in the charter or this article, including, but not limited to, the express prohibitions set forth in section 21.11 herein.

(q) To implement giving programs in the following manner:

(1) Upon approval of the governing body of JEA, ~~T~~to collect from customers and ratepayers monthly or one-time voluntary contributions to be deposited into an elderly and/or handicapped or low-income customer emergency trust fund administered by JEA. The proceeds of such trust fund may be expended periodically by JEA for the purpose of providing financial assistance to elderly and/or handicapped or otherwise needy low-income residents living within the service area of JEA for the payment of their utilities needs. The method of administration of such trust fund, including the collection and distribution thereof, shall be as provided by ordinance of the council. The results of such giving program shall be reported annually each July 1st to the council.

(2) Upon ~~the unanimous~~ approval of the ~~Board~~ governing body of JEA, ~~and a two-thirds vote of the City Council,~~ to collect monthly or one-time voluntary contributions from customers and ratepayers, for a charitable, scholastic, or public service community giving program. Contributions from any such program shall be passed through to an appropriate non-profit entity for administration and distribution and shall not be administered by JEA. The results of such giving program shall be reported annually each July 1st to the ~~Council~~ council.

(3) Upon approval of the ~~Board~~ governing body of JEA, to collect monthly or one-time voluntary contributions from customers, ratepayers or other contributors for other customer assistance programs directly related to services or utilities provided by JEA. ~~The results of such giving program(s) shall be reported annually each July 1st to the Council.~~ Contributions from any such program shall be passed through to an appropriate non-profit entity for administration and distribution and shall not be administered by JEA. The results of any such giving program shall be reported annually each July 1st to the council.

* * *

(s) Except as otherwise prohibited herein, to ~~To~~ delegate any act authorized pursuant to this article to any officer, employee or agent of JEA as it may deem necessary or desirable for the prudent management of JEA.

* * *

(v) If JEA determines that it is necessary or appropriate for it to provide, operate or maintain any other utility system or function other than electric, water wastewater and natural

gas, JEA shall by resolution identify such additional utility system or systems or function or functions and indicate its desire to provide such utility service or services or function or functions to the council. Sixty days prior to JEA filing the JEA resolution via legislation with the council, JEA shall provide written notice to the council auditor regarding the additional utility system, function, or utility service that JEA desires to provide, operate and maintain. Such notice to the council auditor shall include the following information regarding such additional utility system, function, or utility service: (i) an express reference in the notice that the notice is being provided pursuant to this subsection; (ii) a detailed description of the additional utility system, function or utility service; (iii) a copy of any applicable business plans; (iv) a copy of any proposed contracts or contract forms; (v) a financial analysis, including projected revenues and expenses; and (vi) any other information developed by JEA or third parties regarding the additional utility system, function, or utility service. The JEA resolution to be provided to council via legislation for adoption and approval by the council shall address relative real property tax treatment of JEA providing, operating or maintaining the additional utility system and shall include the information listed in (i)-(vi) above. Upon the adoption and approval of this resolution by JEA and the council, voting as separate entities, JEA, with respect to the specified system or systems, shall be vested with all powers set forth herein or in general law that would, but for the provisions of this article, apply to such specified utility system or systems.

*** * ***

(x) To coordinate carefully with the Department of Public Works of the City of Jacksonville, ~~and~~ the Jacksonville Transportation Authority, and other independent agencies, the planning and execution of engineering and construction projects involving underground work and streets and highways to seek to minimize the total cost of such projects and to reduce disruption to the citizens of the city to the maximum extent possible.

(y) To expend JEA funds up to ~~one and one-half (1.5)~~ one (1%) percent of the prior year's gross revenues to promote the efficient use of JEA's services through public education including exhibits, conferences, displays, tours and other events customary to the utilities industry and also to publicize, advertise and promote the ~~objects~~ objectives of this article and to promote the objectives of JEA all in the manner set forth by resolution of JEA. Accordingly, JEA may expend its funds to make known to the users, potential users and public in general the advantages, facilities, resources, products, attractions and attributes of the services provided by JEA and to further create a favorable climate of opinion concerning the activities and projects authorized and indicated by this article. JEA may also, to the extent permitted by the laws of the State of Florida, expend funds in cooperative efforts to and with other agencies, both public and private, in accomplishing the purposes enumerated and indicated by this article; and in furtherance thereof. JEA may also authorize reasonable expenditures for any and all of the purposes herein enumerated, including but not limited to, ~~meals, hospitality and entertainment of persons~~ reasonable food and beverage expenditures in the interest of promoting and engendering good will toward the activities and projects herein authorized. Whenever an expenditure of funds for any of

the foregoing purposes is made by a member or employee of JEA, JEA may reimburse such member or employee therefor, but only after such expenditures have been duly authorized by JEA or its managing director if so delegated to do so. JEA will provide a list of proposed promotional expenditures ~~each~~ for the current fiscal year to the council auditors on or before December 31st of each fiscal year. The spending limitation on promotional expenditures set forth in this subsection shall not apply to a newly approved utility system, function or utility service under subsection (v) herein and newly approved additional services or products under subsection (p) herein. For purposes of this subsection "newly approved" shall mean within seven years of the approval date by council for matters subject to the provisions of subsection (v) or by the governing body of JEA for matters subject to the provisions of subsection (p), as applicable. All funds expended by JEA as reimbursement for travel expenses shall be subject to Chapter 106, Part 7, of the Ordinance Code of the City of Jacksonville, as amended. JEA shall not exercise any powers pursuant to this subsection to promote the privatization, sale, transfer or reorganization of JEA as expressly prohibited in section 21.11 herein or otherwise in this article or the charter.

* * *

(dd) To the extent permitted by the laws of the State of Florida, to have ownership and membership in separate organization entities, including but not limited to corporations, to conduct utility related activities and functions. A copy of all such ownership agreements, and any amendments thereto, shall be filed with the council and the mayor at least thirty (30) days prior to the effective date of the agreement.

* * *

(ff) Subject to the prior approval of the governing body of JEA, to:

(1) Transfer to an entity by sale, lease, assignment or other disposition of up to, but not more than, the net capital assets calculation (as defined in Section 21.11) of an included system, or the management, function, or operation of any portion of an included system which comprises more than the net capital assets calculation of such included system;

(2) Explore, investigate or consummate a reorganization of JEA, or JEA's governance structure in a manner that would affect JEA's ownership or management control of up to, but not more than, the net capital assets calculation (as defined in Section 21.11) of an included system;

(3) Sell, lease, assign or otherwise transfer ~~up to, but not more~~less than~~,~~ .01 or one percent (1%) of the service territory (as calculated in Section 21.11(d)) of a JEA included system to any entity; and

(4) Sell, lease, assign or otherwise transfer ~~up to, but not more~~less than~~,~~ .01 or one percent (1%) of JEA's electric, water, or wastewater, customer accounts (as calculated in Section 21.11(d)) based on the latest available JEA monthly financial statements.

For purposes of this subsection and as applicable, terms and phrases used in this subsection shall have the meaning ascribed to them in section 21.11 herein. This subsection (ff) is subject to the limitations and prohibitions on privatization, sale, reorganization, and service territory transfers set forth in Section 21.11

Sec. 21.05. - Construction.

~~The powers of JEA shall be construed liberally in favor of JEA. No listing of powers included in this article is intended to be exclusive or restrictive and the specific mention of, or failure to mention, particular powers in this article shall not be construed as limiting in any way the general powers of JEA as stated in Section 21.04. It is the intent of this article to grant to JEA full power and right to exercise all authority necessary for the effective operation and conduct of JEA. It is further intended that JEA should~~ In addition to the express powers granted in this article, JEA shall have all implied powers necessary or incidental to carrying out the expressed powers and the expressed purposes for which JEA is created. The express powers granted to JEA in this article shall be strictly construed, and the implied powers granted to JEA in this section shall be strictly construed in relation to the relevant and applicable express power granted to JEA in this article. The fact that this article specifically states that JEA possesses a certain power does not mean that JEA must exercise such power unless this article specifically so requires. JEA's power to levy special assessments shall not be deemed to be the power to levy taxes.

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Sec. 21.07. - Fiscal and budgetary functions.

JEA shall have fiscal and budgetary functions, subject to the limitations herein expressed:

*** * ***

(h) JEA shall not be required to utilize the personnel, motor pool, purchasing, communication or information systems services of the city. By mutual agreement of JEA and the city such services may be provided from one party to the other but only on a cost-accounted basis. JEA shall be required to use

the legal services of the city on a cost-accounted basis except in those cases when the chief legal officer of the city determines that the city legal staff cannot or should not provide legal services in the required legal area. JEA shall appropriate the funds necessary to meet the obligations for outside legal services as determined by the ~~chief legal officer~~ general counsel of the city. ~~Such chief legal officer~~ The general counsel shall consult with JEA before he or she selects outside counsel.

*** * ***

(j) ~~JEA shall employ and fix the compensation of the managing director, who shall manage the affairs of the utilities system under the supervision of JEA. The entire working time of such managing director shall be devoted to the performance of the duties of such office and the managing director shall have no outside employment or business. The managing director shall be a graduate of an accredited college or university, or have at least ten years' managerial experience in a consumer-oriented industry or comparable enterprise. JEA may appoint and fix the compensation of 48 staff assistants to the managing director, to serve at the pleasure of JEA. JEA shall employ and fix the compensation of the department heads, deputy directors of departments, division chiefs and assistant division chiefs of the utilities system. JEA may adopt position titles different from those recited herein, consistent with utility industry practice. The managing director, department heads, deputy directors of departments, staff assistants, division chiefs and assistant division chiefs shall not be included within the civil service system of the city. JEA may employ such certified public accountants, consultants and other employees for special purposes, not within the civil service system, as~~

~~it may require, and fix and pay their compensation. Whenever used in this s. 21.07(i), "compensation" shall mean both salary and benefits, exclusive of city pension benefits. All personnel appointed by JEA pursuant to this s. 21.07(i) shall participate in the City of Jacksonville pension plan in the same manner as other employees of JEA who participate in such plan. However JEA shall have the option to establish an employee deferred compensation program separate from the city's employee deferred compensation program~~ Reserved.

* * *

(m) When JEA is in receipt of a request for information from the council auditor pursuant to the authority of the council auditor under Section 5.10 of the charter, it shall, within two business days of receipt of the request, 1) acknowledge receipt of the request by electronic mail to the council auditor, and 2) submit to the council auditor an estimated timeframe for which the information requested will be available to the council auditor for review. If the information requested by the council auditor is not within the purview of JEA or JEA is unsure of the request or unfamiliar with the information that is requested, it should provide such explanation in its response to the council auditor.

Sec. 21.08. – Employees generally; managing director; employment contract restrictions.

(a) *Generally*. All employees of the utilities systems shall be employees of JEA and shall be subject to Articles 16 and 17 of the charter unless otherwise provided by the council, which shall be and continue to be the legislative body as provided in section 447.203(10), Florida Statutes, as amended. ~~Participants in the JEA apprenticeship program shall not have civil service status and shall not be subject to Article 17 of~~

~~the charter.~~ JEA shall be fully responsible for the administration and operation of all utility services as set out in this article and in order to meet its administrative and operational responsibilities, JEA shall have full and independent authority to hire, transfer, promote, discipline, terminate and evaluate employees engaged to provide any and all of the utilities services for which it is responsible and accordingly, consistent with the provisions of Article 17 of the charter, JEA may establish employment policies relating to hiring, promotion, discipline and termination, and other terms and conditions of employment, and enter into negotiations with employee organizations with respect to wages, hours and terms and conditions of employment and take such other employment related action as needed to assure effective and efficient administration and operation of the utilities systems. In order to effectively implement the foregoing, JEA shall perform all functions with regard to its own employees that are performed by the City department or division which oversees city employees in regard to personnel matters. JEA, at its expense, shall provide accidental death benefits for all employees engaged in hazardous duty as determined by JEA, in the amount of $50,000 payable to the beneficiary named by the employee, or as otherwise provided, in the event said employee dies as a result of an accident occurring to any employee in the course of his/her employment. Nothing contained in this section shall be construed to supersede or repeal any provision of section 12 of Chapter 80-513, Laws of Florida, as amended.

(b) *Managing Director*. The governing body of JEA shall employ and fix the compensation of the managing director, who shall serve at the pleasure of the governing body of JEA. The managing

director shall manage the affairs of the utilities systems under the supervision of the governing body of JEA. The entire working time of such managing director shall be devoted to the performance of the duties of such office and the managing director shall have no outside employment. Subject to the approval of the governing body of JEA, the managing director may engage in or have unrelated business interests so long as such business interests do not interfere with the managing director's duties as provided herein. The managing director shall be a graduate of an accredited college or university, and have at least five years executive experience within the utilities industry. The managing director shall have a fiduciary duty of loyalty, fidelity, and allegiance to act at all times in the best interests of JEA and will act in a manner consistent with the responsibilities of this article and other policies, rules and regulations governing the conduct of JEA employees. The managing director's employment agreement, if any, shall be subject to the provisions of subsection (d) below.

(c) *Other Employees*. The governing body of JEA may appoint and fix the compensation of staff assistants to the managing director, to serve at the pleasure of the governing body of JEA. JEA shall employ and fix the compensation of the department heads, deputy directors of departments, division chiefs and assistant division chiefs of the utilities systems. JEA may adopt position titles different from those recited herein, consistent with utility industry practice. The managing director, department heads, deputy directors of departments, staff assistants, division chiefs and assistant division chiefs shall not be included within the civil service system of the city. The managing director may employ such certified

public accountants, consultants and other employees for special purposes, not within the civil service system, as it may require, and fix and pay their compensation. Whenever used in this section 21.08, "compensation" shall mean both salary and benefits, exclusive of any city retirement benefits pursuant to Article 16 of the charter.

(d) *Employment contract restrictions*. JEA may have an employment contract with the managing director only. The managing director's employment contract shall be approved by the governing body of JEA. Nothing in this subsection, or in any employment agreement entered into pursuant to this subsection, may be construed as a guarantee of employment for the managing director at any time, or for any length of time. At a minimum, the managing director's employment contract shall satisfy the following requirements:

(1) The contract term, including any renewal term, shall not exceed five (5) years;

(2) The amount of severance pay, if any, shall not exceed the amounts allowed under Florida law and shall not be permitted if the managing director is terminated for cause or terminated for misconduct, as defined in section 443.036(29), Florida Statutes, as amended;

(3) The contract shall not contain a mandatory consulting, separation and transition, or similar agreement that is operative due to the managing director's termination without cause under the contract;

(4) JEA shall not be required to release, indemnify or hold harmless the managing director against any claims except as otherwise permitted by law;

(5) JEA shall not be required to pay for or provide legal counsel to the managing director beyond the legal counsel

required of the Office of General Counsel pursuant to the charter or general law;

(6) The contract shall contain a provision that the managing director serves at the pleasure of the governing body of JEA and may be terminated without cause at any time, and such provision may provide for not more than 30 days advance notice to the managing director of such termination without cause;

(7) The contract may contain a provision for termination of the managing director for cause, provided that "cause" shall be defined consistent with the definition of cause as contained in Rule 9.05(a) of the Civil Service and Personnel Rules and Regulations of the City of Jacksonville;

(8) All compensation terms shall be reasonable and customary and similar to other public utilities comparable to JEA when taking into account the size of JEA's territory area, employee workforce, and utility systems; and

(9) Any such other terms as may be in the best interest of JEA and not inconsistent with this section.

Any managing director employment contract entered into by JEA that does not satisfy the minimum requirements above shall be null and void.

(e) *Pension Plan; Defined Contribution Plan; Deferred Compensation Plan*. All personnel appointed by JEA pursuant to this section shall participate in one of the city's retirement plans, as governed by the rules and requirements of such retirement plans and in the same manner as other JEA employees who participate in such plan. JEA is authorized to ~~establish~~maintain a separate single tax-qualified defined contribution program pursuant to Section

401(a) of the Internal Revenue Code of 1986, as amended, for its employees that is supplemental to any city defined contribution program. Additionally, JEA is authorized to maintain a separate single eligible deferred compensation program pursuant to Section 457(b) of the Internal Revenue Code of 1986, as amended, for its employees ~~separate from~~that is supplemental to any city deferred compensation program. Such ~~program~~programs shall be approved by the governing body of JEA and shall be subject to and comply with all federal and state laws applicable to deferred compensation and defined contribution programs for public or government employees, including, but not limited to, the Internal Revenue Code of 1986, as amended, ~~and~~ section 112.215, Florida Statutes, as amended~~.~~, and Part VII, Chapter 112, Florida Statutes. JEA shall periodically provide the council auditor with a written report regarding such deferred compensation ~~program~~and defined contribution programs. JEA shall post such written report on JEA's website in a conspicuous manner for the public to view.

(f) *Employee Bonus Program*. JEA may implement or adopt an employee bonus plan or program ("bonus program") for JEA employees pursuant to section 215.425(3), Florida Statutes, as amended, subject to the prior approval of the governing body of JEA. The governing body of JEA shall approve such bonus program annually for each fiscal year, and if a bonus program is implemented in any fiscal year without first obtaining the approval of the governing body of JEA, such program shall be void. The governing body of JEA shall not delegate its approval authority regarding a bonus program under this subsection to the managing director or any other officer, employee or agent of JEA. Such bonus program must comply with

section 215.425(3), Florida Statutes, as amended, the charter, and other applicable laws. The governing body of the JEA shall establish rules, procedures, and standards regarding such bonus program. Additionally, JEA shall include a budget line item and specific detailed plan regarding such bonus program as an exhibit to its annual budget submission to council. JEA shall also provide the council auditor with an annual end of fiscal year written report on or before December 31st of each fiscal year regarding the disbursements related to the bonus program. JEA shall post such written report on JEA's website in a conspicuous manner for the public to view.

Sec. 21.09. – Procurement generally; contracts generally.

(a) *Applicability.* Unless otherwise provided herein, this section shall apply to contracts entered into by JEA pursuant to this article.

(b) *Procurement generally.*

(1) *Open and Fair Competition.* To the greatest extent reasonably practicable, JEA shall use open, fair, competitive, and generally accepted government procurement methods that seek to encourage the most competition and best price for the purchase of supplies, construction, professional and other contractual services. JEA should adhere to all applicable state procurement laws, including, but not limited to, laws governing the purchase of construction services and professional design services.

(2) *Procedures; governing body approval.* JEA shall not be required to follow the City's procurement procedures. JEA may establish its own procurement procedures regarding the purchase of goods, supplies, equipment, and services, subject to applicable state law. JEA's procurement procedures, including any amendments thereto, shall be

reviewed and approved by the governing body of JEA. The governing body of JEA may not delegate its approval of the procurement procedures, including any amendments thereto, to the managing director or any other officer, employee or agent of JEA. In the absence of JEA established procurement procedures, JEA shall follow the city's procurement procedures. JEA shall adhere to its procurement procedures in entering into procurement contracts, including but not limited to, contracts relating to the construction, reconstruction, repair, operation or maintenance of the utilities systems or the purchase of supplies, equipment, machinery and materials for the utilities systems or the contracting or otherwise purchasing for any advisory, professional or other services necessary or incidental to the operation of the utilities systems.

(3) *Jacksonville Small Emerging Business (JSEB) Program; Minority Business Enterprises.* JEA shall adhere to the city's Jacksonville Small Emerging Business (JSEB) Program, or successor city program, in its procurement procedures. Subject to applicable federal, state and local laws, JEA is authorized to implement and to take all actions necessary to administer a race-conscious purchasing and procurement program to remedy the present effects of past discrimination by JEA, if any, in the awarding of contracts. Any such race-conscious program implemented by JEA to remedy the present effects of past discrimination by JEA, if any, in the awarding of contracts must be supported by evidence and based on the required criteria and standards as set forth in applicable federal and state laws.

(4) *Certain solicitation specifications and standards prohibited; rejection of bids, proposals, and replies*. JEA

should not develop solicitation specifications that are so narrowly tailored to an entity or entities that other qualified entities (i.e., bidders, respondents and vendors) are precluded from participating in such solicitation. Additionally, JEA should not develop standards that limit open competition and preclude qualified entities (i.e., bidders, respondents and vendors) from participating in solicitations. JEA shall have the right to reject any and all bids, proposals, or replies, in whole or in part, in the best interests of JEA.

(5) *Annual survey.* JEA shall annually conduct a survey of actual, interested and prospective bidders, respondents, and vendors to obtain feedback on JEA's procurement process. Such survey shall be on a form approved by JEA and participation in the survey shall be open to actual, interested and prospective bidders, respondents, and vendors. Survey topics may include, without limitation, various aspects of JEA's procurement process such as information transparency and accessibility, pre-conferences, bid submittal packages, evaluations, and awards. JEA shall consider such survey results during JEA's biennial review of its procurement code.

(6) *Transparency in procurement governing documents.* The procurement code and any procurement policies, operating procedures, rules, directives, standards, and other procurement governing documents, including any amendments thereto, shall be posted on JEA's website in a conspicuous manner for the public to view.

(7) *Biennial review; annual report.* JEA shall biennially review its procurement procedures. JEA shall also prepare and deliver a written report to the council and mayor on or

before December 31st of each fiscal year summarizing the procurement contract awards for the immediately prior fiscal year. Such written report shall contain at a minimum the following information:

(i) The number of contract awards for the reporting fiscal year;

(ii) A detailed listing of all contract awards categorized by service type (e.g., construction, professional, supplies, professional design services), award type (e.g., single source, emergency, request for proposal, invitation to negotiate, piggyback, etc.) and a brief description of each contract award containing the contractor name, contract amount and procurement method used;

(iii) The number of JSEB contract awards categorized by service type (e.g., construction, engineering, supplies, professional), award type (e.g., single source, emergency, request for proposal, invitation to negotiate, piggyback, etc.), and a brief description of each contract award containing the JSEB contractor name, contract amount and procurement method used;

(iv) The number of bid protests for the reporting fiscal year and the outcome of each protest (i.e., whether JEA prevailed); and

(v) The annual survey results pursuant to the survey requirement in subsection (b) above.

JEA shall post such written report on JEA's website in a conspicuous manner for the public to view.

(8) *Prohibition*. JEA shall not exercise any powers pursuant to

this section to explore, investigate or consummate a privatization, sale, transfer or reorganization of JEA as expressly prohibited in section 21.11 herein or this article.

(c) *Contracts Generally.*

(1) *Maximum indebtedness*. Unless otherwise provided herein or by law, all contracts of any kind entered into by JEA pursuant to this article, including, but not limited to, procurement contracts, joint project contracts, and interlocal agreements shall contain a provision clearly specifying a fixed, maximum monetary indebtedness of JEA thereunder. Such contracts may, however, provide for a lesser variable indebtedness of JEA upon a reasonable basis, subject to such fixed, maximum monetary indebtedness.

(2) *Public records; ethics training.* All contracts and related documents entered into by JEA shall contain a provision clearly stating that such vendor or contractor shall comply with the provisions of Chapter 119 (Public Records Law), Florida Statutes, as amended. All senior-level employees, including the managing director and senior-level officers, directors and managers of JEA, shall be trained by the Office of General Counsel, in consultation with the Ethics Office, at least annually on Florida's open meetings laws, public records and ethics laws in accordance with policies and procedures established by JEA.

(3) *Audit.* JEA shall require a person or entity providing contractual services (e.g., construction services, professional design services, or other contractual services) purchased by JEA to agree and be deemed to have agreed by virtue of doing business under contract with JEA to be subject to audit by the council auditor's office pursuant to

Article 5 of the charter, as applicable. Additionally, JEA shall include a provision in any contract entered into pursuant to this article that such vendor or contractor shall comply with all applicable federal, state and local laws, rules and regulations as the same exist or as may be amended from time to time.

(4) *Confidentiality agreements.* The use of confidentiality, nondisclosure or similar agreements by government agencies are contrary to open and transparent government. Except regarding information or records deemed by JEA to be confidential or exempt information or records by law, JEA should not enter into confidentiality or nondisclosure agreements with third parties and should use confidentiality, nondisclosure or similar agreements sparingly in the conduct and operation of the utilities systems. Additionally, JEA should not require a member, officer or employee of JEA to execute any type of confidentiality or nondisclosure agreement that would require such member, officer or employee to maintain the confidentiality of information or records that is not confidential or exempt by law.

(5) *No financial interest.* Except for an employment contract or agreement executed pursuant to section 21.08, no member, officer or employee of JEA shall either directly or indirectly be a party to, or be in any manner interested in, any contract or agreement with JEA for any matter, cause or thing whatsoever in which such member shall have a financial interest or by reason whereof any liability or indebtedness shall in any way be created against JEA. If any contract or agreement shall be made in violation of the provisions of this section the same shall be null and void and no action

shall be maintained thereon against JEA.

(d) *No limitation.* Unless otherwise provided herein, nothing in this section shall be construed to limit the power of JEA to construct, repair, or improve the utilities systems or any part thereof, or any addition, betterment or extension thereto.

* * *

Sec. 21.11 – Privatization, sale, reorganization, service territory transfers prohibited.

(a) *Definitions*. For purposes of this section, the following definitions shall apply:

"entity" shall mean any person or entity, public or private.

"net capital assets" shall mean the net capital assets based on the Combining Statement of Net Position in latest available JEA annual financial statements for the appropriate Enterprise Fund for each included system.

"net capital assets calculation" shall mean the net capital assets for each included system multiplied by .10 or 10%. For purposes of this section, the initial net capital asset calculation for each included system shall be established based on the ~~October 1~~September 30, 2020, audited financial statements. The net capital assets calculation shall reset every five years thereafter.

"calculation period" shall mean the five year period after the net capital assets calculation is established during which the cumulative impact on the net capital assets of the sale, lease, assignment, other disposition, or the assignment of the management function or operation of such portion of an included system, shall be recorded.

"service territory" shall mean the geographically defined areas in which JEA is the utility provider.

"included system" shall mean the electric system and bulk power supply system, and the water and sewer utility system reported on the financial statements as the water and sewer Enterprise Fund, owned, operated and managed by JEA.

"excluded system" shall mean JEA's district energy system, and the St. Johns River Power Park system.

(b) *Prohibition on privatization, sale, reorganization and transfer of management.* JEA shall not directly, or indirectly through a consultant or advisor, explore, investigate or consummate a privatization or transfer to an entity by sale, lease, assignment or other disposition of the net capital assets of an included system, or the management, function, or operation of any portion of an included system which cumulatively comprises more than the net capital assets calculation during the calculation period, without obtaining approval of the council in advance by amending this section to permit such action by JEA; provided, however, that no final approval of such disposition by the council shall become effective without subsequent referendum approval of the terms and conditions of the disposition, lease, or other assignment of the management, function or operation of such portion of a included system. Additionally, JEA shall not directly or indirectly through a consultant or advisor, explore, investigate or consummate a reorganization of JEA, or JEA's governance structure in a manner that would affect JEA's ownership or management control of the net capital assets of an included system which cumulatively comprises more than the net capital assets calculation during the calculation period, without obtaining approval of the council in advance by amending this section to permit such action by JEA. Upon approval by the council for JEA to explore or investigate a

privatization, transfer, or reorganization of JEA, council may in its discretion prescribe by ordinance budget restrictions related to professional consultants, legal engagements, promotional expenses, and other expenses anticipated by JEA during such exploration or investigation. The terms "explore" and "investigate" as used in this subsection shall include, but not be limited to, exploring or investigating in connection with any strategic planning process undertaken by JEA or any of its consultants or advisors.

(c) *Reports.* JEA shall report to the council auditor within 30 days of the issuance of the annual audited financial statements the change in net capital assets for each included system for the period covered by the financial statements. JEA shall also report the cumulative impact of the change in net capital assets for each included system during the calculation period. Both reports will include supporting documentation as requested by the council auditor.

(d) *Prohibited service territory transfers.* Any sale, lease, assignment or other transfer of the service territory of a JEA included system to any entity that will result in a total net loss of .01 or 1% or more of the service territory or any sale, lease, assignment, or transfer to any entity that will result in a total net loss of .01 or 1% or more of JEA's electric, water, or wastewater, customer accounts based on the latest available JEA monthly financial statements shall require council approval in advance. JEA shall not enter into any agreement, contract, memorandum of understanding, letter of intent or other arrangement that would exceed the .01 or 1% or more threshold without obtaining council approval in advance.

(e) *Interlocal Agreements with St. Johns and Nassau Counties.* Nothing in this section shall prevent JEA from complying with the terms and conditions of the interlocal agreements with St. Johns County and Nassau County executed by the parties prior to January 1, 2020, which include, but are not limited to, an option to purchase the assets and service territory of JEA within the respective counties without council or referendum approval.

Sec. 21.12. – Public engagement.

JEA should seek to fully engage and inform its ratepayers, the public, interested stakeholders, and other interested parties in any future planning discussions, including, but not limited to short-term and long-term plans, objectives and goals, regarding the future of JEA to enable its ratepayers, the public, interested stakeholders and other interested parties to fully participate in such planning discussions to the greatest extent reasonably practicable. Examples of ways for JEA to fully engage and inform its ratepayers, the public, interested stakeholders, and other interested parties pursuant to this section may include, but not be limited to, hosting town hall meetings and JEA workshops and proactively making information regarding such discussions available to its ratepayers, the public, and other interested parties.

Sec. ~~21.11~~ 21.13. - Legislative authority of council.

* * *

Sec. ~~21.12~~ 21.14. - Severability.

* * *

~~**Section 3. Proviso language regarding 2020-100-E.** Section 21.03(a) herein includes language which requires voter approval of Ordinance 2020-100-E. The referendum will be voted upon on November 3, 2020. Should the language not be approved by the voters, the language for 21.03(a) shall read as follows:~~

CHARTER AND RELATED LAWS

PART A - CHARTER LAWS CHARTER OF THE CITY OF JACKSONVILLE, FLORIDA

*** * ***

ARTICLE 21. JEA

*** * ***

Sec. 21.03. - Composition; compensation; officers; meetings.

(a) *Composition; qualifications; removal.* The governing body of JEA shall consist of seven members, appointed by the mayor, subject to confirmation by the council for a term of four years or until such member's successor has been appointed and has qualified. To the extent feasible and regarding member appointments generally, individuals who have demonstrated corporate, executive or administrative experience working in public or private organizations, including, but not limited to, non-profit and government organizations, are preferred, but not required, to serve on the governing body of JEA. Each member shall have been a resident and elector of the city for at least six consecutive months prior to such member's appointment. No member shall hold any other public office or position. If at any time during a member's tenure on the governing body of JEA, such member shall cease to possess the qualifications required for membership on the governing body of JEA, such member shall cease to be a member and a vacancy shall exist on JEA. Any vacancy on the governing body of JEA, however created, shall be filled for the unexpired term in the same manner as the position was originally filled, and the person filling the vacancy shall have and shall retain all the qualifications prescribed for membership on JEA. Any member appointed to the governing body of JEA for two consecutive full terms shall not be eligible for the succeeding term. The members appointed by the mayor may be removed by the mayor at

~~any time with or without cause, but a removal must be approved by a two-thirds vote of the council.~~

~~* * *~~

~~**Section 4.**~~ **Section 3. Codification Instructions.** The Codifier and the Office of General Counsel are authorized and directed to make all changes set forth herein to Article 21 (JEA), Charter of the City of Jacksonville consistent with this legislation.

Section ~~5~~4. Effective Date. This ordinance shall become effective upon signature by the Mayor or upon becoming effective without the Mayor's signature.

Form Approved:

_____

Office of General Counsel

Legislation Prepared By: Lawsikia J. Hodges

GC-#1403716-v1-TEU_Article_21_(JEA)_Omnibus_Refinement_Bill_(Substitute_-_11_30_2020).docx

INTER-OFFICE MEMORANDUM
December 3, 2020

SUBJECT:	**CUSTOMER ENGAGEMENT AND EDUCATIONAL CAMPAIGN**
FROM:	Jay Stowe, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
JEA has focused on improving customer satisfaction by creating a broad strategic approach that incorporated process improvement, service delivery improvement and more effective messaging at key customer touch points throughout the organization. Since that time, J.D. Power & Associates (JDP) survey methodology has been utilized to measure JEA's progress against competitors across the industry.

JEA achieved 1st quartile in JDP (both residential and business) as recently as early 2019. However by mid to late 2019, JEA's positive trajectory began to decline due to leadership's attempt at privatization, resulting in a loss of trust and confidence with employees, customers and community stakeholders. By mid-2020, JEA experienced a decline in JDP scores, falling to the 3rd quartile compared to utilities across the country.

JEA has refocused its efforts on building back trust with these stakeholders, working hard to focus on delivering service excellence and refocusing messaging efforts to instill confidence in our customers and community.

DISCUSSION:
JEA's 2021 Communications Campaign is designed to demonstrate our commitment to customers, community and the environment, and to help customers learn about tools and options to help save money, provide convenience and conserve resources. This presentation includes high-level early learnings from comparisons to top performing utilities in the JD Power Customer Satisfaction Survey.

FINANCIAL IMPACT:
No additional financial impact as all initiatives discussed are being implemented within JEA's approved FY21 budget.

RECOMMENDATION:
No action necessary. Informational item only.

Jay Stowe, Managing Director/CEO

JCS/SP



Customer Engagement and Educational Campaign

JEA®

Customer Experience
December 2020

Early Summary of Most Recent J.D. Power & Associates (JDP) Report

Comparisons were made against nationally ranked top-performing utilities in the JDP residential and business customer satisfaction surveys.

For both JDP Residential and Business studies, **the Index with the greatest gap is Price**.

Because we interpret “price” to mean “value”, this suggests we need to focus on two areas:

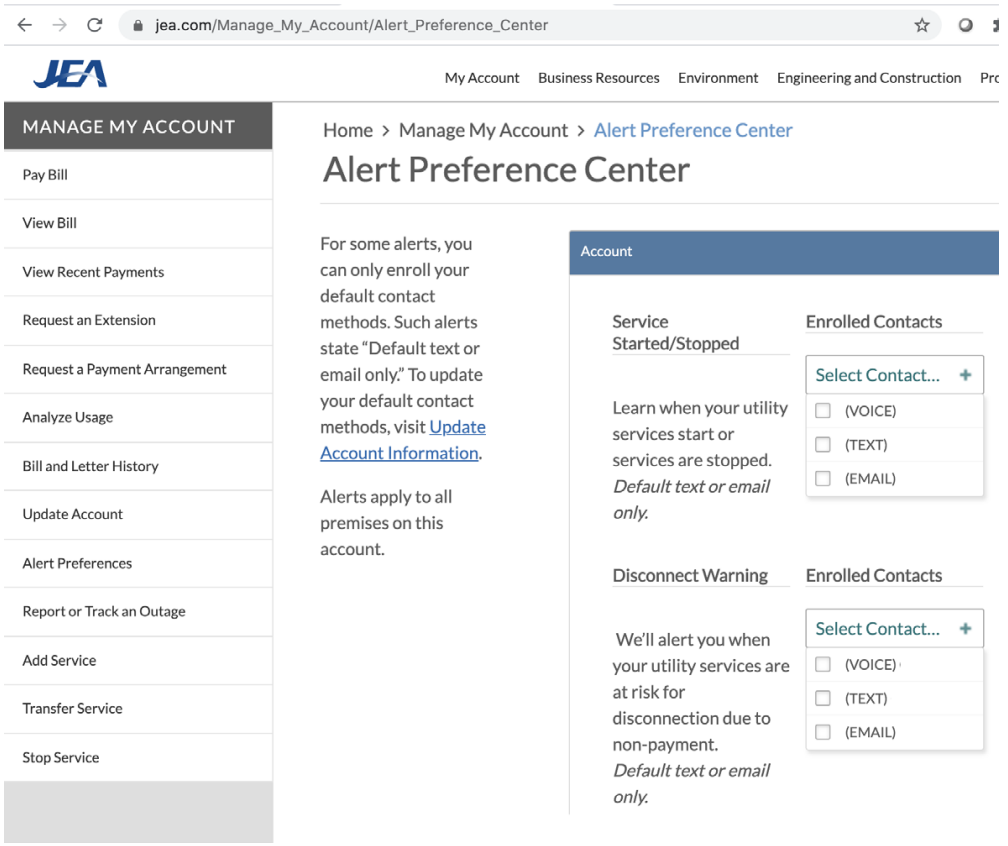
Awareness of Initiatives and Proactive Support



Early Summary of Most Recent J.D. Power & Associates (JDP) Report

We increase the value proposition by raising customer awareness of the things we do to be good public stewards. Examples include raising awareness of efforts “to impact the environment” and “to increase the general safety of our distribution system”.

We demonstrate our customer’s concerns are our concerns by providing support to customers proactively. Examples include expanding proactive alerts and contacting customers with accurate information during and after an outage has occurred.





Customer Engagement & Educational Campaign

Earning Customer Loyalty • 2021

JEA®

December 2020

2021 Communications Campaign – Desired Outcomes and Goals

Desired Outcomes

We want our customers to **feel more secure** about the provision of essential services that JEA provides.

We want our customers to **know more** about their options and **empower them to take control** of their relationship with JEA, **using the tools** we offer **to make doing business simpler and easier.**

We want our customers and community to **think more favourably of JEA** as an organization that understands what its customers need and cares about creating solutions that are good for people and our planet.

Campaign Goals

Build back community trust, showing how JEA is committed to its customers, community and environment.

Improve customer satisfaction through education and messaging to help residential and business customers learn about tools and options to help save money, provide convenience and conserve resources.

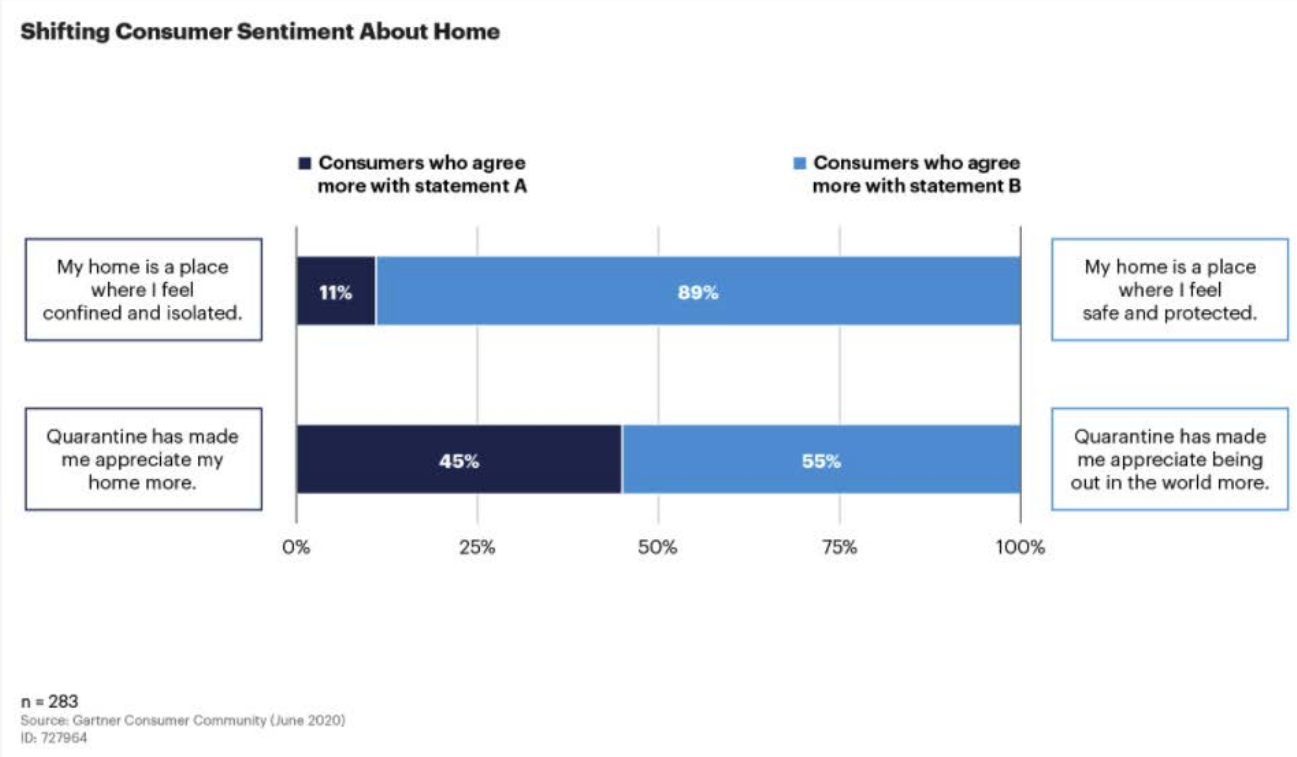
Encourage customers to visit the new microsite *DoMoreWithJEA.com* to engage further and access tools, services and alerts.

Situational Realities – Home as the Center of Everything

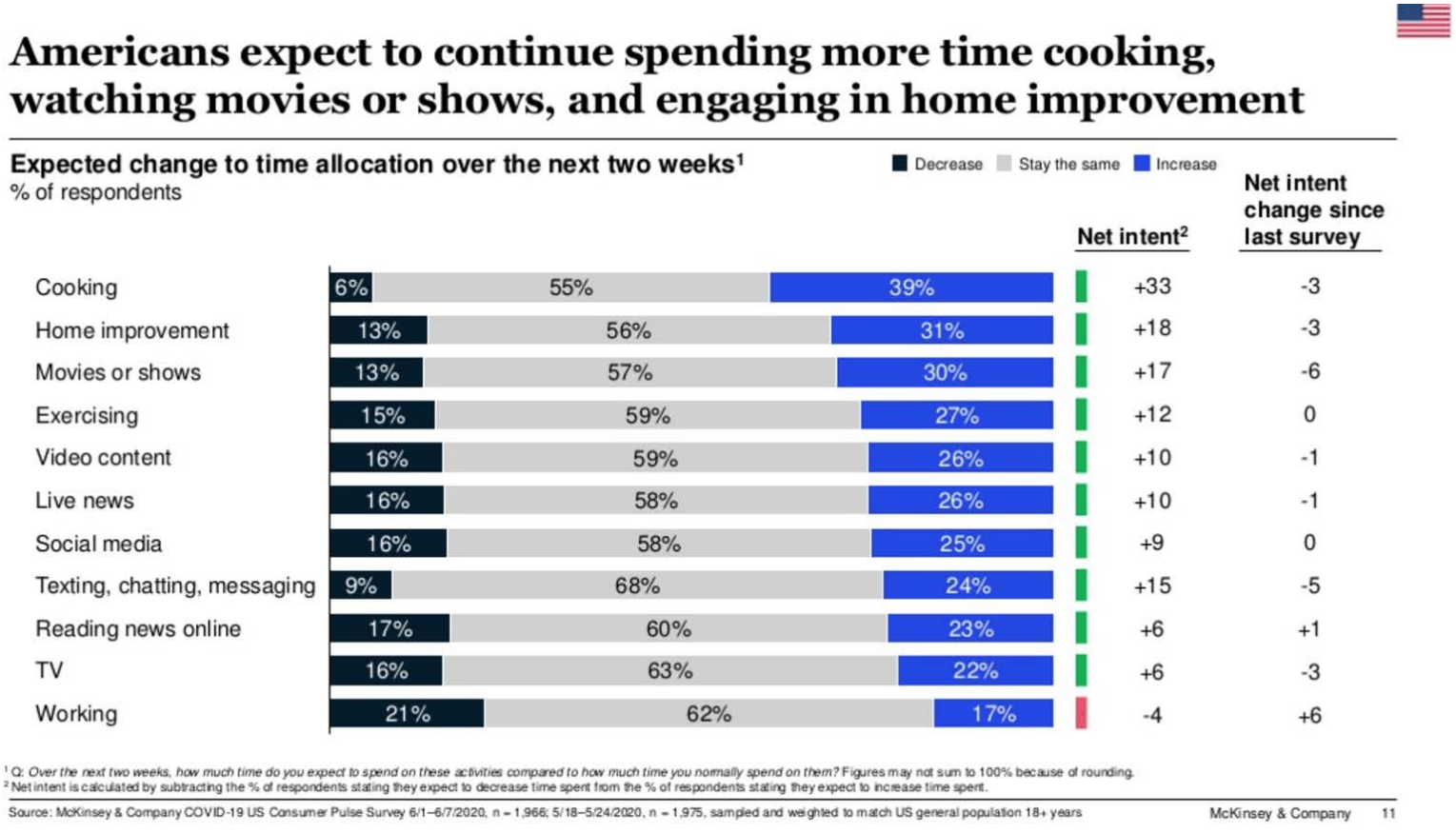
As the stay-at-home economy continues to grow, it is no surprise that **taking care of the place and the people** who are doing everything together **is a top priority** for caregivers.

In the face of unprecedented, seemingly unending change, **the desire to retain some kind of control** over life at home is creating new expectations from every category and company within it.

Figure 3: Quarantine Has Affected Consumer Feelings About Home



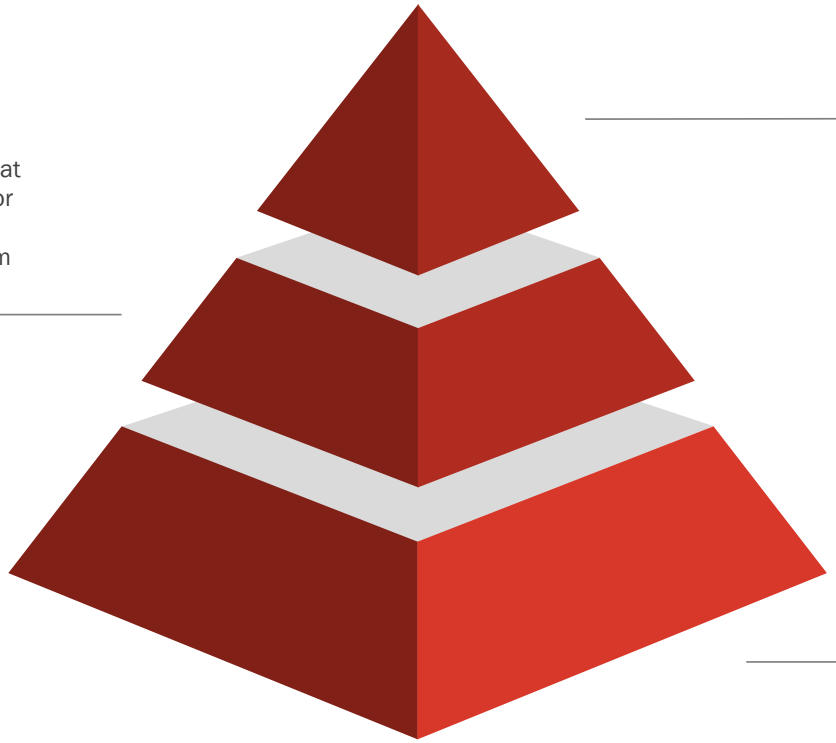
Home as the Center of Everything – JEA at the Heart of It All



Utilizing Effective Messaging to Reinforce JEA's Value Proposition

Caring

- Develop communications that reinforce the shared need for essential services and the commitment to provide them for the good of all
- Humanize the Brand with content and context that is reflective of the current conditions in which we all find ourselves



Trusted Adviser

- Showcase JEA's customer-first approach to creating products and services that are smart and sustainable
- Build customer trust by reinforcing the expertise, experience and empathy JEA employees share with the people they serve and the services they support

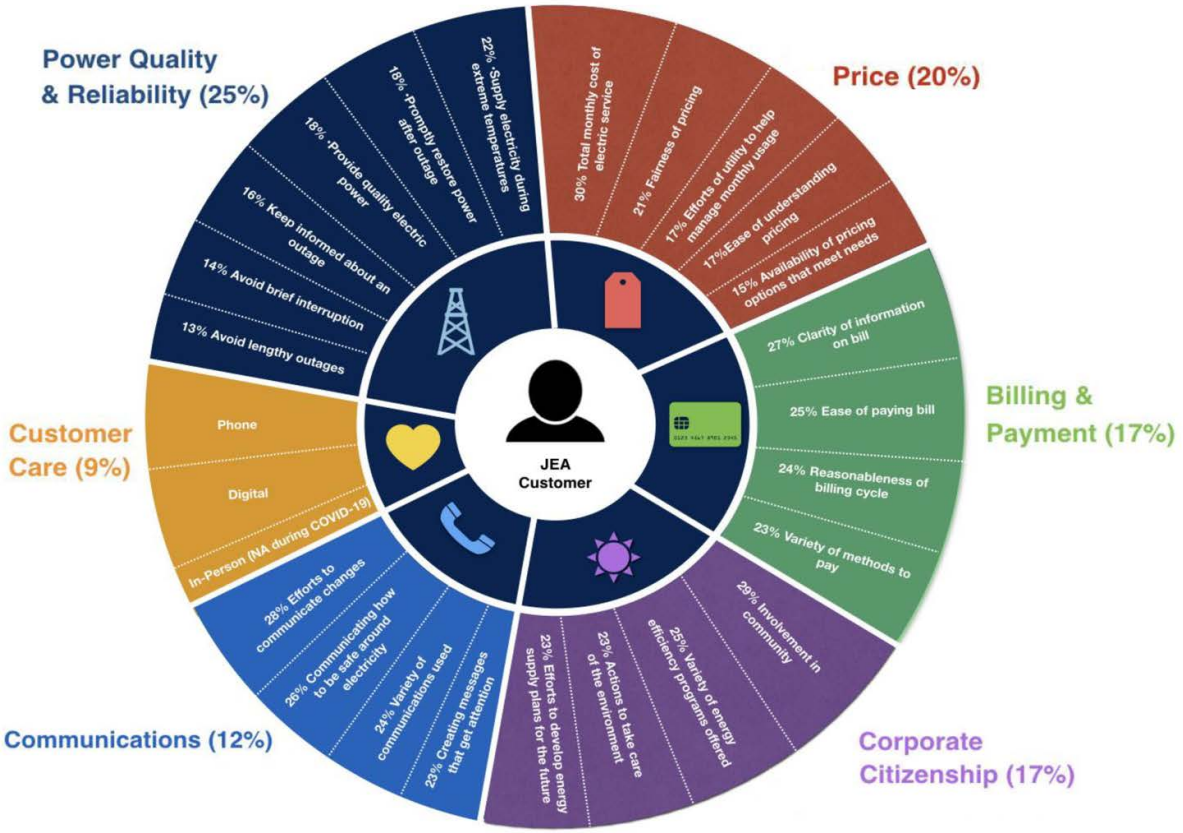
Easy to Do Business With

- Continue to promote products and services that meet customer needs for consistent and reliable services that are affordable and manageable
- Stimulate customer engagement with communications on products and services by focusing on customers' needs for convenience, choice and control
- Generate awareness of online tools that enable personalized communications, delivered through the customer's preferred channel (mail, phone, text)

JEA

Campaign Messaging Objectives

- Reinforce the **fundamental value** JEA seeks to provide all its customers
- Empathetically reflect the realities that customers face and the responsibility JEA feels toward **helping them in a genuinely caring way**
- Lay the foundation for trust to return to the relationship by **putting customers first as a servant leader**
- **Utilize JDP drivers** to focus on areas that customers care about most, based on feedback and research



Customer Careabouts

Reliability

- You **count on us** for the essentials that keep your home or business going and growing
- **We strive to be "always on"** and are constantly looking for ways to use technology to make that possible
- When we can't, we want you to be the **first to know what is happening** and when your services will be restored
- **Be informed** by updating your contact info so you will always be "in the know" should an outage occur
- **Go to jea.com** where you can customize your preferences in our alert center to get service updates by email, text message or even phone call
- **Follow us on social media** to get news and updates or visit our website at jea.com

Affordability

- You want to know **what your essential services cost** and that you can afford them
- We want you to know that **our goal is to keep costs low** and fair, now and into the future
- That's why we are always looking at ways **we can help you save**– from lowering fuel costs, which enables us to give money back, to switching to energy sources that are safer and more affordable, to giving you info on how you can save energy and money, and providing assistance when you need help paying your bill
- **Be confident we are offering the best value** as a result of fuel credits, elimination of credit card fees, temporary suspension of disconnections and assistance programs for people needing financial relief
- **Go to jea.com** to learn more about what goes into costs, how we've adjusted payment options, etc.

JEA

Customer Careabouts

Personalization

- You want to **be in control** of your relationship with us
- We want you to **have the information and tools** you need, along with the confidence to use them—when, where and how you want—with certainty
- **Use the tools** to know how much of our services you are using, what the costs are, when bills are due, how you can pay them and what options you have when things don't go as planned
- **Go to jea.com,** set up an online account and take the worry out of being surprised by a bill or forgetting to pay it
- **Set up alerts** for when a bill is due, how much is due, when you are reaching pre-set limits
- **Enroll in programs** to help you track your usage, level out your monthly billing, etc.

Community/Business Support

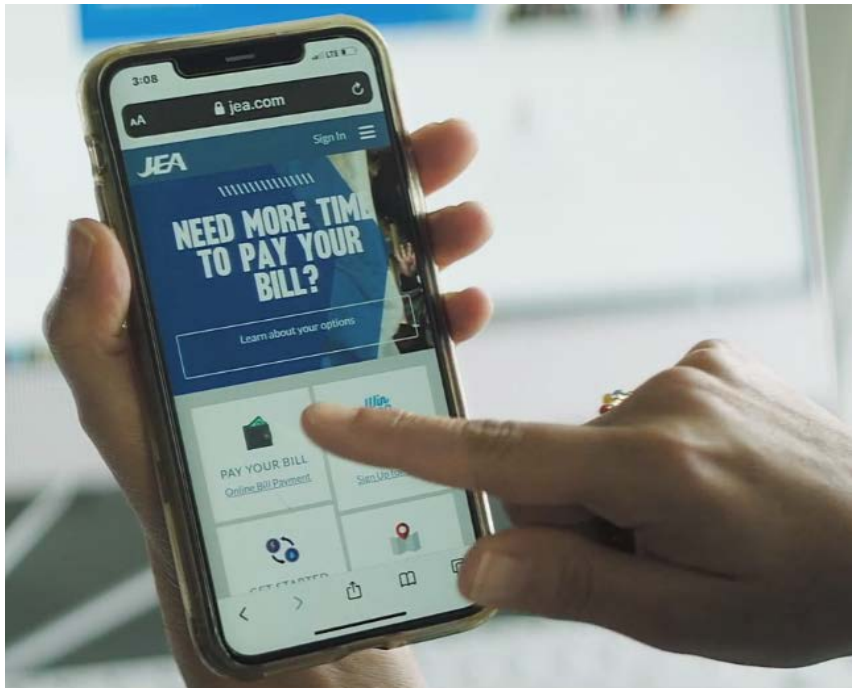
- **You care** about this community and so do we
- We all want to be able to **make a living**, make a life and enjoy the journey
- That's why **we are committed** to making sure the economy stays strong, people who need assistance paying bills can get it, our wildlife stays protected, our environment stays clean and safe, and our energy supplies stay sustainable
- **Be a part of the solution**
  - **Go to jea.com** and learn how you can help people pay their bills through the United Way and our ***Neighbor to Neighbor*** Fund
  - Join us by **getting involved in programs** that protect the wildlife and preserve our environment
  - **Get more info** on how to conserve energy
  - **Learn more** about the alternative fuels we are using, our increased investment in solar, and the electrification of our community
  - Learn how to **avoid scams**

Creative Campaign – *At Home with JEA* Concept

In these evolving times, we have re-centered everything around our homes. Many families are now working and schooling from home and using more energy and water. That's why the need for, and reassurance of, reliable, affordable energy and water is especially vital. JEA is committed to providing that, while helping customers make their homes as efficient, safe and sustainable as possible. This campaign highlights the myriad ways that JEA visibly and invisibly powers our lives wherever we are, by highlighting savings and solutions throughout the home, the community and the environment. And how, as a servant leader, we're empowering customers to harness them.



Multimedia Campaign Approach

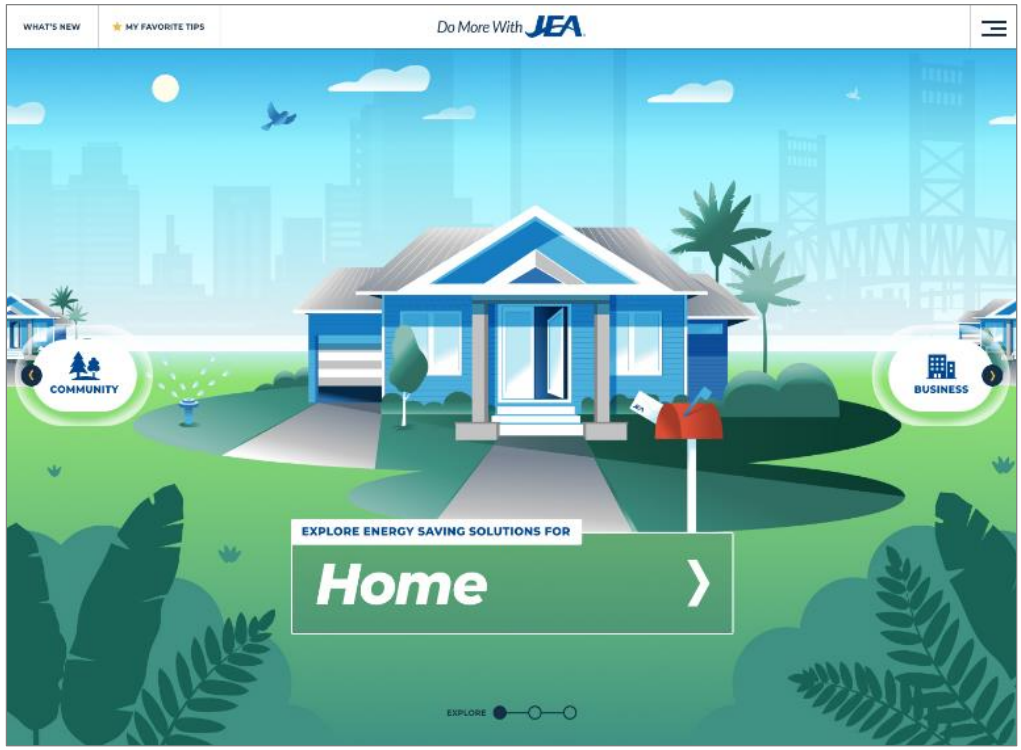


- An overarching :30 television and radio broadcast “umbrella” spot that conveys the **high-level message** we are trying to establish with our customers
- Six :15 television, radio, digital and social media spots that break down **specific key messages** pertaining to what our customers care about, representing the various satisfaction drivers of the JDP research
- Digital out-of-home boards with **supporting messaging**
- **Owned media**, such as jea.com, bill inserts and customer e-newsletters
- **Shared media**, featuring JEA’s Facebook, Twitter, LinkedIn and YouTube
- **Earned media,** partnering with local media outlets to help educate our customers and share our message
- **Paid digital media**, such as mobile phone app video pre-roll

JEA

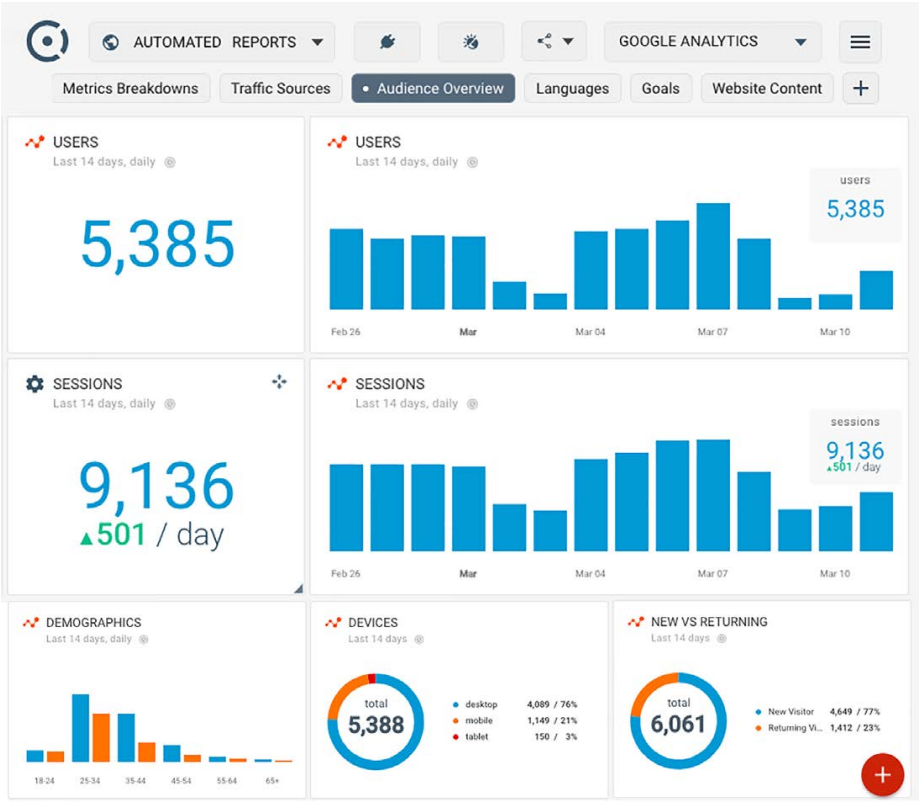
New Customized Microsite – *DoMoreWithJEA.com*

- To complement the campaign and provide a call to action, we created the microsite **DoMoreWithJEA.com**, which provides visitors an interactive experience, offering customers:
  - Money-saving tools and tips
  - Ways to conserve energy and water
  - How to sign up for important alerts
  - How to take advantage of special rebates
  - Sustainability offerings for future-focused consumers
  - Environmental education and how JEA is leading the way in green and sustainable initiatives
- The microsite consists of illustrative renderings of a residential home, a small business and an environmental landscape **featuring interactive icons and pop-ups that engage** the visitor to learn about the ways JEA can help with their energy and water needs.



Campaign Timeline & Measurement

- The campaign will run from early **January through May**, prior to JEA's Storm Restoration 1-2-3 messaging campaign, which will run from June through September
- **Key messages will run on a rotating/layered basis** so channels across the spectrum will align and resonate more effectively with the audience
- **Measurables include**:
  - JDP residential and business survey score improvement
  - Viewer impressions and reach
  - Microsite (DoMoreWithJEA.com) visits and engagement measured through Google Analytics
  - Social media engagement, views and shares
  - Earned media (local media stations) pick-up
  - JEA Analytics team in-house surveying/feedback methodology



JEA
FINANCE & AUDIT COMMITTEE AGENDA

DATE: December 11, 2020
TIME: 10:00 AM – 12:00 PM
PLACE: 19th Floor, 21 West Church Street, Jacksonville, FL

				Responsible Person	Action (A) Info (I)	Total Time
I.	**OPENING CONSIDERATIONS**			Marty Lanahan		5 mins.
	A.	Call to Order				
	B.	Adoption of Agenda			A	
	C.	Approval of Minutes – August 14, 2020		DeLisa Johnigarn	A	
II.	**NEW BUSINESS**					
	A.	Ernst & Young FY2020 External Audit Report		John DiSanto	I	40 mins.
	B.	JEA Identity Theft Protection Program Annual Risk Assessment		Daniel Mishra	I	5 mins.
	C.	Ethics Officer Quarterly Report		Walette Stanford	I	5 mins.
	D.	JEA Code of Conduct and Code of Ethics		Walette Stanford	A	5 mins.
	E.	Enterprise Risk Management and Compliance Policy		Steve Tuten	A	5 mins.
	F.	Audit Services – Quarterly Audit Services Update		Steve Tuten	I	10 mins.
	G.	Rates		Brian Roche		15 mins.
		1.	Water/Wastewater Capacity Fees		I	
		2.	Irrigation and 10” Metered Service Water Rates			
		3.	Economic Development Rates			
	H.	Treasury		Joe Orfano		15 mins.
		1.	Electric System and Water and Sewer System Reserve Fund Quarterly Report		I	
		2.	Bond Refunding Delegation Resolutions		A	
		3.	Update on JEA Unhedged Variable Rate Debt Portfolio		I	
	I.	Announcements				
		1.	Next Meeting, March 12, 2021 9:00 – 11:00 a.m.			
	J.	Committee Discussion Sessions				
		1.	Ernst & Young	John DiSanto	I	5 mins.
		2.	Interim Chief Compliance Officer	Steve Tuten	I	5 mins.
		3.	Council Auditor’s Office	Jeff Rodda	I	5 mins.
	K.	Adjournment				

JEA FINANCE & AUDIT COMMITTEE MINUTES
August 14, 2020

The Finance & Audit Committee of JEA met on Friday, August 14, 2020 via WebEx (no physical location was provided for this meeting. Pursuant to State of Florida Executive Order 20-69 (Emergency Management-COVID-19-Local Government Public Meetings), this meeting is permitted to be conducted by communications media technology.

Agenda Item I – Opening Considerations

A. Call to Order – Chair Marty Lanahan called the meeting to order at 10:00 a.m. Committee members John Baker (Board Chair) and Bobby Stein were in attendance. Also in attendance were Dr. Leon Haley and Tom VanOsdol. Others in attendance were Paul McElroy, Brian Roche, Steve Tuten, Walette Stanford, Joe Orfano, Lee Montanez and John DiSanto of Ernst & Young.

B. Adoption of Agenda – On ***motion*** by John Baker and seconded by Marty Lanahan, the agenda was adopted.

C. Approval of Minutes – On ***motion*** by John Baker and seconded by Marty Lanahan, the Minutes of the May 18, 2020 Committee meeting were approved.

Agenda Item II – New Business

A. Audit Services

1. **Quarterly Audit Services Update** – Steve Tuten, Interim Chief Compliance Officer, presented the Quarterly Audit Services Update which provides information on (1) Forensic & Audit Investigations, (2) Enterprise Risk Management, and (3) Internal Audit. Mr. Tuten began the presentation with Forensic and Audit Investigation highlights. Next, Mr. Tuten reviewed Third Quarter FY20 investigation case statistics and a summary of closed cases. Lastly, Mr. Tuten gave a brief summary of the current Enterprise Risk Management Initiatives.

   Next, Lee Montanez, Manager of Internal Audit, presented the quarterly Internal Audit update. Mr. Montanez reported on the FY20 Audit Calendar and gave a brief outline of the completed audits and projects for Third Quarter FY20. Next, Mr. Montanez reviewed the Open Audit and Investigations Report Issues, noting the two statistical reports. Lastly, Mr. Montanez reviewed the report of issues with a Major rating, to which feedback was given and addressed.

   This presentation was provided for information only.

2. **Annual Approval of Internal Audit Charter** – Mr. Tuten, referencing materials provided in the meeting package, presented the Internal Audit Charter, including a thorough overview of the Charter changes and recommendations. Hearing no feedback, Ms. Lanahan asked the Committee for a motion to approve the Internal Audit Charter as presented.

   On ***motion*** made by John Baker and seconded by Bobby Stein, the motion put forth before the Committee was approved.

3. **Annual Approval of Internal Audit Plan** – Mr. Montanez led the discussion with a review of the materials provided to the Committee. In his presentation, Mr. Montanez outlined the Role of Internal Audit, the Risk-Based Audit Plan Guidance, and the Risk-Based Audit Plan Steps, and the Risk Assessment Survey. Next, Mr. Montanez provided a description of the twenty scheduled audits and projects included in the final audit plan. Lastly, Mr. Montanez presented the FY21

Audit Plan Calendar and a profile of the Internal Audit Team. Hearing no additional comments, Ms. Lanahan asked the Committee for a motion to approve the Internal Audit Plan as presented.

On ***motion*** made by John Baker and seconded by Bobby Stein, the motion put forth before the Committee was approved.

Due to remote connectivity issues for one of the presenters, Ms. Lanahan recommended that the E&Y and Ethics Officer presentations be reversed.

B. **Ernst & Young FY2020 Annual Financial Audit Plan** – John DiSanto, Ernst & Young (E&Y), presented the external JEA 2020 Audit Plan. Mr. DiSanto led the discussion with an executive summary of the Plan, including important updates and significant 2020 considerations. Next, Mr. DiSanto informed the Committee that E&Y would be evaluating risk factors and audit considerations to determine the impact of COVID-19 on JEA's financial statements. Mr. DiSanto then provided an overview of E&Y's Client Service Team, and the respective members' tenures with JEA. Next, Mr. DiSanto discussed the Areas of Audit Emphasis, which the Committee members briefly discussed. Mr. DiSanto acknowledged the Council Auditors' audit support. He then provided an overview of important updates for upcoming GASB Pronouncements. Next, Mr. DiSanto inquired of the Committee and Management regarding their awareness of important matters pertaining to the E&Y Audit. Lastly, Mr. DiSanto presented JEA's Peer Review Report, Required Communications and Business Insights. Hearing no additional comments, Ms. Lanahan asked the Committee for a motion to approve the E&Y FY2020 Annual Financial Audit Plan as presented.

   On ***motion*** made by John Baker and seconded by Bobby Stein, the motion put forth before the Committee was approved.

C. **Ethics Officer Quarterly Report** – Walette Stanford, Ethics Officer, presented the Ethics Officer Quarterly Report. Ms. Stanford's presentation included an overview of key initiatives and communications to elevate and reinforce ethical behavior at JEA. Lastly, Ms. Stanford provided highlights of key ethics statistics as well as the scheduled ethical leader workshops and other upcoming events.

   This presentation was provided for information only.

D. **Electric System and Water and Sewer System Reserve Fund Quarterly Report** – Joe Orfano, Treasurer, provided an overview of the Quarterly Reserve Report for the Third Quarter Ending June 2020. In his review of the Committee's meeting materials, Mr. Orfano noted the report was provided for full transparency and disclosure of all JEA reserve funds, and he briefly outlined the support functions of each fund. Mr. Orfano then provided highlights of the Electric System and Water and Sewer System Reserve and Fund Balances.

   This presentation was provided for information only.

E. **Water/Wastewater Cost of Service and Rates** – Brian Roche, Interim Chief Financial Officer, referencing materials in the meeting package, provided a brief overview of the Cost of Service Study. In his report, Mr. Roche outlined Revenue Requirements, Class Cost Allocations, Rate Benchmarks, Capacity Meter Tap and Set Fees, and the JEA Rate Making/Rate Hearing Process. Lastly, Ms. Lanahan asked Management to make certain every Board member receives an updated briefing on this matter.

   This presentation was provided for information only.

F. **Preliminary Five-Year Financial Projections** – Chair Lanahan, citing time restraints, asked Paul McElroy, Interim Managing Director/CEO, for a recommendation on the preliminary five-year financial metrics. In acknowledgment of Ms. Lanahan's request, Mr. McElroy provided a brief summary of the Company's preliminary five-year view of its Key Financial Metrics for Electric System and Water/Wastewater System. Lastly, Mr. McElroy informed the Committee that in October, Management would present to the Board a full financial and operating review of its rating agencies presentation scheduled for December 2020.

This presentation was provided for information only.

G. **JEA Energy Market Risk Management Policy Report** – Mr. McElroy, referencing materials in the meeting package, gave a brief statement on the Company's natural gas hedging position, noting there was nothing new to report. Feedback was given and addressed.

This presentation was provided for information only.

H. **Announcements**

1. The next Finance and Audit Committee meeting is scheduled for 10:00 A.M. on December 11, 2020.

Committee Discussions

At 11:48 A.M., Ms. Lanahan asked the Committee to enter into Executive Session. All meeting participants were excused excluding JEA Board Members, John DiSanto, Steve Tuten, Jody Brooks and Madricka Jones.

1. Ernst & Young: At 11:50 A.M., Mr. DiSanto engaged the Committee.

2. Director, Audit Services: At 12:01 P.M., Mr. Tuten engaged the Committee.

3. Council Auditor's Office: No Council Auditor representative was in attendance.

Adjournment

With no further business requiring the attention of the Committee, the meeting was declared adjourned at 12:06 P.M.

APPROVED BY:

_____
Marty Lanahan, Committee Chair
Date: _____

Submitted by:

_____
DeLisa Johnigarn
Executive Assistant

INTER-OFFICE MEMORANDUM
November 23, 2020

SUBJECT:	**ERNST & YOUNG FY2020 EXTERNAL AUDIT REPORT**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
Auditing standards require that auditors communicate certain matters to the Governing Board that may assist the Board in overseeing management's financial reporting process. Ernst & Young, LLP (E&Y) presented their audit plan for fiscal year 2020 at the Finance and Audit Committee meeting on August 14, 2020. At that meeting, they outlined the scope of their services, identified the E&Y team that will perform the audit and presented the key considerations that will affect the 2020 audit. Representatives from E&Y have been invited to attend the December 11, 2020 Finance and Audit Committee meeting to discuss FY2020 audited results.

DISCUSSION:
Attached is a draft copy of JEA's Audited Financial Statements.

In addition, attached is a draft copy of the Audit Report on the Allocation of Net Pension Liability of the City of Jacksonville General Employees Retirement Plan (GERP) performed by Carr, Riggs & Ingram (CRI). This report summarizes the results of the audit and also contains communications required by auditing professional standards. E&Y relies on the audit performed by CRI to support JEA's allocations (deferred inflows of resources, deferred outflows of resources, pension expense and net pension liability) of GERP that is included in JEA's financial statements.

RECOMMENDATION:
No action by the Committee is required. This item is submitted for information only.

_____
Jay C. Stowe, Managing Director/CEO

JCS/BJR/RJC


JEA
2020 Audit Results
December 11, 2020
EY
Building a better working world

Executive Summary

1

Key Business Issues

- Rebuilding Trust
  - Remedies to building back the public's trust
- BOD and Management
  - Significant turnover within the Board of Directors and Upper Management
- COVID-19 Considerations
  - Decreases in commercial revenues
  - Increase in bad debts

2

Areas of Emphasis

- Revenue Recognition
- Accounts and unbilled receivable and related allowance for doubtful accounts
- Derivatives instruments and hedging activities
- Pollution Remediation Obligations
- Pension and OPEB plan accounting and reporting
- Investments
- Capital Assets
- Legal Reserves
- Plant Vogtle PPA
- SJRPP and Plant Scherer Asset Retirement Obligation

3

Looking Forward

COVID-19 Impacts

- Suspend disconnection of electric and water service for a period of time
- Flexible Payment Options
- Waived Fees
- Interest- free Payment Extensions

Open Items

- Obtaining the executed letter of representations from management.
- Performance of subsequent event procedures through the date of filing of the financial statements.
- Obtaining legal letters
- Final executive reviews

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Areas of Emphasis



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Areas of Emphasis

Topic	Audit results
Revenue Recognition • Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method. • Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to stabilization funds. • Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. • Operating revenues include amounts estimated for unbilled services provided during the reporting period.	• We believe that JEA's revenue recognition and sales commitments accounting policy and the application thereof are appropriate. • Additionally, we have reviewed the financial statements, including the disclosures relating to revenue recognition and sales commitments, and found them to be appropriate and in conformity with US GAAP. • We utilized data analytics in combination with detailed test of transactions to obtain a full understanding of the flow of revenue transactions.

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Areas of Emphasis

Topic	Audit results
Accounts and Unbilled Receivables and Related Allowance for Doubtful Accounts	• We tested the assumptions and inputs used in the unbilled revenue calculation for reasonableness. We also performed procedures over billed accounts receivables, and assessed the adequacy of the allowance for uncollectible accounts.
Derivative Instruments and Hedging Activities	• For the interest rate swaps, and fuel hedges entered into this year, we independently corroborated the fair value of swaps with the assistance of our EY valuation professionals. We independently tested the hedge effectiveness of all the swaps in accordance with GASB 53.
Pollution Remediation Obligations	• We obtained the schedule of all known and recorded pollution remediation obligations at JEA. Per review of the schedule we compared the obligations to prior year's accounting records to obtain a better understanding of any significant changes in the account. We also inquired of management regarding any changes or developments during the twelve months ended September 30, 2020. In order to gain comfort over the completeness of the recorded obligation, we engaged our Climate Change and Sustainability Services group, to compare the recorded sites to public environmental databases such as the Environmental Protection Agency's (EPA). Through our procedures there were no issues identified.
Pension and OPEB Plan Accounting and Reporting	• We obtained and tested the actuarial valuations, including assessing the reasonableness of the significant assumptions (i.e., discount rate, rate of return, etc.) of the Pension and OPEB plans. We ensured all applicable disclosures were made in the notes to the financial statements and that such disclosures agreed to the actuary report in compliance with GASB 68 (Pension) and GASB 75 (OPEB). We also tested the existence and valuation of pension and OPEB plan investments.

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Areas of Emphasis

Topic	Audit results
Investments	• We tested the fair values as of the statement of net position date, and confirmed investment accounts. We also performed compliance procedures as required by the provisions of Chapter 10.550, Rules of the Auditor General. Through our procedures, there were no material issues identified.
Capital Assets	• We tested the capital asset rollforward, which included specific procedures over CWIP additions, CWIP transfers, additions to capital assets and depreciation expense. Through our procedures there were no issues identified.
Legal Reserves	• We obtained an in house legal letter update from OGC and an external legal letter from Holland & Knight LLP. Per our review of the obtained legal letter there were no significant legal matters requiring accrual or disclosure considerations not already included as part of the financial statements and related footnote disclosures.
Plant Vogtle PPA	• We believe that JEA's accounting and disclosure related to Plant Vogtle PPA is appropriate and is conformity with US GAAP.
SJRPP and Plant Scherer Asset Retirement Obligation	• We tested supporting documentation of the SJRPP and Scherer Asset Retirement Obligations to ensure they were complete, accurate and in accordance with GASB 83 Asset Retirement Obligations. We engaged experienced specialists in EY's Climate Change and Sustainability Services (CCaSS) to assess the estimate, and component thereof. Through our procedures there were no issues identified.

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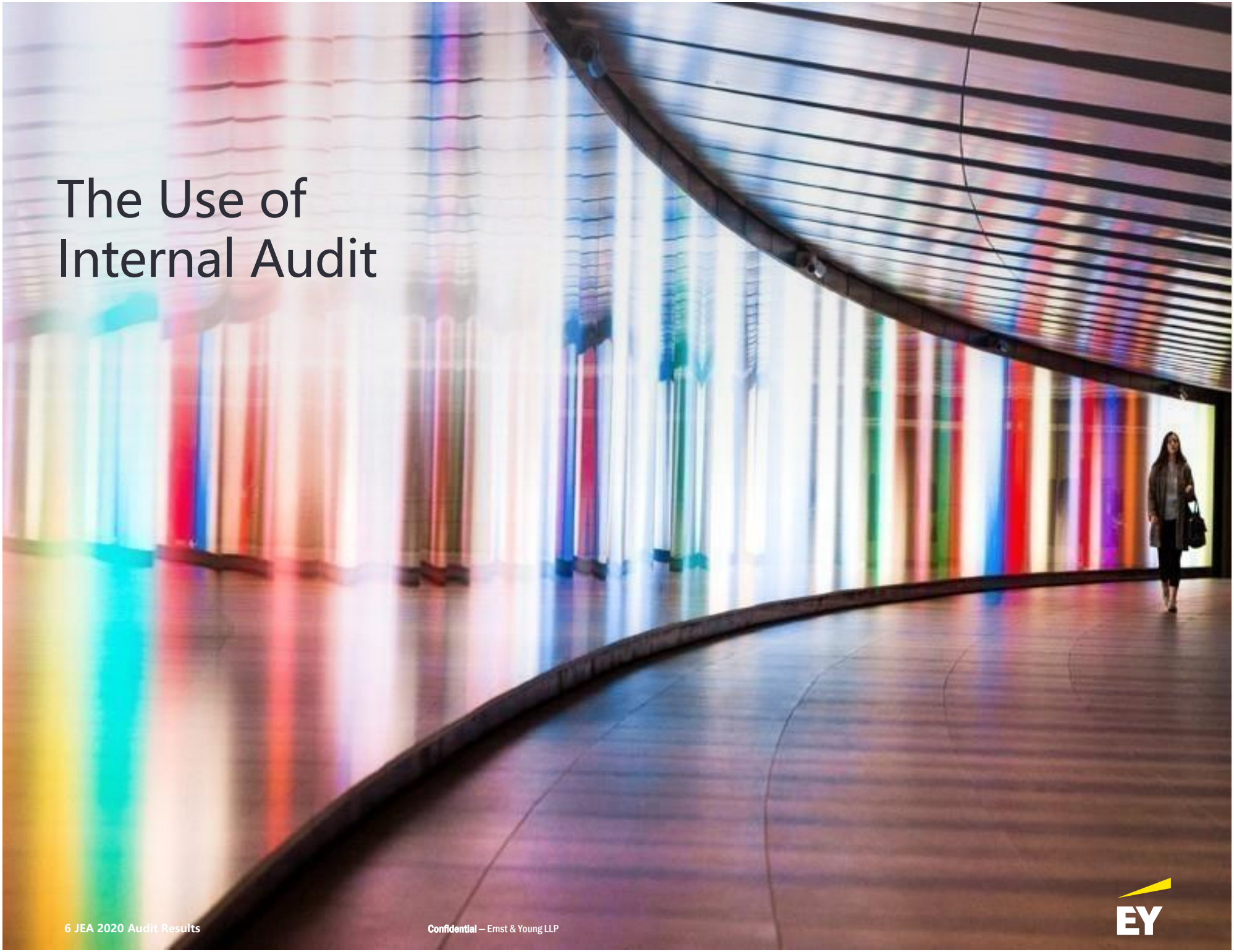
The Use of Internal Audit



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Use of Internal Audit

We have evaluated the competence and objectivity of the internal audit function (City of Jacksonville Auditors) and its application of a systematic and disciplined approach, including its quality control processes. We have met with internal audit and coordinated the use of internal audit in a direct assistance model in the 2020 audit.

Areas/significant class of transactions where EY have used the work of internal audit	Hours Incurred
• Officer Expense Testing	10
• Substantive test of details	150
• Total	160



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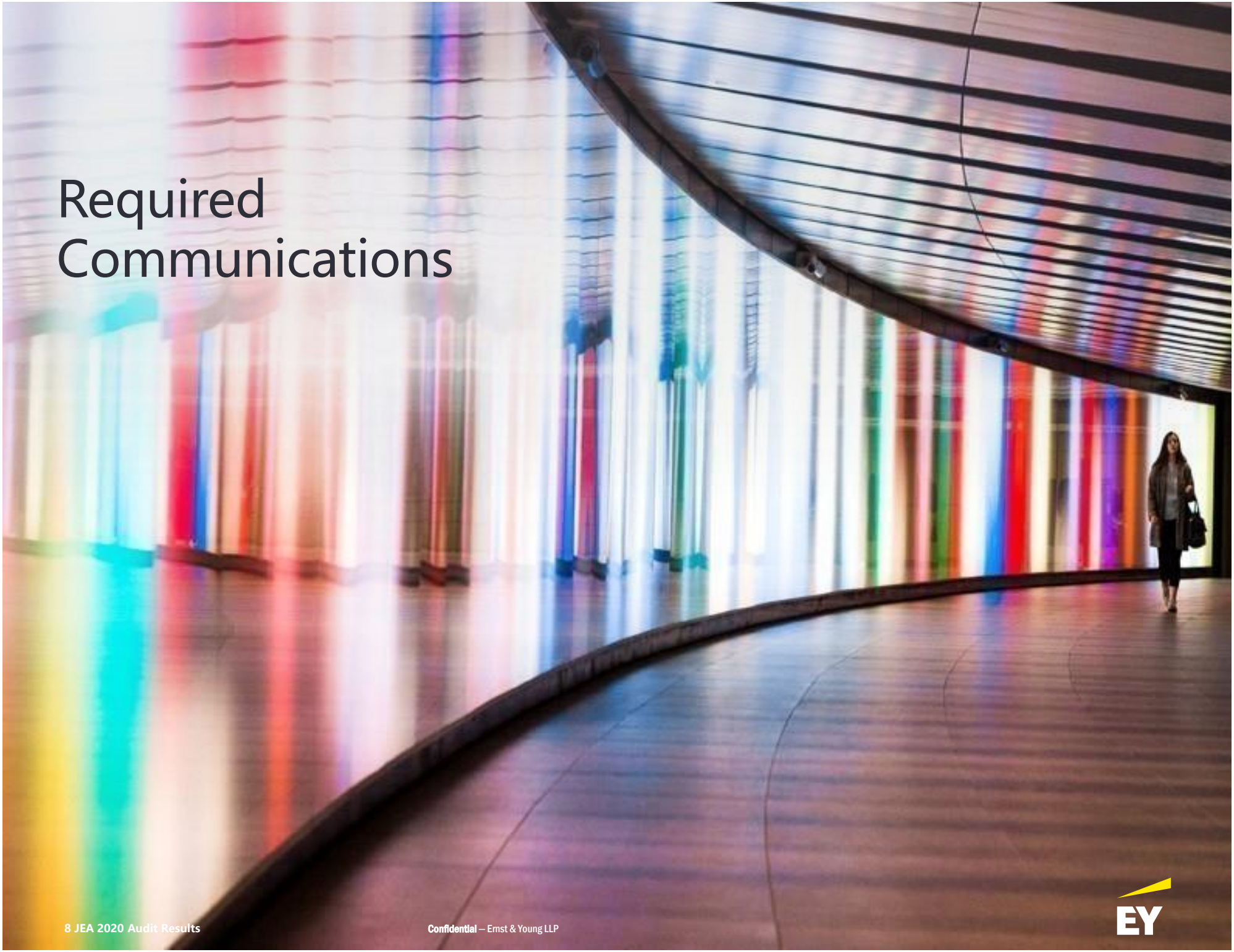
Required Communications



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Required Communications

Area	Comments
• Auditor's responsibility under generally accepted auditing standards, including a discussion of the type of auditor's report we are issuing and the reasons for any modification to our report	Our responsibilities are included in our audit engagement agreement. A copy of such agreement has previously been provided to you. Upon completion of our remaining audit procedures, we currently expect to issue an unqualified opinion on JEA's financial statements as of and for the year ended September 30, 2020 on December 11, 2020.
• Changes to the audit strategy, timing of the audit and significant risks identified	Our audit strategy is consistent with the plan communicated during the August, 2020 meeting.
• Matters relevant to our evaluation of the entity's ability to continue as a going concern	We did not identify any events or conditions that led us to believe there was substantial doubt about JEA's ability to continue as a going concern.
Our views about the qualitative aspects of the entity's significant accounting practices, including: • Accounting policies • Accounting estimates	Management has not selected or changed any significant policies or changed the application of those policies in the current year.



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Required Communications

Area	Comments
• Related party relationships and transactions*	We noted no significant matters regarding JEA's relationships and transactions with related parties.
• Changes to the terms of the audit with no reasonable justification for the change	None.
• Significant unusual transactions**	We are not aware of any significant unusual transactions executed by JEA.
• Material corrected misstatements related to accounts and disclosures • Uncorrected misstatements related to accounts and disclosures, considered by management to be immaterial	None.
• Significant deficiencies and material weaknesses in internal control over financial reporting*	No material weaknesses have been identified.
• Our responsibility, any procedures performed and the results of those procedures relating to other information in documents containing audited financial statements	We have reviewed JEA's Supplementary Information and Required Supplementary Information and found the information presented to be consistent with information in the audited financial statements.
• Fraud and noncompliance with laws and regulations (illegal acts)**	We are not aware of any matters that require communication.
• Obtain information relevant to the audit	Inquiries regarding matters relevant to the audit are to be performed at this meeting.



All communications are to be made annually unless marked otherwise.

* Communicate at least annually or when event occurs.

** Communicate when event occurs, and consider need for separate communications within the presentation.

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Required Communications

Area	Comments
• Independence matters*	Refer to Appendix B.
• New accounting pronouncements	No issues have been identified with regard to management's planned application of new accounting pronouncements.
• Significant issues discussed with management in connection with the auditor's initial appointment or recurring retention** • Disagreements with management and significant difficulties encountered in dealing with management when performing the audit** • Management's consultations with other accountants**	None.
• Other material written communications with management	Refer to Appendix A for of all material inquires and communications with management.
• Other matters**	There are no other matters arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process.



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* Communicate at least annually or when event occurs.

** Communicate when event occurs, and consider need for separate communications within the presentation.

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Required Communications

Area	Comments
• AICPA ethics ruling regarding third-party service providers	From time to time, and depending on the circumstances, (1) we may subcontract portions of the Audit Services to other EY firms, who may deal with the Company or its affiliates directly, although EY alone will remain responsible to you for the Audit Services and (2) personnel (including non-certified public accountants) from an affiliate of EY or another EY firm or any of their respective affiliates, or from independent third-party service providers (including independent contractors), may participate in providing the Audit Services. In addition, third-party service providers may perform services for EY in connection with the Audit Services.
• Representations we are requesting from management	We expect to obtain from management a letter of representations related to the 2020 audit after this meeting.



All communications are to be made annually unless marked otherwise.

* Communicate at least annually or when event occurs.

** Communicate when event occurs, and consider need for separate communications within the presentation.

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Appendices

A	Inquiries
B	Independence Matters
C	Data Analytics
D	Business Insights

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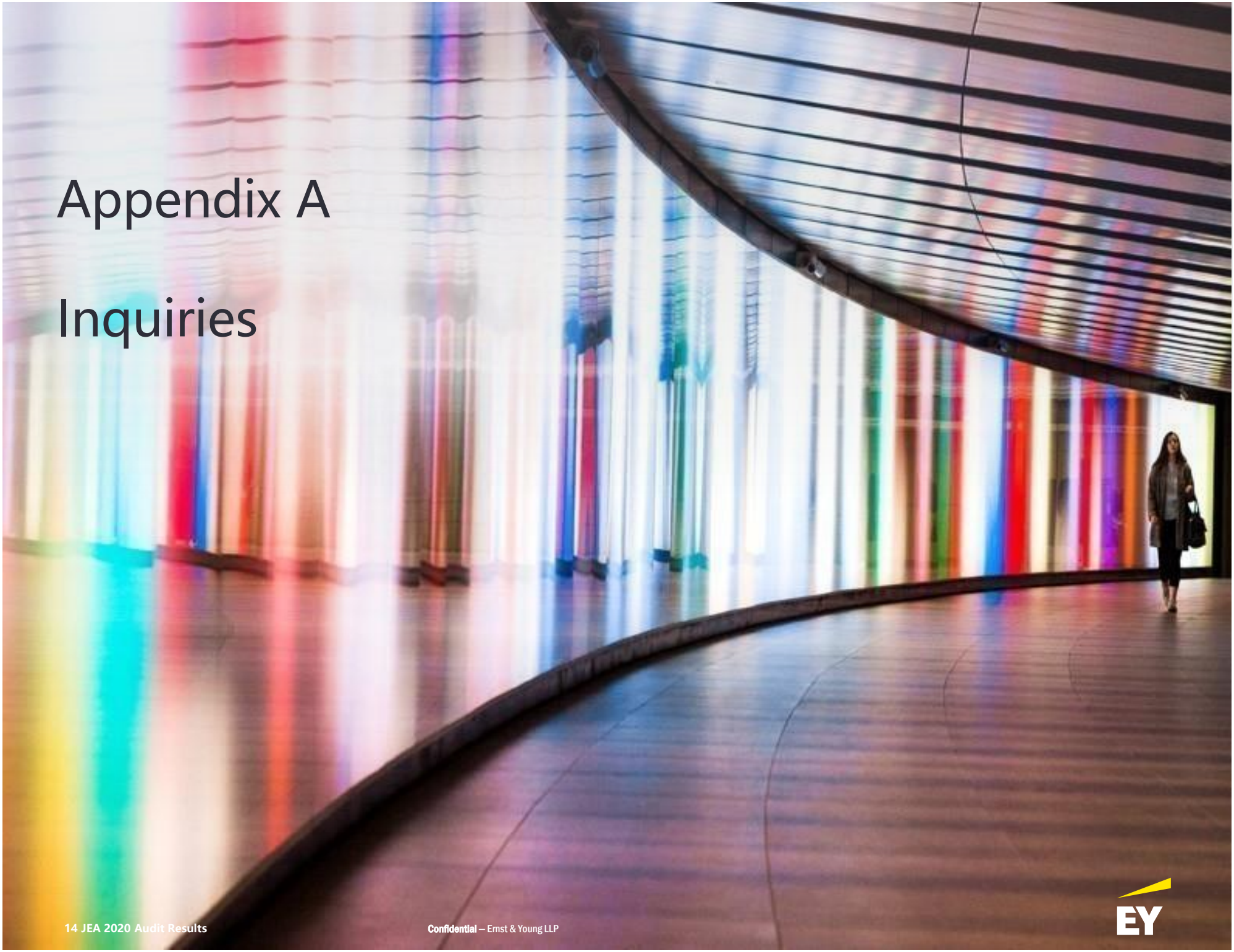
Appendix A

Inquiries



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Inquiries

We inquire of Audit Committee members regarding your awareness of matters relevant to the audit, including:
• Your views about the risk of material misstatement due to fraud
• Your knowledge of any actual, alleged or suspected fraud
• Your awareness of tips or complaints regarding JEA's financial reporting and its response to such tips and complaints
• Your awareness of other matters relevant to the audit (such as violations or possible violations of laws or regulations



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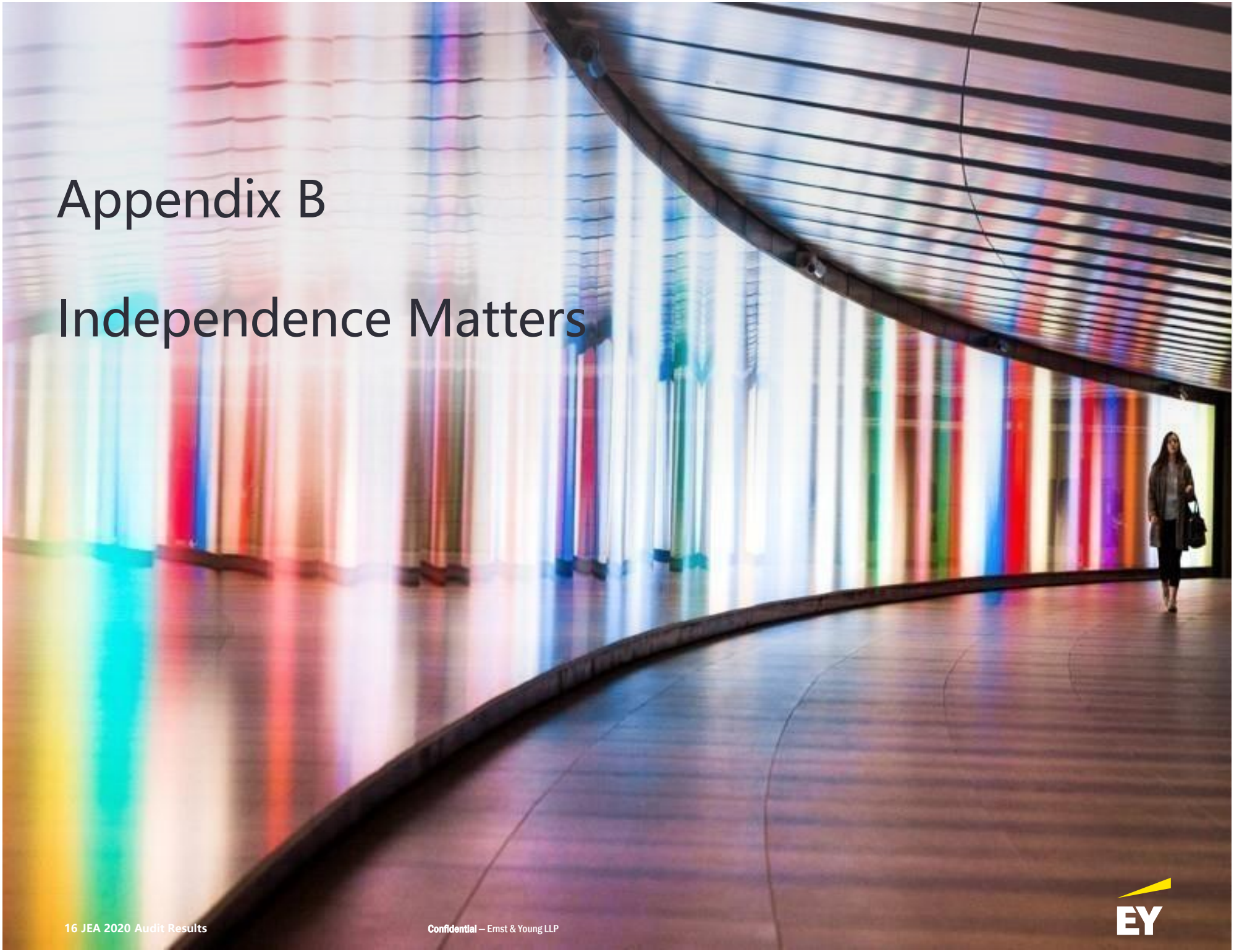
Appendix B

Independence Matters



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Independence Matters

EY and the Audit Committee have concluded that EY and the audit engagement team has been and is capable of exercising objective and impartial judgment in connection with our audits of the financial statements based on the following:

- We have identified a personal financial relationship matter, which is inconsistent with the AICPA independence rules. The spouse of an EY partner in the same office as the lead audit partner invested in a publicly traded JEA debt. The partner was not aware of this purchase prior to its occurrence. Although this partner did not provide any services to JEA, all partners residing in the same office as the lead audit partner are considered covered persons. Our policies require professionals to determine the permissibility of holding any financial interest both prior to acquiring and while holding the interest, and professionals' reported holdings are monitored using procedures and systems that provide reasonable assurance that independence is maintained. This breach occurred due to the lack of communication and was resolved promptly upon identification by divesting of the investment within a two-day period from notification. The investment was not material to the partner's net worth nor does this partner provide any audit work or other services to JEA. We have given significant consideration in reaching the conclusion that our integrity, objectivity and professional skepticism with respect to all issues encompassed within our audit engagement have not been compromised.



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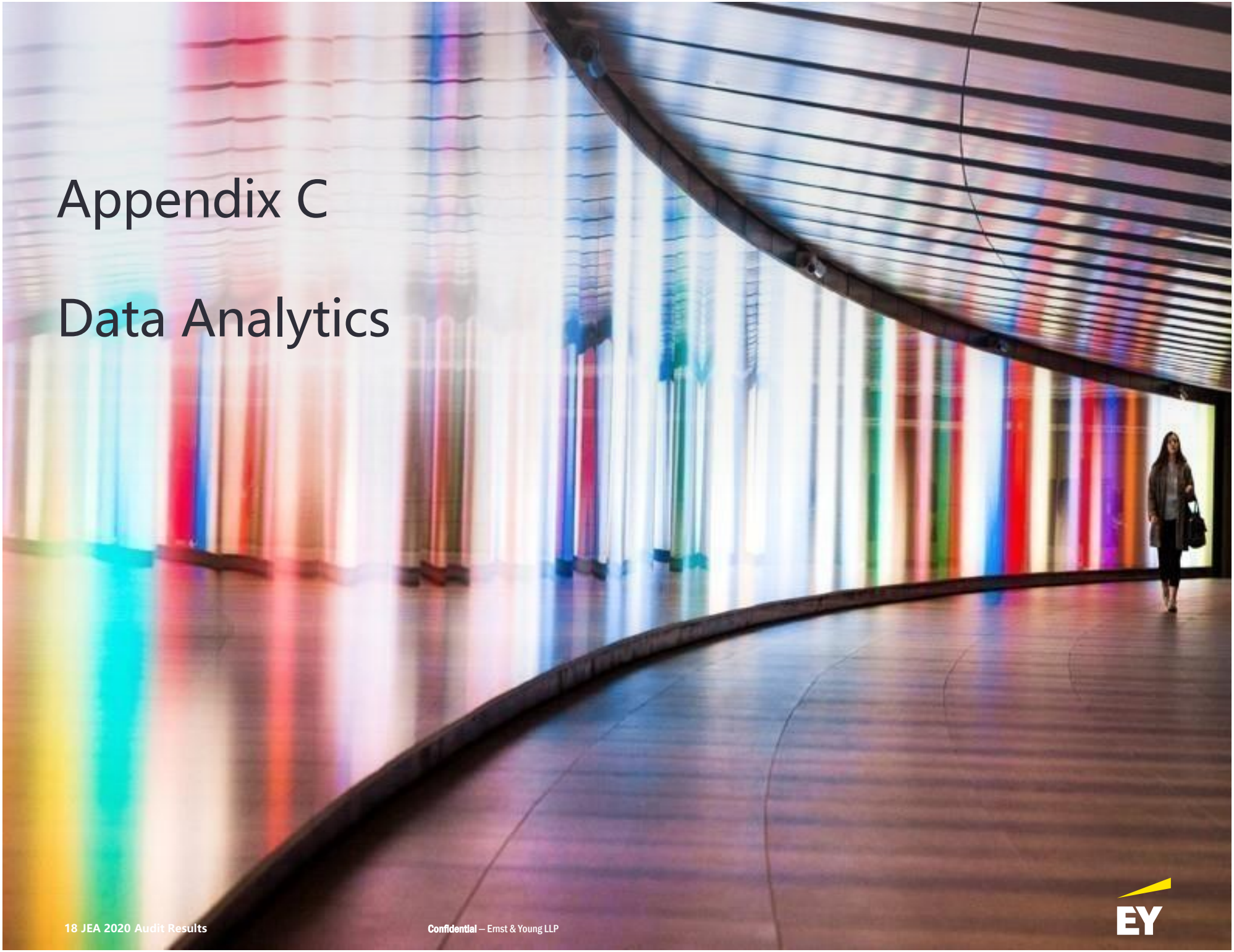
Appendix C

Data Analytics



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Revenue Correlation Analysis

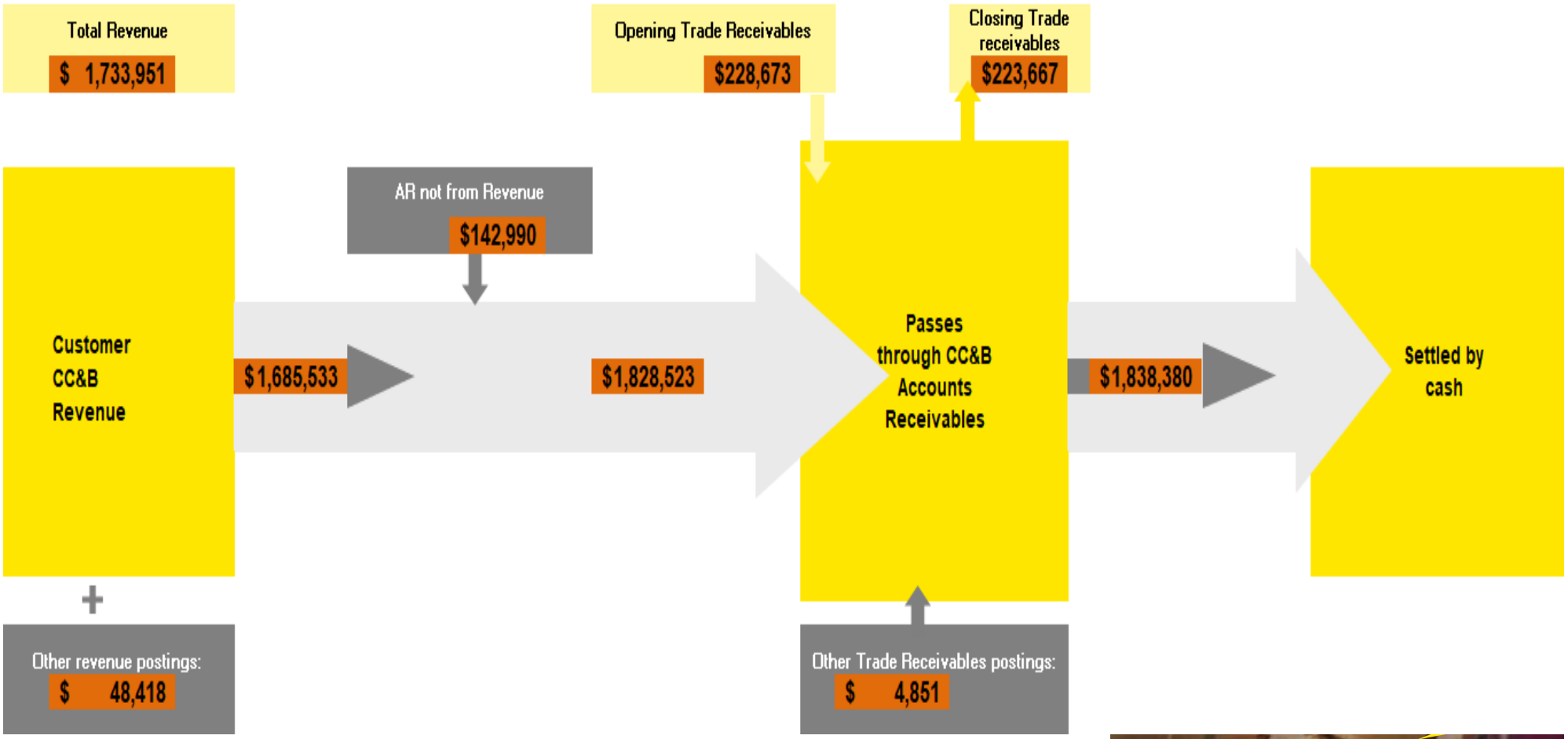
As we performed our planned audit procedures using our Helix tools and techniques we made the following observations about your business processes or strategic opportunities. These do not represent findings, misstatements or an opinion on internal control but have been communicated to management.

Amounts shown are in thousands

JEA

USD $ 1,000

Relationship between revenue, receivables and cash



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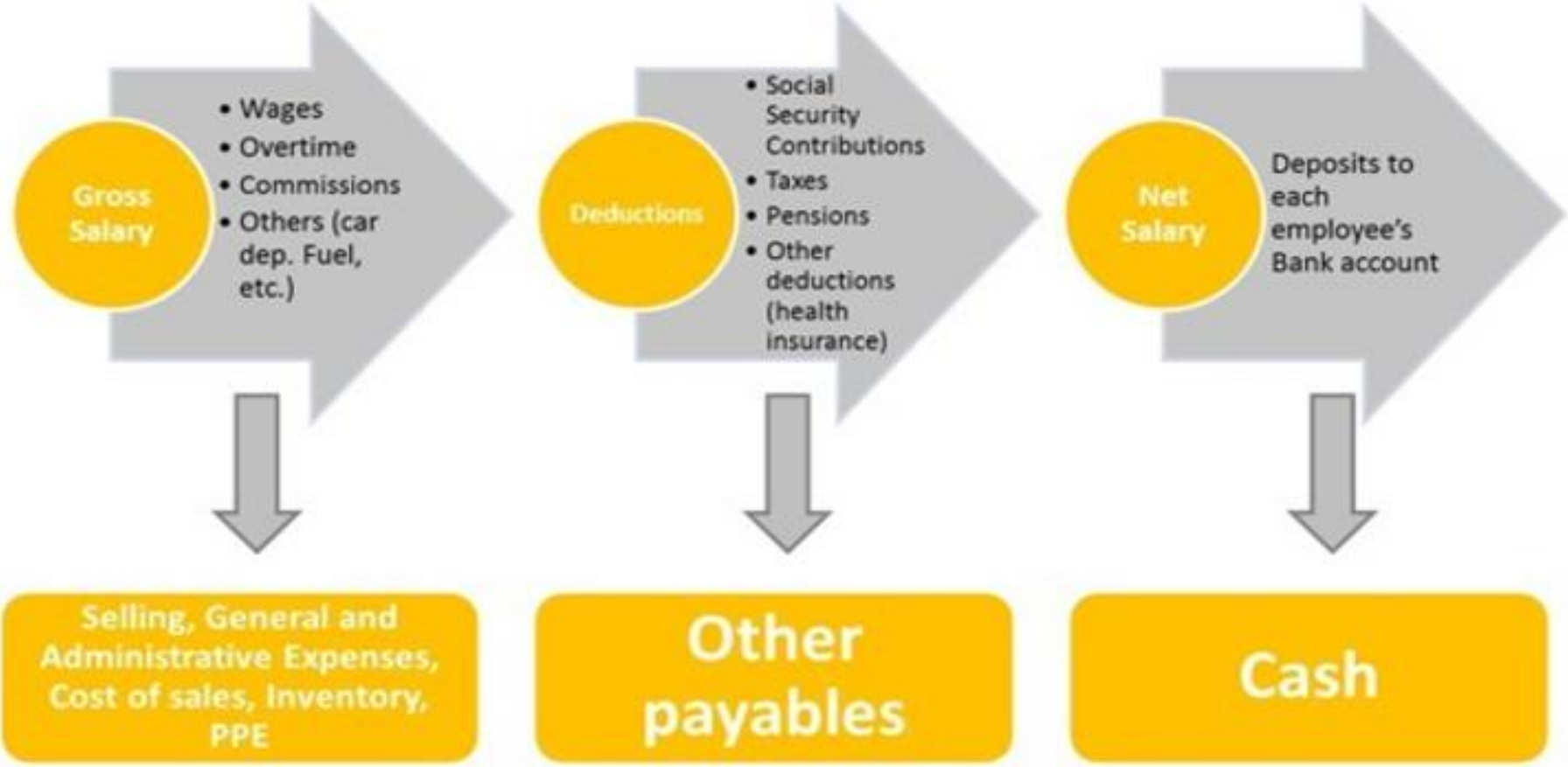
Payroll GL Analyzer



Amounts shown are in thousands



$189,154,190

$30,751,674

$158,402,516



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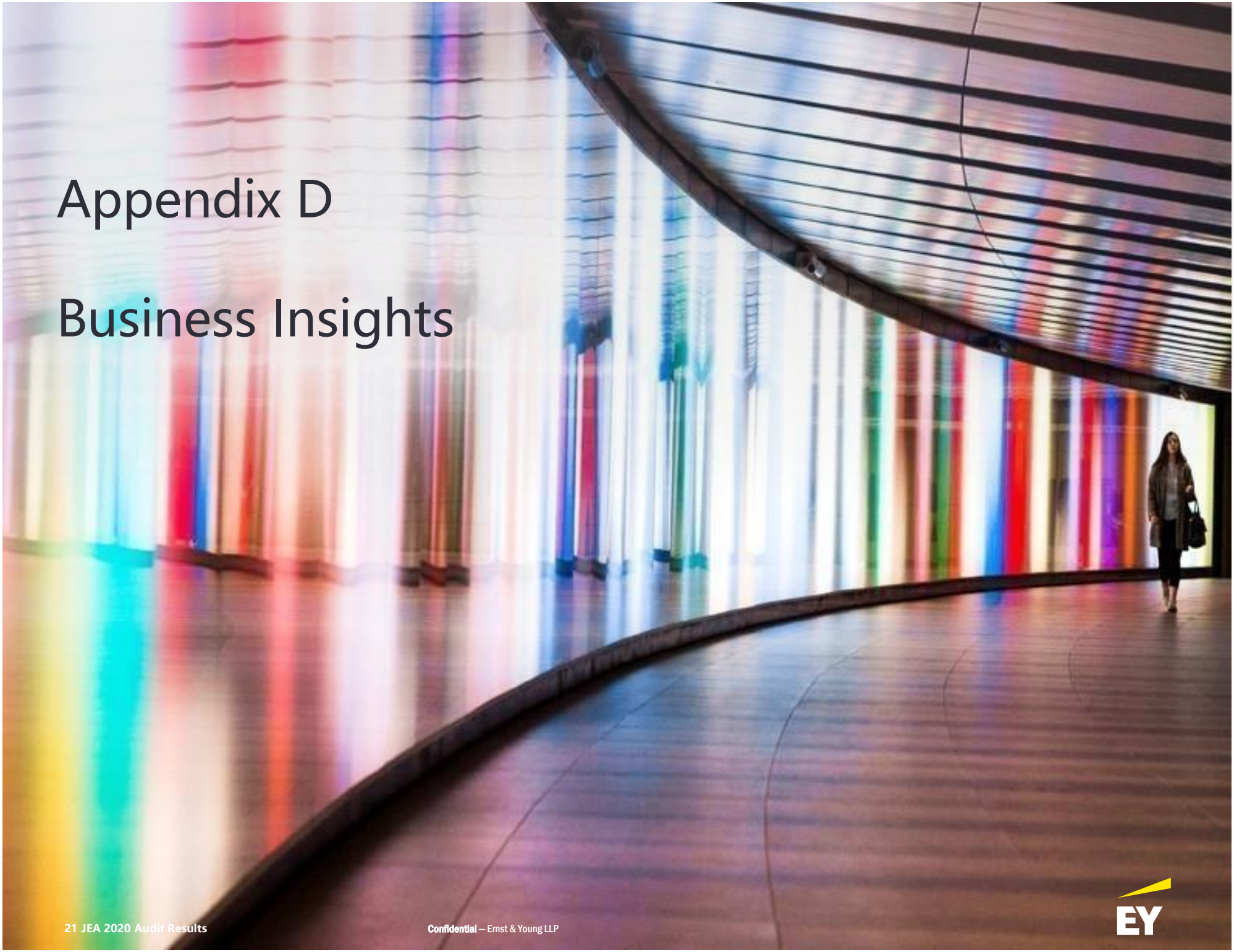
Appendix D

Business Insights



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Business Insights: Three Lessons in Resiliency from the Data- Driven Audit

The challenges of this past year have taught us many important lessons that we can now employ to execute audits in this radically transformed environment.

The data-driven audit — one that relies on the analysis of full populations of our clients' data, rather than on statistical sampling — is profoundly resilient. COVID-19 introduced a new kind of test and it underlined the need for infrastructure and a culture to reinforce each other. It is our people and technologies together that have allowed us to maintain high standards for audit quality, performance, reliability and security at a moment of disruption.

Looking ahead at the new normal, we are building on this experience to strengthen the data-first mindset to help drive quality audit execution.

A data-first approach is essential to delivering an audit that is responsive to changes in the risk profile and the demand for a continuous audit process.

Three lessons

1. The right technology helps to streamline the audit process, enable real-time communication, monitor the status of requests and safeguard sensitive financial information.

2. Advanced analytics underpin the digital audit and help to focus on the key issues, pinpoint risks as they arise and inform new strategies.

3. A data-first audit is a continuous audit that allows companies to respond to findings by making an immediate course correction. It gives the companies we audit more transparency up front into the scope, nature and intent of the audit.



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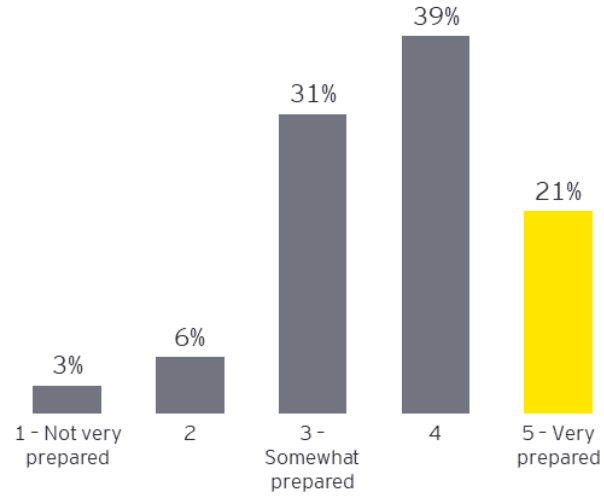
Business Insights: Four Ways to Advance Risk Oversight

The unprecedented scale and pace of disruption in the market today require a new way of thinking about risk and transformation. We surveyed 500 global board members and CEOs to better understand their perspectives on today's top risks and what resources they need to better execute risk oversight while sustaining trust in today's business climate. Our risk survey indicates that boards can advance their oversight of risk in four ways, which will require enhancements to enterprise risk management, insightful risk reporting and new remits between boards and CEOs.

1. **Reprioritize top risks to keep pace with market disruption**
   As market disruption and changing stakeholder expectations rewrite the risk landscape, board oversight priorities need to keep pace.
2. **Turn risk into strategic value**
   Risk is no longer viewed as just "downside."
3. **Redefine risk reporting to reflect the dynamic risk landscape**
   Board members are satisfied with the risk reporting they receive, but they recognize the need for improvement.
4. **Evolve the board's role in ERM**
   Most boards believe they are well equipped to effectively oversee risk management, but there is no room for complacency.

Only 21% say their organization is very prepared to respond to an adverse risk event



How prepared is your organization to respond to an adverse risk event, from a planning, communications, recovery and resilience standpoint? (Please rank on a scale of 1 to 5 where 1 is not very prepared, 3 is somewhat prepared and 5 is very prepared.)



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About EY's Assurance Services

Our assurance services help our clients meet their reporting requirements by providing an objective and independent examination of the financial statements that are provided to investors and other stakeholders. Throughout the audit process, our teams provide a timely and constructive challenge to management on accounting and reporting matters and a robust and clear perspective to audit committees charged with oversight.

The quality of our audits starts with our 90,000 assurance professionals, who have the breadth of experience and ongoing professional development that come from auditing many of the world's leading companies.

For every client, we assemble the right multidisciplinary team with the sector knowledge and subject matter knowledge to address your specific issues. All teams use our Global Audit Methodology and latest audit tools to deliver consistent audits worldwide.

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Financial Statements, Supplementary Information, and Bond Compliance Information

JEA

Years Ended September 30, 2020 and 2019
With Report of Independent Auditors

Ernst & Young LLP

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JEA

Financial Statements, Supplementary Information, and Bond Compliance Information

Years Ended September 30, 2020 and 2019

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Ernst & Young LLP
12926 Gran Bay Parkway West
Suite 500
Jacksonville, FL 32258

Tel: +1 904 358 2000
Fax: +1 904 358 4598
ey.com

Report of Independent Auditors

The Board of Directors
JEA
Jacksonville, Florida

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Management's Discussion and Analysis

Introduction

JEA is a municipal utility operating in Jacksonville, Florida (Duval County) and parts of three adjacent counties. The operation is composed of three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). Electric Enterprise, Water and Sewer, and DES funds are presented on a combined basis in the accompanying statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

Overview of the Combined Financial Statements

This discussion and analysis serves as an introduction to JEA's basic financial statements. The information presented here should be read in conjunction with the financial statements and accompanying notes.

The basic financial statements are presented on a comparative basis for the fiscal years ended September 30, 2020 and 2019. The statements of net position present JEA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Revenue and expense information is presented in the accompanying statements of revenues, expenses, and changes in net position. The accompanying statements of cash flows present JEA's sources and uses of cash and cash equivalents and are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing, and financing activities.

The notes to the financial statements are an integral part of JEA's basic financial statements and contain information on accounting principles and additional information on certain components of these statements.

The following tables summarize the financial condition and operations of JEA for the 2020 and 2019 fiscal years:

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Condensed Statements of Net Position

	2020	2019	2018
		(In millions)	
Assets and deferred outflows of resources			
Current assets	**$ 726**	$ 753	$ 874
Other noncurrent assets	**1,451**	1,517	1,677
Net capital assets	**5,511**	5,466	5,380
Deferred outflows of resources	**468**	461	435
Total assets and deferred outflows of resources	**$ 8,156**	$ 8,197	$ 8,366
Liabilities and deferred inflows of resources			
Current liabilities	**$ 194**	$ 200	$ 207
Current liabilities payable from restricted assets	**240**	371	367
Net pension liability	**641**	566	544
Other noncurrent liabilities	**93**	110	91
Long-term debt	**3,506**	3,696	4,053
Deferred inflows of resources	**258**	301	348
Net position			
Net investment in capital assets	**2,584**	2,249	1,857
Restricted	**355**	400	542
Unrestricted	**285**	304	357
Total liabilities, deferred inflows of resources, and net position	**$ 8,156**	$ 8,197	$ 8,366

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2020	2019	2018
		(In millions)	
Operating revenues	**$ 1,714**	$ 1,752	$ 1,790
Operating expenses	**(1,262)**	(1,340)	(1,399)
Operating income	**452**	412	391
Nonoperating expenses, net	**(95)**	(111)	(131)
Contributions	**(86)**	(103)	(89)
Special Item	**–**	–	(45)
Change in net position	**271**	198	126
Net position – beginning of the year	**2,953**	2,755	2,629
Net position – end of the year	**$ 3,224**	$ 2,953	$ 2,755

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Financial Analysis of JEA for fiscal years 2020 and 2019

2020 Compared to 2019

Electric Enterprise

Operating Revenues

Total operating revenues decreased approximately $59 million (4.5%) and total megawatt hours (MWh) sales decreased 262,985 (2.1%) compared to fiscal year 2019. Revenues from territorial sales decreased $39 million and territorial MWh sales were down 181,834 MWh (1.5%). The territorial sales decrease was comprised of a $10 million decrease in base revenues and a $29 million decrease in fuel revenues. The $10 million decrease in base revenues was driven by a decrease in consumption. The $29 million decrease in fuel revenues was primarily the result of a $23 million fuel credit provided to customers and a decrease in consumption. Lower consumption was associated with COVID-19 shutdowns and partially offset by a 1.9 percent increase in customers. Off system revenues decreased by approximately $4 million and MWhs decreased by 81,151 driven by lower sales to The Energy Authority. Stabilization fund revenues decreased $12 million (see note 2, Regulatory Deferrals, for additional information). There was also a $2 million decrease in revenues due to an increase in allowance for doubtful accounts for the COVID-19 pandemic. Other operating revenue decreased $2 million driven by lower late and reconnection fees due to the COVID-19 suspension of late fees and disconnections (see note 16, Disaster Costs, for additional information). Additionally, mutual aid revenues increased by $2 million for Hurricanes Michael and Florence, and transmission and SJRPP revenues each decreased by $1 million.

Operating Expenses

Total operating expenses decreased approximately $97 million (9.6%), compared to fiscal year 2019.

Fuel and purchased power expense decreased $90 million (19.2 percent), primarily driven by:

- a $82 million decrease as a result of lower MWh purchased (1,634,084 MWh, 49.1%);
- a $70 million decrease in generation costs primarily driven by lower fuel prices;
- a $32 million increase in purchased power cost; and
- a $30 million increase as a result of higher MWh generated (1,297,497 MWh, 13.5%).

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. JEA's power supply mix is detailed below.

	FY 2020	FY 2019
Natural gas	**63%**	49%
Purchases	**13%**	26%
Coal	**12%**	16%
Petroleum coke	**12%**	9%
Total	**100%**	100%

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Operating expenses, other than fuel and purchased power, decreased approximately $7 million, compared to fiscal year 2019.

Maintenance and other operating expenses increased $11 million. The drivers for the increase were a $16 million increase in compensation and benefits, primarily related to SJRPP pension contributions and COVID-19 stipends, a $5 million increase in professional services, and a $2 million increase in insurance costs. These increases were offset by a $5 million decrease in maintenance, a $3 million decrease in industrial services, a $2 million decrease in Plant Scherer costs, and a $2 million decrease in environmental costs.

Recognition of deferred costs and revenues, net decreased $12 million due to a decrease in environmental projects paid from the rate stabilization fund. Depreciation expense decreased $5 million due to a decrease in the depreciable base. State utility and franchise taxes decreased $2 million due to lower electric revenue taxable sales. Interfund utility charges to the Electric Enterprise fund increased $1 million.

Water and Sewer Enterprise

Operating Revenues

Total operating revenues increased approximately $20 million (4.3%) compared to fiscal year 2019. Water revenues increased $3 million (1.8%) due to a 1.5% increase in consumption and a 2.2% increase in customer accounts. Water consumption increased 575,725 kilogallons (kgals) to 38,271,797 kgals. Sewer revenues increased approximately $5 million (1.8%) primarily related to a 1.6% increase in sales and a 2.6% increase in sewer accounts. Sewer sales increased 433,406 kgals to 28,160,202 kgals. Reuse revenues increased approximately $3 million (17.8%), primarily related to a 19.4% increase in reuse accounts and a 14.0% increase in sales. Reuse sales increased 542,695 kgals to 4,426,905 kgals. Water and sewer revenues also increased due to a $9 million net increase in transfers from stabilization funds (see note 2, Regulatory Deferrals, for additional information). There was also a $1 million decrease in revenues due to an increase in allowance for doubtful accounts for the COVID-19 pandemic. Other operating revenues increased by $1 million driven by mutual aid revenues.

Operating Expenses

Operating expenses increased $19 million (5.6%), compared to fiscal year 2019. Maintenance and other expenses increased $15 million due to a $5 million increase in compensation and benefits, a $4 million increase in professional services, a $2 million increase in interlocal payments, a $2 million increase in maintenance, a $1 million increase in insurance costs, and a $1 million increase in industrial services. Depreciation expense increased $8 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net decreased $4 million due to a decrease in environmental projects paid from the rate stabilization fund.

District Energy System

Operating Revenues

Operating revenues remained flat when compared to fiscal year 2019 at $9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2019 at $7 million.

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Nonoperating Revenues and Expenses

There was a decrease of approximately $16 million (14.8%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2020
	(in millions)
Changes in nonoperating expenses, net	
Decrease in interest on debt	$ 34
Decrease in investment income	(14)
Decrease in investment gains – fair value adjustments	(10)
Increase in allowance for funds used during construction	6
Decrease in customer deposit interest	2
Decrease in other nonoperating income - timber	(2)
Total change in nonoperating expenses, net	$ 16

2019 Compared to 2018

Electric Enterprise

Operating Revenues

Total operating revenues decreased approximately $66 million (4.8%) compared to fiscal year 2018. Electric revenues decreased $7 million and other operating revenues decreased by $59 million.

The $7 million decrease in electric revenues was driven by a $29 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018. That decrease was mostly offset by a $16 million net increase in transfers from stabilization funds (see note 2, Regulatory Deferrals, for additional information) and a $6 million increase in territorial sales. Territorial MWh sales were up 40,695 MWh (0.3%), driven by a 0.9% increase in degree days that was partially offset by a 1.6% decrease in average MWhs per customer. SJRPP Sales to FPL decreased by 332,467 MWh and off-system sales increased by 25,494 MWh, which brought the change to a net decrease in MWh sales of 266,278 MWh (2.1%).

The decrease in other operating revenues was due to the cycling of the prior year FPL shutdown payment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for further details.

Operating Expenses

Total operating expenses decreased approximately $83 million (7.5%), compared to fiscal year 2018.

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Fuel and purchased power expense decreased approximately $65 million (12.2%), compared to fiscal year 2018. Costs decreased by $76 million while MWh generated and purchased increased by $11 million. 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. In addition, the shutdown of the SJRPP power plant has decreased power production sourced by coal significantly. Total MWh power volumes increased 0.7% compared to fiscal year 2018 to 12,964,577 MWh, with an increase of 39.8% for MWh purchased and a decrease of 8.2% for MWh generated. Detailed below is JEA's power supply mix.

	FY 2019	FY 2018
Natural gas	**49%**	48%
Purchases	**26%**	18%
Coal	**16%**	22%
Petroleum coke	**9%**	12%
Total	**100%**	100%

Operating expenses, other than fuel and purchased power, decreased approximately $18 million, compared to fiscal year 2018.

Maintenance and other operating expenses decreased $46 million. The drivers for the decrease were a $49 million reduction in SJRPP operating expenses due to the plant shutdown, a $14 million decrease in Scherer capital improvements and operating costs as outage years are in even-numbered years, and a $4 million decrease in industrial services. These decreases were offset by an $11 million increase in professional services, an $8 million increase in compensation and benefits, a $1 million increase in insurance, and a $1 million increase in maintenance.

Recognition of deferred costs and revenues, net increased $33 million due to a $22 million increase in environmental projects paid from the rate stabilization fund and $11 million in higher deferred cost amortization, primarily related to the reduced depreciation for SJRPP capital assets subsequent to the impairment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for additional details. Depreciation expense decreased $6 million due to a decrease in the depreciable base, driven by the impairment of the SJRPP capital assets due to the shutdown of the SJRPP plant. State utility and franchise taxes increased $1 million due to higher electric revenue taxable sales.

Water and Sewer Enterprise

Operating Revenues

Total operating revenues increased approximately $28 million (6.5%) compared to fiscal year 2018. Water revenues increased $8 million (4.5%) due to a 4.2% increase in consumption and a 2.1% increase in customer accounts. Water consumption increased 1,509,513 kgals to 37,696,072 kgals. Sewer revenues increased approximately $9 million (3.9%) primarily related to a 5.3% increase in sales and a 2.6% increase in sewer accounts. Sewer sales increased 1,386,174 kgals to 27,726,796 kgals. Reuse revenues increased approximately $4 million (31.1%), primarily related to a 24.1% increase in reuse accounts and a 24.5% increase in sales. Reuse sales increased 764,471 kgals to 3,884,210 kgals. Water and sewer revenues also increased due to a $5 million net increase in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. Other operating revenues increased by $2 million as a result of increases in miscellaneous service revenues.

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Operating Expenses

Operating expenses increased $24 million (7.6%), compared to fiscal year 2018. Maintenance and other expenses increased $11 million due to a $7 million increase in compensation and benefits and a $4 million increase in professional and industrial services. Depreciation expense increased $8 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net increased $5 million due to an increase in environmental projects paid from the rate stabilization fund.

District Energy System

Operating Revenues

Operating revenues remained flat when compared to fiscal year 2018 at $9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2018 at $7 million.

Nonoperating Revenues and Expenses

There was a decrease of approximately $20 million (14.9%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2019
	(in millions)
Changes in nonoperating expenses, net	
Write-off of losses on refundings due to defeasances	$ (24)
Investment gains – fair value adjustments	17
Decrease in scheduled interest on debt	16
Increase in investment income	11
Increase in allowance for funds used during construction	2
Cycling of prior year gain on sale of assets	(2)
Decrease in The Energy Authority earnings	(2)
Increase in other nonoperating income - timber	2
Total change in nonoperating expenses, net	$ 20

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Capital Assets and Debt Administration for Fiscal Years 2020 and 2019

Capital Assets

JEA's total investment in capital assets and capital expenditures are detailed below.

	Total Investment		Additions	
(Dollars in millions)	**September 30, 2020**	**September 30, 2019**	**FY 2020**	**FY 2019**
Electric Enterprise	$ 2,684	$ 2,684	$ 203	$ 277
Water and Sewer Enterprise	2,793	2,748	197	209
District Energy System	34	33	8	1
Total	$ 5,511	$ 5,465	$ 408	$ 487

With the adoption of the depreciation ratemaking policy in 2014, the depreciation of contributed assets are not included in rates charged to customers, because it has already been recovered with the contribution. In accordance with GASB 62, the contributed assets will be expensed in capital contributions as a reduction of plant cost through contributions. During fiscal year 2020, $2 million of contributed capital related to the Electric System and $75 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions. During fiscal year 2019, $5 million of contributed capital related to the Electric System and $62 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program is planned to be primarily provided from revenues generated from operations, existing construction fund balances, and a potential issuance of new debt in the Water and Sewer Fund.

Debt Administration

Debt outstanding at September 30, 2020, was $3,257 million, a decrease of approximately $364 million from the prior fiscal year. This decrease was due to defeasance of principal of $523 million and regular principal payments of $193 million, being partially offset by new debt issued of $352 million.

Debt outstanding at September 30, 2019, was $3,621 million, a decrease of approximately $379 million from the prior fiscal year. This decrease was due to defeasance of principal of $195 million and regular principal payments of $186 million, being partially offset by new debt issued of $2 million.

JEA's debt ratings on its long-term debt per Fitch remained unchanged from fiscal year 2019. On February 21, 2020, Standard & Poor's lowered its ratings with respect to the Bonds of JEA as follows:

(a) with respect to Water and Sewer Revenue Bonds and Water and Sewer Subordinated Revenue Bonds, the long term ratings were lowered to "AA+" from "AAA" and to "AA" from "AA+," respectively, and

(b) with respect to DES Revenue Bonds, the long-term ratings were lowered to "AA" from "AA+."

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On September 28, 2020, Moody's Investors Service raised its ratings with respect to the Bonds of JEA as follows:

(c) with respect to Water and Sewer Revenue Bonds and Water and Sewer Subordinated Revenue Bonds, the long term ratings were each raised to "Aa3" from "A2" and

(d) with respect to DES Revenue Bonds, the long-term ratings were raised to "A1" from "A3."

	2020					2019				
	Electric System	Water and Sewer System	SJRPP	Scherer	District Energy System	Electric System	Water and Sewer System	SJRPP	Scherer	District Energy System
Senior debt:										
Moody's Investors Service	**A2**	**Aa3**	**A2**	**A2**	**A1**	A2	A2	A2	A2	A3
Standard & Poor's	**A+**	**AA+**	**A+**	**A+**	**AA**	A+	AAA	A+	A+	AA+
Fitch	**AA**	**AA**	**AA**	**AA**	**AA**	AA	AA	AA	AA	AA
Subordinated debt:										
Moody's Investors Service	**A3**	**Aa3**	*	*	*	A3	A2	*	*	*
Standard & Poor's	**A**	**AA**	*	*	*	A	AA+	*	*	*
Fitch	**AA**	**AA**	*	*	*	AA	AA	*	*	*

* There are no subordinated bonds related to this system.

Currently Known Facts Expected to have a Significant Effect on Financial Position and/or Changes in Operations

Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval. At the April 2020 meeting, the Board approved a one-time Fuel Charge credit to all customers in May 2020. JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

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Audited Financial Statements

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JEA

Statements of Net Position
(In Thousands)

	September 2020	2019
Assets		
Current assets:		
Cash and cash equivalents	**$ 387,148**	$ 414,438
Investments	**3,107**	2,399
Customer accounts receivable, net of allowance ($3,864 for 2020 and $1,341 for 2019)	**219,814**	227,331
Inventories:		
Materials and supplies	**61,663**	58,962
Fuel	**37,822**	30,898
Other current assets	**16,364**	19,109
Total current assets	**725,918**	753,137
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	**253,984**	265,784
Investments	**311,130**	380,250
Accounts and interest receivable	**1,071**	1,071
Total restricted assets	**566,185**	647,105
Costs to be recovered from future revenues	**852,314**	851,046
Other assets	**32,221**	19,016
Total noncurrent assets	**1,450,720**	1,517,167
Net capital assets	**5,511,175**	5,465,444
Total assets	**7,687,813**	7,735,748
Deferred outflows of resources		
Accumulated decrease in fair value of hedging derivatives	**179,286**	161,485
Unrealized pension contributions and losses	**143,881**	131,554
Unamortized deferred losses on refundings	**100,314**	108,875
Unrealized asset retirement obligation	**35,241**	50,329
Unrealized OPEB contributions and losses	**9,406**	9,100
Total deferred outflows of resources	**468,128**	461,343
Total assets and deferred outflows of resources	**$ 8,155,941**	$ 8,197,091

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See accompanying notes to financial statements.

JEA

Statements of Net Position (continued)

(In Thousands)

	September 2020	2019
Liabilities		
Current liabilities:		
Customer deposits and prepayments	**$ 71,304**	$ 73,974
Accounts and accrued expenses payable	**67,279**	53,813
Billings on behalf of state and local governments	**25,959**	26,292
Compensation and benefits payable	**14,599**	17,242
City of Jacksonville payable	**10,255**	10,269
Asset retirement obligations	**4,136**	18,884
Total current liabilities	**193,532**	200,474
Current liabilities payable from restricted assets:		
Debt due within one year	**102,700**	192,555
Interest payable	**52,856**	64,775
Construction contracts and accounts payable	**46,366**	66,775
Renewal and replacement reserve	**37,910**	46,955
Total current liabilities payable from restricted assets	**239,832**	371,060
Noncurrent liabilities:		
Net pension liability	**641,086**	566,372
Asset retirement obligations	**31,105**	31,445
Compensation and benefits payable	**31,342**	29,434
Net OPEB liability	**10,091**	18,256
Other liabilities	**20,556**	30,406
Total other noncurrent liabilities	**734,180**	675,913
Long-term debt:		
Debt payable, less current portion	**3,154,590**	3,428,080
Unamortized premium, net	**174,205**	118,125
Fair value of debt management strategy instruments	**177,288**	149,887
Total long-term debt	**3,506,083**	3,696,092
Total liabilities	**4,673,627**	4,943,539
Deferred inflows of resources		
Revenues to be used for future costs	**206,782**	238,690
Unrealized pension gains	**24,304**	50,880
Unrealized OPEB gains	**15,294**	11,249
Accumulated increase in fair value of hedging derivatives	**11,944**	-
Total deferred inflows of resources	**258,324**	300,819
Net position		
Net investment in capital assets	**2,584,074**	2,248,863
Restricted for:		
Capital projects	**204,855**	165,186
Debt service	**101,558**	193,063
Other purposes	**48,617**	42,005
Unrestricted	**284,886**	303,616
Total net position	**3,223,990**	2,952,733
Total liabilities, deferred inflows of resources, and net position	**$ 8,155,941**	$ 8,197,091

See accompanying notes to financial statements.

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JEA

Statements of Revenues, Expenses, and Changes in Net Position

(In Thousands)

	September 2020	2019
Operating revenues		
Electric	**$ 1,203,688**	$ 1,259,815
Water and sewer	**469,914**	450,116
District energy system	**8,235**	8,504
Other	**32,621**	33,526
Total operating revenues	**1,714,458**	1,751,961
Operating expenses		
Operations and maintenance:		
Maintenance and other operating expenses	**422,925**	395,692
Fuel	**290,965**	330,328
Purchased power	**85,046**	135,245
Depreciation	**365,146**	362,313
State utility and franchise taxes	**69,769**	71,569
Recognition of deferred costs and revenues, net	**28,619**	44,792
Total operating expenses	**1,262,470**	1,339,939
Operating income	**451,988**	412,022
Nonoperating revenues (expenses)		
Interest on debt	**(141,213)**	(175,046)
Investment income	**15,721**	39,745
Allowance for funds used during construction	**19,713**	14,099
Other nonoperating income, net	**7,370**	9,082
Earnings from The Energy Authority	**2,848**	2,412
Other interest, net	**666**	(1,626)
Total nonoperating expenses, net	**(94,895)**	(111,334)
Income before contributions	**357,093**	300,688
Contributions (to) from		
General Fund, City of Jacksonville, Florida	**(118,824)**	(132,802)
Developers and other	**109,546**	97,726
Reduction of plant cost through contributions	**(76,558)**	(68,188)
Total contributions, net	**(85,836)**	(103,264)
Change in net position	**271,257**	197,424
Net position, beginning of year	**2,952,733**	2,755,309
Net position, end of year	**$ 3,223,990**	$ 2,952,733

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See accompanying notes to financial statements.

JEA

Statements of Cash Flows
(In Thousands)

	September 2020	2019
Operating activities		
Receipts from customers	**$ 1,657,763**	$ 1,686,275
Payments to suppliers	**(612,098)**	(716,656)
Payments to employees	**(262,229)**	(233,377)
Other operating activities	**34,063**	33,088
Net cash provided by operating activities	**817,499**	769,330
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	**(118,733)**	(132,707)
Net cash used in noncapital and related financing activities	**(118,733)**	(132,707)
Capital and related financing activities		
Defeasance of debt	**(523,050)**	(195,045)
Acquisition and construction of capital assets	**(409,139)**	(466,730)
Proceeds received from debt	**352,260**	2,000
Repayment of debt principal	**(192,555)**	(185,790)
Interest paid on debt	**(154,096)**	(169,836)
Capital contributions	**32,988**	29,538
Other capital financing activities	**69,890**	(3,835)
Net cash used in capital and related financing activities	**(823,702)**	(989,698)
Investing activities		
Purchase of investments	**(268,366)**	(415,403)
Proceeds from sale and maturity of investments	**339,818**	863,004
Investment income	**13,166**	27,471
Distributions from The Energy Authority	**1,228**	2,443
Net cash provided by investing activities	**85,846**	477,515
Net change in cash and cash equivalents	**(39,090)**	124,440
Cash and cash equivalents at beginning of year	**680,222**	555,782
Cash and cash equivalents at end of year	**$ 641,132**	$ 680,222
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 451,988**	$ 412,022
Adjustments:		
Depreciation and amortization	**366,311**	363,534
Recognition of deferred costs and revenues, net	**28,619**	44,792
Other nonoperating income, net	**373**	2,035
Changes in noncash assets and noncash liabilities:		
Accounts receivable	**7,062**	(5,888)
Accounts receivable, restricted	**-**	8
Inventories	**(9,626)**	6,215
Other assets	**(8,281)**	2,903
Accounts and accrued expenses payable	**11,371**	(19,218)
Current liabilities payable from restricted assets	**(7,939)**	(5,299)
Other noncurrent liabilities and deferred inflows	**(22,379)**	(31,774)
Net cash provided by operating activities	**$ 817,499**	$ 769,330
Noncash activity		
Contribution of capital assets from developers	**$ 76,558**	$ 68,188
Unrealized gains (losses) on fair value of investments, net	**$ 3,041**	$ 13,314

See accompanying notes to financial statements.

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Notes to Financial Statements
(Dollars in Thousands)

Years Ended September 30, 2020 and 2019

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1. Summary of Significant Accounting Policies and Practices

(a) Reporting Entity

JEA is currently organized into three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the Electric System; the Bulk Power Supply System (Scherer), which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company (Georgia Power) and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); and St. Johns River Power Park System (SJRPP), which is jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). Water and Sewer consists of water and sewer system activities. DES consists of chilled water activities. Separate accounting records are currently maintained for each system. These financial statements include JEA's ownership interest in Scherer. The following information relates to JEA's ownership interest in Scherer as of September 30, 2020 and 2019:

	2020	2019
Inventories	**$ 6,590**	$ 4,753
Other current assets	**320**	3,491
Costs to be recovered from future revenues	**940**	3,970
Net capital assets	**118,821**	127,207
Unrealized asset retirement obligations	**32,368**	32,282
Unamortized deferred losses on refundings	**801**	846
Current portion of asset retirement obligations	**1,263**	837
Accounts and accrued expenses payable	**991**	951
Debt due within one year	**6,975**	6,150
Interest payable	**1,858**	1,980
Long-term portion of asset retirement obligations	**31,105**	31,445
Long-term debt	**81,461**	88,403
Revenues to be used for future costs	**29,784**	33,682

The funds are governed by the JEA Board of Directors (Board). The Board is responsible for setting rates based on operating and maintenance expenses and depreciation of the operations. The operations of Scherer and SJRPP are subject to joint ownership agreements and rates are established on a cost-of-service basis, including operating and maintenance expenses and debt service. See note 1(t), Setting of rates.

1. Summary of Significant Accounting Policies and Practices (continued)

(b) Basis of Accounting

JEA is presenting financial statements combined for the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. JEA uses the accrual basis of accounting for its operations and the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund.

The financial statements have been prepared in conformity with the Governmental Accounting Standards Board (GASB) codification, which defines JEA as a component unit of the City of Jacksonville, Florida (City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City.

JEA presents its financial statements in accordance with the GASB pronouncements that establish standards for external financial reporting for all state and local governmental entities that include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.

- Restricted consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

- Unrestricted consists of net position that does not meet the definition of restricted or net investment in capital assets.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

(c) Revenues

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

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1. Summary of Significant Accounting Policies and Practices (continued)

Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to stabilization funds. Discounts and allowances totaled $35,895 in fiscal year 2020 and $34,996 in 2019. JEA withdrew the net amount of $33,510 in fiscal year 2020 and $36,713 in 2019 from stabilization funds. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. JEA earned 0.0% of its electric revenue from billings to FPL in fiscal year 2020 and 0.1% in 2019. Operating revenues include amounts estimated for unbilled services provided during the reporting period of $74,566 in 2020 and $78,973 in 2019.

(d) Capital Assets

Utility plant represents four classes of capital assets – real property, tangible property, tangible personal property, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP and Scherer are required by its bond resolutions to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system or applied to other designated uses as specifically allowed under the bond resolutions. The Electric Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund is not capitalized by SJRPP or Scherer.

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds and renewal and replacement funds. The average AFUDC rate for the debt of each system is listed in the table below.

Average AFUDC Rate (%)	**2020**	**2019**
Electric Enterprise Fund	**4.3%**	4.4%
Water and Sewer Fund	**4.2%**	4.3%
District Energy System	**3.9%**	3.8%

The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was $141,213 for fiscal year 2020 and $175,046 for 2019, of which $19,713 was capitalized in fiscal year 2020 and $14,099 in 2019. Investment income on bond proceeds was $837,007 in fiscal year 2020 and $186,189 in 2019.

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1. Summary of Significant Accounting Policies and Practices (continued)

(f) Depreciation

Depreciation of capital assets is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. Depreciation begins on the date the assets are placed in service. Generally, recurring renewal and replacement capital additions are placed in service at the end of each fiscal year. The depreciation rates are based on depreciation studies performed by an outside consultant that are updated periodically. The latest depreciation study was completed during fiscal year 2019 and the rates for that study become effective in fiscal year 2020. The effective rate of depreciation based upon the average depreciable plant in service balance was 3.08% and 3.18% for fiscal years 2020 and 2019, respectively. The average depreciable life in years of the depreciable capital assets for each system is listed in the table below.

Average Depreciable Life *(Years)*	**2020**	**2019**
Electric Enterprise Fund	**23.4**	23.7
Water and Sewer Fund	**27.3**	27.4
District Energy System	**22.7**	23.7

(g) Amortization

Amortization of bond discounts and premiums is computed on a straight-line basis, which approximates the effective-interest method over the remaining term of the outstanding bonds.

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as deferred outflows of resources on the accompanying statements of net position. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

(i) Investments

Investments are presented at fair value or cost, which is further explained in note 14, *Fair Value Measurements*. Realized and unrealized gains and losses for all investments are included in investment income on the statements of revenues, expenses, and changes in net position. The investment in The Energy Authority (TEA) is recorded on the equity method (see note 7, Investment in The Energy Authority, for additional information).

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1. Summary of Significant Accounting Policies and Practices (continued)

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of debt management to take advantage of favorable market interest rates. Interest rate swaps are authorized under the policy to be used in the area of investment management to increase the yield on revolving short-term investments.

JEA applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded on the statements of net position as deferred outflows and inflows of resources. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the statements of revenues, expenses, and changes in net position as an adjustment to investment income.

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated) or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as either an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when JEA enters into a new interest rate swap transaction.

During fiscal years 2020 and 2019, JEA did not have any interest rate swaps outstanding under JEA's asset management interest rate swap program. See the Debt Management Strategy section in note 8, Long-Term Debt, for more information on JEA's debt management interest rate swap program.

(l) Inventory

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet generation requirements. Inventories are valued at average cost, with obsolete items being expensed when identified.

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1. Summary of Significant Accounting Policies and Practices (continued)

(m) Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred outflow of resources or a deferred inflow of resources until such time that the transactions end. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position.

(n) Capital Contributions

Capital contributions represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the accompanying statement of revenues, expenses, and changes in net position at the time of receipt. Assets received are recorded as contributions from developers and others at acquisition cost. Corresponding expenses of $76,558 and $68,188 were recorded in fiscal years 2020 and 2019 to recognize the costs of the assets since it will not be included in revenue requirements charged to customers in the future.

(o) Pension

For purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and fiduciary net position; JEA's portion of the City's General Employees' Retirement Plan (GERP) and St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) have been determined on the same basis as reported in the GERP and SJRPP Plan financial statements. Employer contributions made subsequent to the measurement date and before the fiscal year end are recorded as a deferred outflow of resources.

Basis of Accounting – The pension trust financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contribution, benefit payments and refunds are recognized when due and payable in accordance with the terms of the plans. Florida law and the Florida Division of Retirement require plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll or in dollars. The Florida Division of Retirement reviews and approves the GERP actuarial report to ensure compliance with actuarial standards. The SJRPP Plan is governed by a three-member Pension Committee to ensure compliance with actuarial standards.

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1. Summary of Significant Accounting Policies and Practices (continued)

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments in GERP is based on independent appraisals or estimates of fair value as provided by third-party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third-party fund managers. Investments are managed by third-party money managers while cash and securities are generally held by the independent custodians.

(p) Compensated Absences

JEA employees accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in collective bargaining agreements and other employment plans. Accrued leave may be taken at any time when authorized. In addition, employees may elect to sell back any leave accrued during the fiscal year. Leave accrued over the maximum allowed leave balances is paid to the employee after the end of the fiscal year.

Upon termination from employment, employees are paid for their unused leave balances. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16), the amount reflected as the current portion is estimated based upon historical trends of retirements and attrition.

This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB 16.

Compensated absences liabilities are accrued when incurred in the financial statements in conformity with generally accepted accounting principles (GAAP). The compensated absences liability is determined based on current rates of pay.

The compensated absence liability as of September 30, 2020 was $35,402. Of this amount, $4,060 was included in compensation and benefits payable under current liabilities on the accompanying statements of net position. The remaining balance of $31,342 was included in compensation and benefits payable in noncurrent liabilities on the accompanying statements of net position. During fiscal year 2020, annual leave earned totaled $23,492 and annual leave taken totaled $20,243. The compensated absence liability as of September 30, 2019 was $32,094. Of this amount, $2,660 was included in compensation and benefits payable under current liabilities on the accompanying statements of net position. The remaining balance of $29,434 was included in compensation and benefits payable in noncurrent liabilities on the accompanying statements of net position. During fiscal year 2019, annual leave earned totaled $22,794 and annual leave taken totaled $21,583.

(q) Pollution Remediation Obligations

JEA applies GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. See note 15, Commitments and Contingent Liabilities, for further discussion.

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1. Summary of Significant Accounting Policies and Practices (continued)

(r) Asset Retirement Obligations

JEA applies GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). See note 3, Asset Retirement Obligations, for further discussion.

(s) Costs to Be Recovered from Future Revenues/Revenues to Be Used for Future Costs

JEA records certain assets and liabilities (or deferred inflows) that result from the effects of the ratemaking process that would not be recorded under GAAP for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased and utilities might be required to reduce their statements of net position amounts to reflect market conditions.

Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

(t) Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval. At the April 2020 meeting, the Board approved a one-time Fuel Charge credit to all customers in May 2020. JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services.

(u) Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

(v) Pervasiveness of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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1. Summary of Significant Accounting Policies and Practices (continued)

(w) Newly Adopted Standards for Fiscal Year 2020

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments were effective upon issuance. There was no impact on JEA's financial reporting for the provisions of this statement that were effective for JEA in fiscal year 2020. See note 1(x) for portions of the statement that are not yet effective.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. There was no impact on JEA's financial reporting for the provisions of this statement that were effective for JEA in fiscal year 2020. See note 1(x) for portions of the statement that are not yet effective.

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1. Summary of Significant Accounting Policies and Practices (continued)

(x) Recently Issued Accounting Pronouncements Not Yet Effective

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for JEA in fiscal year 2021. The impact on JEA's financial reporting will be the reporting of its pension and other postemployment benefit plans in fiduciary fund financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for JEA in fiscal year 2022. The impact on JEA's financial reporting has not been determined.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. However, GASB allows those entities meeting the criteria for regulated operations, and electing to apply the related provisions of Statement 62, to continue to capitalize qualifying interest cost as a regulatory asset. This statement is effective for JEA in fiscal year 2022. The impact on JEA's financial reporting has not been determined.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for JEA in fiscal year 2021. The implementation of this statement is not expected to have an impact on JEA's financial statements.

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1. Summary of Significant Accounting Policies and Practices (continued)

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for JEA in fiscal year 2023. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. See note 1(w) for portions of this statement that were effective for fiscal year 2020. The remaining requirements are effective for JEA in fiscal year 2022. The impact on JEA's financial reporting for the fiscal year 2022 provisions has not been determined.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate. The removal of LIBOR as an appropriate benchmark interest rate is effective for JEA in fiscal year 2022. All other requirements of this statement are effective for JEA for fiscal year 2021. All of JEA's LIBOR swaps will be replaced with SOFR (Secured Overnight Funding Rate) swaps by December 31, 2021.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement is effective for JEA in fiscal year 2023. The impact on JEA's financial reporting has not been determined.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement is effective for JEA in fiscal year 2023. The impact on JEA's financial reporting has not been determined.

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1. Summary of Significant Accounting Policies and Practices (continued)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. See note 1(w) for portions of this statement that were effective for fiscal year 2020. The remaining requirements are effective for JEA in fiscal year 2023. The impact on JEA's financial reporting for the fiscal year 2023 provisions has not been determined.

2. Regulatory Deferrals

Based on regulatory action taken by the Board and in accordance with the Regulated Operations section within GASB Statement 62, JEA has recorded the following regulatory assets and liabilities that will be included in the ratemaking process and recognized as expenses and revenues, respectively, in future periods. These amounts are shown under costs to be recovered from future revenues or deferred inflows of resources on the accompanying statements of net position.

Regulatory Assets

The following is a summary of JEA's regulatory assets at September 30:

Regulatory Asset	2020	2019
Unfunded pension costs	**$ 527,330**	$ 485,698
SJRPP and Bulk Power cost to be recovered	**232,605**	248,343
Environmental projects	**59,872**	74,129
Unfunded OPEB costs	**15,979**	20,405
Storm costs to be recovered	**8,610**	15,683
Debt issue cost	**7,918**	6,788
Total regulatory assets	**$ 852,314**	$ 851,046

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2. Regulatory Deferrals (continued)

Unfunded Pension Costs – Accrued pension represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation. In fiscal year 2020, the asset consisted of amounts attributable to JEA's portion of the GERP. For the SJRPP pension plan, JEA made excess contributions during fiscal year 2020 that resulted in a regulatory liability. See excess pension contributions in the Regulatory Liabilities section of this footnote. In fiscal year 2019, the balance includes amounts attributable to JEA's portion of the GERP and amounts related to the SJRPP Plan. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

SJRPP and Bulk Power costs to be recovered – SJRPP deferred debt-related costs of $232,335 at September 30, 2020 and $245,104 at September 30, 2019 are the result of differences between expenses in determining rates and those used in financial reporting. During fiscal year 2018, operations of SJRPP, as generating facility, ceased and the majority of the assets were dismantled. As of September 30, 2020, SJRPP has remaining plant in service assets of $9,324 and outstanding debt of $265,105. The details relating to the shutdown of SJRPP are further discussed in the St. Johns River Power Park section of note 3, Asset Retirement Obligations. The JEA board approved the deferral of this regulatory asset. SJRPP has a contract with the JEA Electric System to recover these costs from future revenues that will coincide with retirement of long-term debt. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the accompanying statements of revenues, expenses, and changes in net position. The Bulk Power Supply System deferred debt-related costs were $270 at September 30, 2020 and $3,239 at September 30, 2019. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation. The Bulk Power Supply System will recover these costs from future revenues that will coincide with the retirement of long-term debt.

Environmental Projects – The Board approved the recovery of previously approved water environmental capital projects that had not been collected through the environmental surcharge over a ten-year period beginning October 1, 2015. The amount approved for recovery and transferred out of capital assets was $101,277 of which $42,756 and $51,307 remained unrecovered as of September 30, 2020 and 2019, respectively. This deferral is being amortized over ten years. The Board also approved the recovery of previously approved electric environmental capital projects that had not been collected through the environmental surcharge over a five-year period beginning October 1, 2018. The amount approved for recovery and transferred out of capital assets was $28,527 of which $17,116 and $22,822 remained unrecovered as of September 30, 2020 and 2019. This deferral is being amortized over five years.

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2. Regulatory Deferrals (continued)

Unfunded OPEB Costs – Accrued OPEB represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's other postemployment benefit plan. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for OPEB. The Board approved the recovery of the unfunded amounts in future revenue requirements with the adoption of GASB 75 in fiscal year 2018. In addition, the Board approved the deferral of the difference between the annual contributions (funding) and OPEB expense.

Storm costs to be recovered – This amount represents storm costs that are expected to be recovered from insurance and the Federal Emergency Management Agency (FEMA). See note 16, Storm Costs, for further details.

Debt issue costs – With the application of regulatory accounting in fiscal year 2015, the Board approved deferral of the issue costs on all new debt issues with the amounts being amortized over the life of the bonds, as they are included in revenue requirements. These costs are incurred in connection with the issuance of debt obligations and are mainly underwriter fees and legal costs.

Regulatory Liabilities

The following is a summary of JEA's regulatory liabilities at September 30:

Regulatory Liabilities	**2020**	**2019**
Fuel stabilization	**$ 73,347**	$ 47,153
Environmental	**45,190**	41,319
Nonfuel purchase power	**36,326**	56,870
Debt management stabilization	**–**	44,093
Bulk Power revenues to be used for future costs	**29,784**	33,682
Self-insurance medical reserve	**10,890**	11,210
Excess pension contributions	**5,821**	–
Customer benefit stabilization	**5,424**	4,363
Total regulatory liabilities	**$ 206,782**	$ 238,690

Fuel stabilization – This account represents the difference between the fuel costs incurred and fuel charge revenues collected from customers, inclusive of accrued utility revenue and fuel costs. Net revenue collected in excess of expense incurred and recognized as an addition to the regulatory liability during fiscal year 2020 was $26,194. Net expense incurred in excess of the revenue collected and recognized as a reduction of the regulatory liability during fiscal year 2019 was $27,223.

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2. Regulatory Deferrals (continued)

Environmental – The Board has authorized an environmental surcharge that is applied to all electric customer kilowatt-hour and water customer kilogallon sales. Electric costs included in the surcharge include all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Water costs included in the surcharge include operating and capital costs of environmentally driven or regulatory required projects approved by the Board to be included in the surcharge. Any amounts under or over-collected are recorded as a regulatory asset or liability. During fiscal year 2020, $33,146 was collected through the surcharge with $14,257 of recovery of previously approved environmental capital projects, $11,038 of capital projects, and $3,980 of operations and maintenance costs being incurred with the remaining $3,871 recognized as an addition to the regulatory liability. During fiscal year 2019, $32,678 was collected through the surcharge with $14,257 of recovery of previously approved environmental capital projects, $26,827 of capital projects, and $5,352 of operations and maintenance costs being incurred with the remaining $13,758 recognized as a reduction of the regulatory liability.

Nonfuel purchased power – JEA entered into a power purchase agreement related to the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia (Plant Vogtle). This agreement is discussed in further detail in note 10, Fuel Purchase and Purchased Power Commitments. Related to that agreement, the JEA Board approved a nonfuel purchased power stabilization fund to balance the timing of the payments for Plant Vogtle's debt service with the anticipated in service date. It may be used for other purposes with the Board's approval. The amounts included in the fund are to be used for Plant Vogtle or refunded to customers if not needed. No deposits were made to the stabilization fund for fiscal year 2020. Deposits made to the stabilization fund were $17,566 for fiscal year 2019.

Debt management stabilization – The Board previously authorized the use of a debt management stabilization fund. Amounts were included in the fund based on differences between budgeted and actual debt cost up to an established maximum reserve fund. At the September 2019 board meeting, the Board approved the elimination of the debt management stabilization fund and the use of the corresponding funds to execute Phase 2 of the Strategic and Timely Asset Realignment plan.

Bulk Power revenues to be used for future costs – This amount represents Bulk Power Supply System early debt principal paid in excess of straight-line depreciation.

Self-insurance medical reserve – The Board has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program over medical and prescription benefits. The Board, as part of the budget process, will approve amounts to be collected in rates that include both the current anticipated cost less approved amounts to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

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2. Regulatory Deferrals (continued)

Under the self-insurance program, JEA is liable for all claims. JEA retains an additional stop-loss policy for claims in excess of $250 per employee. There have been no significant reductions in coverage from the prior year. The health insurance benefits program is administered through a third-party insurance company and, as such, the administrator is responsible for processing the claims in accordance with the benefit specifications with JEA reimbursing the insurance company for its payouts. Liabilities associated with the health care program are determined based on an actuarial study and include claims that have been incurred but not reported.

The changes in the self-insurance medical reserve for the years ended September 30, 2020 and 2019 are as follows:

	2020	2019
Beginning balance	**$ 11,210**	$ 8,139
Contributions	**30,027**	32,116
Incurred claims	**(30,347)**	(29,045)
Ending balance	**$ 10,890**	$ 11,210

Excess pension contributions – Excess pensions contributions represents a regulatory liability related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to the SJRPP Plan. The regulatory liability is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

Customer benefit stabilization – The pricing policy adopted by the Board includes a demand side management surcharge. The costs approved for recovery through the surcharge included programs for the electrification, direct load control, demand side management, residential low-income efficiency programs, and customer utility optimization education programs.

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3. Asset Retirement Obligations

Scherer

As part of JEA's ownership of Scherer, it has a proportionate ownership interest in associated common facilities (Common Facilities) of 5.91% (23.64% divided by 4, as there are 4 units in total). There is no majority owner of the Common Facilities. Georgia Power is the nongovernmental minority owner that has operational responsibility of the Common Facilities and, as such, is responsible for calculating any associated asset retirement obligations (AROs). The AROs at Scherer are primarily related to the ash pond.

In accordance with GASB 83, JEA's minority share of the AROs is reported using the measurement produced by Georgia Power, who is registered with the Securities and Exchange Commission and is subject to accounting rules set by the Financial Accounting Standards Board.

At September 30, 2020, the total amount of the AROs at Scherer are $547,683, with JEA's minority share being $32,368. Of the total liability, $1,263 is recorded in asset retirement obligations in current liabilities and $31,105 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by the unrealized asset retirement obligation of $32,368, which is recorded in deferred outflows of resources.

At September 30, 2019, the total amount of the AROs at Scherer are $546,227, with JEA's minority share being $32,282. Of the total liability, $837 is recorded in current portion of asset retirement obligations and $31,445 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by $32,282, which is recorded in the separate line item, unrealized asset retirement obligation, in deferred outflows of resources.

There are no legally required funding or assurance provisions associated with JEA's minority share of the AROs and JEA has not restricted any of its assets for payment of this liability.

St. Johns River Power Park

JEA and FPL entered into an Agreement for Joint Ownership, Construction and Operation of SJRPP Coal Units #1 and #2 (JOA) dated as of April 2, 1982. JEA owns 80% and FPL owns 20% of SJRPP. A Purchased Power Agreement (PPA) in the JOA assigned 37.5% of JEA's 80% generation to FPL, which effectively provided 50% of the generation to both owners of SJRPP. The JOA ends on April 2, 2022. JEA and FPL reached an agreement to close SJRPP, including early termination of the PPA. On May 16, 2017, JEA's board of directors approved the Asset Transfer and Contract Termination Agreement, which outlined the terms of the retirement, decommissioning, and dismantling of the plant. The week following, FPL approved the contract and filed a petition with the Florida Public Service Commission (FPSC) for approval to shut down SJRPP. The final order was approved by FPSC in October 2017.

FPL received a credit for their estimated share of the material and supplies inventory balance at shutdown, pending sale of the inventory. After the sales period passed, FPL paid a shutdown payment adjustment for their share of 20% of the loss on the remaining materials and supplies inventory. During fiscal year 2020, JEA liquidated the remaining material and supplies inventory.

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3. Asset Retirement Obligations (continued)

Regulatory balances remaining will be amortized over the life of the remaining debt outstanding related to Issue Three debt. See note 2, Regulatory Deferrals, for additional information related to SJRPP's regulatory deferrals.

FPL conveyed their 20% undivided ownership of plant in service assets to JEA. The retained plant in service assets were recorded at fair value. In addition, FPL will convey their 20% undivided ownership interest in the SJRPP site to JEA upon completion of dismantlement and environmental remediation. Under a service management agreement, FPL will pay 20% of the dismantlement and remediation costs incurred. Dismantlement and remediation is expected to be complete by December 2020. Monitoring of the site will continue for thirty years subsequent to the completion date. JEA's share of the estimated cost for dismantlement and remediation is approximately $2,873 is recorded in current portion of asset retirement obligations and is offset by the separate line item, unrealized asset retirement obligation, in the statement of net position. Currently, JEA does not possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on the site until completion of future environmental studies. In addition, conditions that are currently unknown could result in additional exposure, the amount and materiality of which cannot presently be reasonably estimated. Based upon information currently available, however, JEA believes its ARO accurately reflects the estimated cost of remedial actions currently required.

4. Restricted Assets

Restricted assets were held in the following funds at September 30, 2020 and 2019:

	September 30, 2020				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	**$ 138,696**	**$ 37,910**	**$ 38,138**	**$ 1,868**	**$ 216,612**
Sinking Fund	**91,358**	**18,928**	**41,660**	**2,373**	**154,319**
Debt Service Reserve Fund	**55,844**	**10,555**	**58,228**	**–**	**124,627**
Revenue Fund	**–**	**32,062**	**–**	**–**	**32,062**
Construction Fund	**311**	**–**	**25,541**	**–**	**25,852**
Adjustment to fair value of investments	**5,772**	**101**	**5,890**	**–**	**11,763**
Environmental Fund	**301**	**–**	**649**	**–**	**950**
Total	**$ 292,282**	**$ 99,556**	**$ 170,106**	**$ 4,241**	**$ 566,185**

	September 30, 2019				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	$ 83,017	$ 46,955	$ 48,803	$ 4,398	$ 183,173
Sinking Fund	153,650	19,635	80,775	2,356	256,416
Debt Service Reserve Fund	65,433	10,984	63,441	–	139,858
Revenue Fund	–	28,079	–	–	28,079
Construction Fund	–	–	28,968	–	28,968
Adjustment to fair value of investments	4,388	107	4,225	–	8,720
Environmental Fund	–	–	1,891	–	1,891
Total	$ 306,488	$ 105,760	$ 228,103	$ 6,754	$ 647,105

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4. Restricted Assets (continued)

The Electric System, SJRPP System, Bulk Power Supply, Water and Sewer System, and DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined.
Bulk Power Supply System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.

5. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes. Amounts subject to Chapter 280, Florida Statutes, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians.

JEA follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value or cost, which is further explained in note 14, Fair Value Measurements.

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5. Cash and Investments (continued)

At September 30, 2020 and 2019, the fair value of all securities, regardless of statement of net position classification as cash equivalent or investment, was as follows:

	2020	2019
Securities:		
Money market mutual funds	**$ 248,983**	$ 126,452
Local government investment pool	**181,891**	188,130
State and local government securities	**140,950**	183,116
U.S. Treasury and government agency securities	**110,875**	184,525
Commercial paper	**63,765**	44,266
Total securities, at fair value	**$ 746,464**	$ 726,489

These securities are held in the following accounts:

	2020	2019
Current assets:		
Cash and cash equivalents	**$ 387,148**	$ 414,438
Investments	**3,107**	2,399
Restricted assets:		
Cash and cash equivalents	**253,984**	265,784
Investments	**311,130**	380,250
Total cash and investments	**955,369**	1,062,871
Less: cash on deposit	**(210,257)**	(338,220)
Plus: interest due on securities	**1,352**	1,838
Total securities, at fair value	**$ 746,464**	$ 726,489

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5. Cash and Investments (continued)

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2020, JEA's investments in securities and their maturities are categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. It is assumed that callable investments will not be called. Puttable securities are presented as investments with a maturity of less than one year.

The maturity distribution of the investments held at September 30, 2020 is listed below.

Type of Investments	Less than One Year	One to Five Years	Five to Ten Years	Ten to Twenty Years	Total
Money market mutual funds	$ 248,983	$ –	$ –	$ –	$ 248,983
Local government investment pools	181,891	–	–	–	181,891
State and local government securities	13,754	33,089	36,521	57,586	140,950
U.S. Treasury and government agency securities	95,628	4,376	5,169	5,702	110,875
Commercial paper	63,765	–	–	–	63,765
Total securities, at fair value	$ 604,021	$ 37,465	$ 41,690	$ 63,288	$ 746,464

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the bond resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

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5. Cash and Investments (continued)

Credit Risk – JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the Florida Statutes and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) the state and local government securities are rated by two nationally recognized rating agencies and are rated at least AA- by Standard & Poor's, Aa3 by Moody's Investors Services, or AA- by Fitch Ratings; (2) the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; and (3) the money market mutual funds are rated AAA by Standard & Poor's or Aaa by Moody's Investors Services. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S., or the governments of Canada or Canadian provinces and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2020, JEA's investments in commercial paper are rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. In addition, JEA's investment policy limits the commercial paper investment in any one issuer to $12,500 as well as limits investments in commercial paper to 25% of the total cash and investment portfolio, regardless of statement of net position classification as cash equivalent or investment. As of September 30, 2020, JEA had 8.5% of its investments in commercial paper.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name.

Concentration of Credit Risk – As of September 30, 2020, investments in any one issuer representing 5% or more of JEA's investments included $110,875 (14.9%) invested in issues of the Federal Home Loan Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total cash and investments regardless of statement of net position classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total cash and investment portfolio (regardless of statement of net position classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2020, investments in all security types were within the allowable policy limits.

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6. Capital Assets

Capital asset activity for the year ended September 30, 2020 is as follows:

	Balance September 30, 2019	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2020
Electric Enterprise Fund:					
Generation assets	$ 3,798,017	$ –	$ (5,530)	$ 60,682	$ 3,853,169
Transmission assets	593,911	–	(20)	51,893	645,784
Distribution assets	2,050,306	–	(4,980)	87,007	2,132,333
Other assets	472,398	–	(5,379)	53,626	520,645
Total capital assets	6,914,632	–	(15,909)	253,208	7,151,931
Less: accumulated depreciation and amortization	(4,565,606)	(202,925)	15,909	–	(4,752,622)
Land	131,117	(200)	–	(708)	130,209
Construction work-in-process	203,901	203,300	–	(252,500)	154,701
Net capital assets	2,684,044	175	–	–	2,684,219
Water and Sewer Fund:					
Pumping assets	561,875	–	(5,070)	40,695	597,500
Treatment assets	681,301	–	(6,220)	128,617	803,698
Transmission and distribution assets	1,254,028	–	(72)	44,327	1,298,283
Collection assets	1,532,283	–	(291)	66,146	1,598,138
Reclaimed water assets	138,843	–	–	20,025	158,868
General and other assets	423,761	–	(3,406)	36,151	456,506
Total capital assets	4,592,091	–	(15,059)	335,961	4,912,993
Less: accumulated depreciation	(2,242,977)	(155,902)	15,059	4,189	(2,379,631)
Land	61,293	–	(633)	22,799	83,459
Construction work-in-process	337,716	196,828	–	(358,761)	175,783
Net capital assets	2,748,123	40,926	(633)	4,188	2,792,604
District Energy System:					
Chilled water plant assets	57,150	–	(1,115)	3,495	59,530
Total capital assets	57,150	–	(1,115)	3,495	59,530
Less: accumulated depreciation	(27,728)	(2,642)	1,115	–	(29,255)
Land	3,051	–	–	–	3,051
Construction work-in process	804	3,717	–	(3,495)	1,026
Net capital assets	33,277	1,075	–	–	34,352
Total	$ 5,465,444	$ 42,176	$ (633)	$ 4,188	$ 5,511,175

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6. Capital Assets (continued)

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance September 30, 2018	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2019
Electric Enterprise Fund:					
Generation assets	$ 3,699,914	$ –	$ (2,114)	$ 100,217	$ 3,798,017
Transmission assets	593,858	–	(3,853)	3,906	593,911
Distribution assets	2,000,076	–	(16,326)	66,556	2,050,306
Other assets	448,877	–	(5,558)	29,079	472,398
Total capital assets	6,742,725	–	(27,851)	199,758	6,914,632
Less: accumulated depreciation and amortization	(4,385,170)	(208,287)	27,851	–	(4,565,606)
Land	130,286	–	(3)	834	131,117
Construction work-in-process	174,527	276,978	–	(247,604)	203,901
Net capital assets	2,662,368	68,691	(3)	(47,012)	2,684,044
Water and Sewer Fund:					
Pumping assets	525,648	–	(2,320)	38,547	561,875
Treatment assets	646,269	–	(1,746)	36,778	681,301
Transmission and distribution assets	1,206,880	–	(1,226)	48,374	1,254,028
Collection assets	1,508,598	–	(52)	23,737	1,532,283
Reclaimed water assets	137,534	–	–	1,309	138,843
General and other assets	407,065	–	(3,768)	20,464	423,761
Total capital assets	4,431,994	–	(9,112)	169,209	4,592,091
Less: accumulated depreciation	(2,108,027)	(148,250)	9,111	4,189	(2,242,977)
Land	61,215	–	(11)	89	61,293
Construction work-in-process	297,682	209,331	–	(169,297)	337,716
Net capital assets	2,682,864	61,081	(12)	4,190	2,748,123
District Energy System:					
Chilled water plant assets	56,376	–	(261)	1,035	57,150
Total capital assets	56,376	–	(261)	1,035	57,150
Less: accumulated depreciation	(25,554)	(2,429)	255	–	(27,728)
Land	3,051	–	–	–	3,051
Construction work-in process	1,154	679	–	(1,029)	804
Net capital assets	35,027	(1,750)	(6)	6	33,277
Total	$ 5,380,259	$ 128,022	$ (21)	$ (42,816)	$ 5,465,444

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7. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida. TEA currently has eight members, and JEA's ownership interest in TEA is 17.6%. TEA provides wholesale power marketing and resource management services to members (including JEA) and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists members (including JEA) and nonmembers with natural gas procurement and related gas hedging activities. JEA's earnings from TEA were $2,848 in fiscal year 2020 and $2,412 in 2019 for all power marketing activities. JEA's distributions from TEA were $1,228 in fiscal year 2020 and $2,443 in 2019. The investment in TEA was $8,619 at September 30, 2020 and $6,999 at September 30, 2019 and is included in noncurrent assets on the accompanying statement of net position.

The following is a summary of the unaudited financial information of TEA for the nine months ended September 30, 2020 and 2019. TEA issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2020	**2019**
Condensed statement of net position:		
Current assets	**$ 155,621**	$ 167,808
Noncurrent assets	**22,752**	23,666
Total assets	**$ 178,373**	$ 191,474
Current liabilities	**$ 127,800**	$ 151,620
Noncurrent liabilities	**275**	50
Members' capital	**50,298**	39,804
Total liabilities and members' capital	**$ 178,373**	$ 191,474
Condensed statement of operations:		
Operating revenues	**$ 901,423**	$ 1,279,819
Operating expenses	**852,836**	1,217,046
Operating income	**$ 48,587**	$ 62,773
Net income	**$ 48,619**	$ 61,568

As of September 30, 2020, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to $28,929 and TEA's natural gas procurement and trading activities up to $33,800, in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. JEA has approved up to $60,000 (plus attorney fees) for TEA's natural gas procurement and trading activities.

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7. Investment in The Energy Authority (continued)

Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. Such termination would be because of JEA's withdrawal from membership in TEA, or such termination could cause JEA's membership in TEA to be terminated.

Under a separate agreement, TEA contracted with Southern Power Company ("Southern"), on JEA's behalf, for the purchase and sale of capacity and energy from Southern's Wansley plant located in Heard County, GA, covering the term from January 1, 2018 to December 31, 2019. In turn, JEA guaranteed the payment obligations in the agreement up to $9,000 as well as all reasonable fees and expenses of Southern's counsel in any way relating to the enforcement of Southern's rights under the agreement.

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8. Long-Term Debt

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System, and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the net revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each system in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds is payable semiannually on April 1 and October 1, and principal is payable on October 1.

The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

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8. Long-Term Debt (continued)

Below is the schedule of outstanding indebtedness for the fiscal years 2020 and 2019.

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2020	2019
Electric System Senior Revenue Bonds:				
Series Three 2004A	5.000%	2039	**$ 5**	$ 5
Series Three 2005B	4.750%	2033	**100**	100
Series Three 2008A[2]	Variable	2027-2036	**51,680**	51,680
Series Three 2008B-1[3]	Variable	2020-2040	**59,195**	59,620
Series Three 2008B-2[2]	Variable	2025-2040	**41,900**	41,900
Series Three 2008B-3[2]	Variable	2024-2036	**37,000**	37,000
Series Three 2008B-4[3]	Variable	2020-2036	**48,585**	49,010
Series Three 2008C-1[2]	Variable	2024-2034	**44,145**	44,145
Series Three 2008C-2[2]	Variable	2024-2034	**43,900**	43,900
Series Three 2008C-3[2]	Variable	2030-2038	**25,000**	25,000
Series Three 2008D-1[3]	Variable	2020-2036	**103,530**	106,275
Series Three 2009D[4]	6.056%	2033-2044	**45,955**	45,955
Series Three 2010A	N/A	N/A	**–**	5,070
Series Three 2010C	N/A	N/A	**–**	1,290
Series Three 2010D	5.000%	2020	**1,145**	1,205
Series Three 2010E[4]	5.350-5.482%	2028-2040	**34,255**	34,255
Series Three 2012A	4.000-4.500%	2027-2033	**16,210**	16,210
Series Three 2012B	5.000%	2033-2039	**2,050**	85,615
Series Three 2013A	5.000%	2020-2022	**39,880**	49,050
Series Three 2013B	N/A	N/A	**–**	7,500
Series Three 2013C	4.600-5.000%	2020-2030	**8,855**	10,555
Series Three 2014A	N/A	N/A	**–**	9,350
Series Three 2015A	5.000%	2020-2021	**4,825**	59,005
Series Three 2015B	5.000%	2030-2031	**4,535**	17,225
Series Three 2017A	N/A	N/A	**–**	18,670
Series Three 2017B	3.375 - 5.000%	2026-2039	**198,095**	198,095
Series Three 2020A	3.000 - 5.000%	2026-2041	**129,255**	–
Total Electric System Senior Revenue Bonds			**940,100**	1,017,685

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8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2020	2019
Electric System Subordinated Revenue Bonds:				
2000 Series A[2]	Variable	2021-2035	**$ 30,965**	$ 30,965
2000 Series F-1[2]	Variable	2026-2030	**37,200**	37,200
2000 Series F-2[2]	Variable	2026-2030	**24,800**	24,800
2008 Series D[2]	Variable	2024-2038	**39,455**	39,455
2009 Series F[4]	5.000-6.406%	2020-2034	**60,605**	62,155
2009 Series G	N/A	N/A	**–**	14,665
2010 Series B	5.000%	2020	**2,155**	3,115
2010 Series D[4]	4.250-5.582%	2020-2027	**39,345**	42,050
2012 Series A	3.375-5.000%	2020-2033	**52,480**	55,515
2012 Series B	5.000%	2029-2034	**1,060**	50,030
2013 Series A	5.000%	2020-2029	**12,660**	37,330
2013 Series B	5.000%	2020-2022	**13,225**	17,165
2013 Series C	5.000%	2021-2037	**36,975**	74,750
2013 Series D	5.000-5.250%	2020-2027	**18,275**	50,115
2014 Series A	5.000%	2020-2039	**63,865**	94,265
2017 Series A	N/A	N/A	**–**	1,290
2017 Series B	3.375-5.000%	2020-2034	**143,175**	171,700
2020 Series A	4.000-5.000%	2028-2038	**92,415**	–
Total Electric System Subordinated Revenue Bonds			**668,655**	806,565
Bulk Power Supply System Revenue Bonds:				
Series 2010A[4]	4.900-5.920%	2020-2030	**$ 32,215**	$ 34,355
Series 2014A	2.000-4.125%	2020-2038	**56,645**	60,655
Total Bulk Power System Revenue Bonds			**88,860**	95,010
SJRPP System Revenue Bonds:				
Issue Three, Series One	4.500%	2037	**100**	100
Issue Three, Series Two	5.000%	2034-2037	**29,370**	29,370
Issue Three, Series Four[4]	4.700-5.450%	2020-2028	**18,915**	20,690
Issue Three, Series Six	2.375-5.000%	2020-2037	**85,650**	91,330
Issue Three, Series Seven	2.000-3.625%	2020-2033	**75,380**	79,500
Issue Three, Series Eight	2.000-4.000%	2020-2039	**55,690**	57,895
Total SJRPP System Revenue Bonds			**265,105**	278,885

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8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2020	2019
Water and Sewer System Senior Revenue Bonds:				
2006 Series B[5]	Variable	2020-2022	**$ 19,110**	$ 24,850
2008 Series A-2[2]	Variable	2028-2042	**51,820**	51,820
2008 Series B[2]	Variable	2023-2041	**85,290**	85,290
2009 Series B	N/A	N/A	**–**	8,915
2010 Series A[4]	6.210-6.310%	2026-2044	**83,115**	83,115
2010 Series B	5.300-5.700%	2020-2025	**10,380**	12,110
2010 Series D	N/A	N/A	**–**	24,125
2010 Series E	N/A	N/A	**–**	8,570
2010 Series F[4]	4.000-5.887%	2020-2040	**39,700**	42,095
2012 Series A	3.000-5.000%	2023-2041	**152,105**	153,175
2012 Series B	3.000-5.000%	2024-2034	**13,170**	73,270
2013 Series A	4.500-5.000%	2023-2027	**4,995**	17,575
2014 Series A	2.000-5.000%	2020-2040	**154,000**	212,960
2017 Series A	3.125-5.000%	2023-2041	**346,770**	360,775
2020 Series A	3.000-5.000%	2023-2040	**104,000**	–
Total Water and Sewer System Senior Revenue Bonds			**1,064,455**	1,158,645
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2008 Series A-1[2]	Variable	2020-2038	**46,650**	48,850
Subordinated 2008 Series A-2[2]	Variable	2030-2038	**25,600**	25,600
Subordinated 2008 Series B-1[2]	Variable	2030-2036	**30,885**	30,885
Subordinated 2010 Series A	N/A	N/A	**–**	2,790
Subordinated 2010 Series B	N/A	N/A	**–**	2,060
Subordinated 2012 Series B	3.250-5.000%	2030-2034	**4,480**	29,685
Subordinated 2013 Series A	0.05	2028-2029	**2,760**	25,210
Subordinated 2017 Series A	2.750-5.000%	2023-2034	**55,015**	58,940
Subordinated 2020 Series A	4.000-5.000%	2024-2040	**26,590**	–
Total Water and Sewer System Subordinated Revenue Bonds			**191,980**	224,020

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8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2020	2019
Water and Sewer System Other Subordinated Debt:				
Revolving Credit Agreement[6]	Variable	2021	**$ 5,000**	$ 5,000
Total Water and Sewer System Other Subordinated Debt			**5,000**	5,000
District Energy System:				
2013 Series A	2.415-4.538%	2020-2034	**33,135**	34,825
Total District Energy System			**33,135**	34,825
Total Debt Principal Outstanding			**3,257,290**	3,620,635
Less: Debt Due Within One Year			**(102,700)**	(192,555)
Total Long-Term Debt			**$ 3,154,590**	$ 3,428,080

(1) Interest rates apply only to bonds outstanding at September 30, 2020. Interest on the outstanding variable rate debt is based on either the daily mode, weekly mode, or the flexible mode, which resets in time increments ranging from 1 to 270 days. In addition, JEA has executed fixed-payer weekly mode interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2020 and 2019.

(2) Variable rate demand obligations – interest rates ranged from 0.10% to 0.28% at September 30, 2020.

(3) Variable rate direct purchased bonds indexed to SIFMA – interest rates were 0.62% at September 30, 2020.

(4) Federally Taxable – Issuer Subsidy – Build America Bonds where JEA expects to receive a cash subsidy payment from the United States Department of the Treasury for an amount up to 35% of the related interest.

(5) Variable rate bonds indexed to the Consumer Price Index (CPI bonds) – interest rates ranged from 3.47% to 3.49% at September 30, 2020.

(6) Revolving Credit Agreement – interest rate was 1.30% at September 30, 2020.

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8. Long-Term Debt (continued)

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2020 was as follows:

System	Debt Payable September 30, 2019	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2020	Current Portion of Debt Payable September 30, 2020
Electric:						
Revenue	$ 1,609,345	$ 221,670	$ (320,935)	$ (112,635)	$ 1,397,445	$ 54,285
Direct purchase	214,905	–	–	(3,595)	211,310	6,505
Total electric	1,824,250	221,670	(320,935)	(116,230)	1,608,755	60,790
Bulk Power Supply	95,010	–	–	(6,150)	88,860	6,975
SJRPP	278,885	–	–	(13,780)	265,105	13,340
Water and Sewer	1,382,665	130,590	(202,115)	(54,705)	1,256,435	19,870
DES	34,825	–	–	(1,690)	33,135	1,725
Total	$ 3,615,635	$ 352,260	$ (523,050)	$ (192,555)	$ 3,252,290	$ 102,700

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2019 was as follows:

System	Debt Payable September 30, 2018	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2019	Current Portion of Debt Payable September 30, 2019
Electric:						
Revenue	$ 1,830,990	$ –	$ (100,090)	$ (121,555)	$ 1,609,345	$ 112,635
Direct purchase	218,330	–	–	(3,425)	214,905	3,595
Total electric	2,049,320	–	(100,090)	(124,980)	1,824,250	116,230
Bulk Power Supply	100,720	–	–	(5,710)	95,010	6,150
SJRPP	280,605	–	–	(1,720)	278,885	13,780
Water and Sewer	1,529,340	–	(94,955)	(51,720)	1,382,665	54,705
DES	36,485	–	–	(1,660)	34,825	1,690
Total	$ 3,996,470	$ –	$ (195,045)	$ (185,790)	$ 3,615,635	$ 192,555

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8. Long-Term Debt (continued)

The debt service to maturity on the outstanding debt (excluding the revolving credit agreement) as of September 30, 2020 is summarized below, representing debt service accrued from October 1 through September 30 of the corresponding fiscal year, except for fiscal year 2020, which excludes payments made during the fiscal year.

Fiscal Year Ending	Electric System Revenue		Electric System Direct Purchase		Bulk Power Supply System	
September 30	Principal	Interest[1]	Principal	Interest[1]	Principal	Interest[1]
2020	$ 54,285	$ 21,631	$ 6,505	$ 104	$ 6,975	$ 1,858
2021	50,545	47,252	8,595	1,229	7,080	3,498
2022	35,785	44,883	8,925	1,177	7,270	3,274
2023	8,830	43,237	7,950	1,124	7,485	3,003
2024	19,745	42,999	10,190	1,076	4,760	2,733
2025–2029	362,765	193,082	69,820	4,340	24,005	10,454
2030–2034	454,535	123,393	63,235	2,098	17,010	4,767
2035–2039	372,970	43,632	35,370	547	14,275	1,562
2040–2044	37,985	4,787	720	4	–	–
Total	$ 1,397,445	$ 564,896	$ 211,310	$ 11,699	$ 88,860	$ 31,149

Fiscal Year Ending	SJRPP		Water and Sewer System		District Energy System		Total Debt
September 30	Principal	Interest[1]	Principal	Interest[1]	Principal	Interest	Service
2020	$ 13,340	$ 5,222	$ 19,870	$ 21,790	$ 1,725	$ 648	$ 153,953
2021	14,175	9,894	9,370	46,517	1,770	1,254	201,179
2022	15,285	9,310	9,850	46,395	1,815	1,206	185,175
2023	15,865	8,693	53,490	46,263	1,870	1,152	198,962
2024	16,445	8,061	56,815	43,897	1,930	1,091	209,742
2025–2029	87,035	30,754	289,090	180,823	10,770	4,340	1,267,278
2030–2034	62,475	15,877	302,970	118,798	13,255	1,850	1,180,263
2035–2039	40,485	4,495	363,790	60,577	–	–	937,703
2040–2044	–	–	151,190	10,301	–	–	204,987
Total	$ 265,105	$ 92,306	$ 1,256,435	$ 575,361	$ 33,135	$ 11,541	$ 4,539,242

[1] The interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2020 and reflects gross interest, prior to any 35% cash subsidy payments, on the Federally Taxable – Issuer Subsidy – Build America Bonds.

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	Bulk Power Supply System	SJRPP	Water and Sewer System	District Energy System
Earliest fiscal year for redemption	2021	2021	2021	2021	2023
Redemption price	100%	100%	100%	100%	100%

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8. Long-Term Debt (continued)

JEA debt issued during fiscal year 2020 is summarized as follows:

System	Debt Issued	Purpose	Priority of Lien	Month of Issue	Par Amount Issued	Par Amount Refunded	Accounting Gain/(Loss)
Electric	Series Three 2020A	Refunding[1]	Senior	Jul 2020	$ 129,255	$ 159,705	$ (2,378)
Electric	2020 Series A	Refunding[2]	Subordinated	Jul 2020	92,415	113,160	(315)
Water and Sewer	2020 Series A	Refunding[3]	Senior	Jul 2020	104,000	125,055	(1,108)
Water and Sewer	2020 Series A	Refunding[4]	Subordinated	Jul 2020	26,590	31,635	(417)
					$ 352,260	$ 429,555	$ (4,218)

(1) Fixed rate bonds issued to refund fixed rate bonds with new debt service of $216,057 compared to prior debt service of $251,962 and $25,527 of net present value economic savings.

(2) Fixed rate bonds issued to refund fixed rate bonds with new debt service of $146,777 compared to prior debt service of $172,616 and $20,780 of net present value economic savings.

(3) Fixed rate bonds issued to refund fixed rate bonds with new debt service of $167,050 compared to prior debt service of $199,140 and $25,225 of net present value economic savings.

(4) Fixed rate bonds issued to refund fixed rate bonds with new debt service of $43,368 compared to prior debt service of $50,638 and $6,219 of net present value economic savings.

The JEA Board has authorized the issuance of additional refunding bonds within certain parameters for the Electric System, Bulk Power Supply System, SJRPP, and Water and Sewer System. The following table summarizes the maximum amounts that could be issued:

	Authorization		
System	Senior	Subordinated	Expiration
Electric	$ 499,745	$ 170,585	December 31, 2020
Bulk Power Supply System	60,000	N/A	December 31, 2020
SJRPP Issue Three	250,000	N/A	December 31, 2020
Water and Sewer	209,000	124,410	December 31, 2020

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8. Long-Term Debt (continued)

Variable Rate Demand Obligations (VRDOs) – Liquidity Support

For the Electric System and the Water and Sewer System VRDOs appearing in the schedule of outstanding indebtedness, and except for the obligations noted in the following paragraphs, liquidity support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. At September 30, 2020, there were no outstanding draws under the SBPA. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDOs and the purchase of the obligations by the bank, then beginning on April 1 or October 1, whichever date is at least six months subsequent to the purchase of the obligations, JEA shall begin to make equal semiannual installments over an approximate five-year period. Commitment fees range 0.42% to 0.675% with stated termination dates ranging from March 19, 2021 to September 18, 2023, unless otherwise extended.

JEA entered into irrevocable direct-pay letter of credit and reimbursement agreement to support the payment of principal and interest on the Water and Sewer System 2008 Series A-2 VRDOs. The letter of credit agreement constitutes both a credit facility and a liquidity facility. As of September 30, 2020, there were no draws outstanding under the letter of credit agreement. Repayment of any draws outstanding at the expiration date are payable in equal semiannual installments over an approximate five-year period. The commitment fee is 0.42% with a stated expiration date of December 1, 2023, unless otherwise extended.

JEA has entered into continuing covenant agreements for the Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, Series Three 2008B-4, and Series Three 2008D-1 (collectively, the Direct Purchase Bonds). Except as described below, the bank does not have the option to tender the respective Direct Purchase Bonds for purchase for a period specified in the respective continuing covenant agreements, which period would be subject to renewal under certain conditions. Any Direct Purchase Bonds that were not purchased on the scheduled 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 the scheduled mandatory tender date. The continuing covenant agreements specify certain events of default that require immediate repayment of outstanding amounts and other events of default that require repayment of outstanding amounts if the event of default continues from 7 days to 180 days. During the years ended September 30, 2020 and 2019, JEA did not default on any terms of the continuing covenant agreements. The current expiration date of the continuing covenant agreements is December 10, 2021, unless otherwise extended. The interest rate is variable and set weekly based upon SIFMA plus 50 basis points.

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8. Long-Term Debt (continued)

Revolving Credit Agreement

JEA has a revolving credit agreement with a commercial bank for an unsecured amount of $500,000. The revolving credit agreement may be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System, or the DES for operating or capital expenditures. The revolving credit agreement specifies events of default that require immediate repayment of outstanding amounts. During the years ended September 30, 2020 and 2019, JEA did not default on any terms of the revolving credit agreement. During fiscal year 2019, the revolving credit agreement was drawn upon by the Water and Sewer System for $2,000, increasing the outstanding balance to $5,000, which remains outstanding as of September 30, 2020, with $495,000 available to be drawn. The revolving credit agreement is scheduled to expire on May 24, 2021.

Debt Management Strategy

JEA has entered into various interest rate swap agreements, executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rate swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refers to swaps in which JEA receives a floating rate and pays a fixed rate.

The fair value of the interest rate swap agreements and related hedging instruments is reported in the long-term debt section in the accompanying statements of net position; however, the notional amounts of the interest rate swaps are not reflected in the accompanying financial statements. JEA follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; therefore, hedge accounting is applied where fair market value changes are recorded in the accompanying statements of net position as either deferred outflow or deferred inflow resources.

The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the accompanying statements of revenues, expenses, and changes in net position.

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8. Long-Term Debt (continued)

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2020, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	$ 174,000	$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	84,775	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	19,110	4.0-4.1%	Oct 2006	Oct 2020-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	$ 510,385				

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2019, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	$ 174,000	$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	85,200	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	24,850	4.0-4.1%	Oct 2006	Oct 2019-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	$ 516,550				

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8. Long-Term Debt (continued)

The following table includes fiscal year 2020 and 2019 summary information for JEA's effective cash flow hedges related to the outstanding floating to fixed interest rate swap agreements.

	Changes in Fair Value		Fair Value at September 30, 2020		
System	Classification	Amount	Classification	Amount[1]	Notional
Electric	Deferred outflows	$ 20,985	Fair value of debt management strategy instruments	$ (139,607)	$ 405,985
Water and Sewer	Deferred outflows	6,415	Fair value of debt management strategy instruments	(37,681)	104,400
Total		$ 27,400		$ (177,288)	$ 510,385

	Changes in Fair Value		Fair Value at September 30, 2019		
System	Classification	Amount	Classification	Amount[1]	Notional
Electric	Deferred outflows	$ 48,518	Fair value of debt management strategy instruments	$ (118,621)	$ 406,410
Water and Sewer	Deferred outflows	15,013	Fair value of debt management strategy instruments	(31,266)	110,140
Total		$ 63,531		$ (149,887)	$ 516,550

(1) Fair value amounts were calculated using market rates and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2020 and 2019, the weighted-average rates of interest for each index type of floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2020	2019
68% of LIBOR Index:		
Notional amount outstanding	$ 208,750	$ 209,175
Variable rate received (weighted average)	0.71%	1.62%
Fixed rate paid (weighted average)	3.69%	3.69%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	$ 282,525	$ 282,525
Variable rate received (weighted average)	0.83%	1.56%
Fixed rate paid (weighted average)	4.02%	4.02%
CPI Index:		
Notional amount outstanding	$ 19,100	$ 24,850
Variable rate received (weighted average)	3.14%	3.23%
Fixed rate paid (weighted average)	4.05%	4.04%
Net debt management swap loss	$ (15,348)	$ (11,445)

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8. Long-Term Debt (continued)

The following two tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related floating to fixed interest rate swap agreements at September 30, 2020:

Electric System[1]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2020	$ 3,200	$ 104	$ 1,278	$ 4,582
2021	3,275	1,209	15,217	19,701
2022	3,375	1,199	15,101	19,675
2023	5,400	1,189	14,981	21,570
2024	13,840	1,172	14,781	29,793
2025–2029	143,610	4,943	62,412	210,965
2030–2034	138,700	2,491	31,443	172,634
2035–2039	94,585	741	9,753	105,079
Total	$ 405,985	$ 13,048	$ 164,966	$ 583,999

Water and Sewer System[1]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2020	$ 9,195	$ 340	$ 325	$ 9,860
2021	4,860	429	3,295	8,584
2022	5,055	261	3,266	8,582
2023	4,035	85	3,237	7,357
2024	4,420	81	3,084	7,585
2025–2029	9,140	353	13,368	22,861
2030–2034	9,660	323	12,241	22,224
2035–2039	36,315	233	8,821	45,369
2040-2044	21,720	33	1,245	22,998
Total	$ 104,400	$ 2,138	$ 48,882	$ 155,420

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swaps was determined by using the interest rates that were in effect at the financial statement date of September 30, 2020. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2020.

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8. Long-Term Debt (continued)

Credit Risk – JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with which JEA may enter into interest rate swap transactions. The counterparties with which 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, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" and a payment is 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. All outstanding interest rate swaps at September 30, 2020, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2020.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2020, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Morgan Stanley Capital Service Inc.	BBB+/A3/A	$ 164,665
Goldman Sachs Mitsui Marine Derivative Products L.P.	AA-/Aa2/not rated	136,480
JPMorgan Chase Bank, N.A.	A+/Aa2/AA	123,950
Merrill Lynch Derivative Products AG	A-/A2/A+	85,290
Total		$ 510,385

Interest Rate Risk – JEA is exposed to interest rate risk where changes in interest rates could affect the related net cash flows and fair values of outstanding interest rate swaps. On a pay-fixed, receive-variable interest rate swap, as the floating swap index decreases, JEA's net payment on the swap increases, and as the fixed rate swap market declines as compared to the fixed rate on the swap, the fair value declines.

Basis Risk – JEA is exposed to basis risk on certain pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received on certain hedging derivative instruments are based on a rate or index other than interest rates that JEA pays on its hedged variable-rate debt, which is reset every one or seven days. As of September 30, 2020, the weighted-average interest rate on JEA's hedged variable-rate debt (excluding variable rate CPI bonds) is 0.28%, the SIFMA swap index rate is 0.12%, and 68% of LIBOR is 0.11%.

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8. Long-Term Debt (continued)

Termination Risk – JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument were in a liability position, JEA would be liable to the counterparty for a payment equal to the liability.

Market Access Risk – JEA is exposed to market access risk due to potential market disruptions in the municipal credit markets that could inhibit the issuing or remarketing of bonds and related hedging instruments. JEA maintains strong credit ratings (see Debt Administration section of the Management Discussion and Analysis) and, to date, has not encountered any barriers to the credit markets.

9. Related Party Transactions

City of Jacksonville

Utility and Administrative Services

JEA is a separately governed authority and considered a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

	2020	2019
Revenues	**$ 26,420**	$ 27,494
Expenses	**$ 6,154**	$ 5,393

City Contribution

On March 22, 2016, the City and JEA entered into a five-year agreement, which established the contribution formula for the fiscal years 2017 through 2021. On February 28, 2019, the agreement was amended to extend its expiration date to September 30, 2023 and to make an additional contribution to the City of $15,155.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA, at its sole discretion, may utilize any of its available revenues, regardless of source, to satisfy its total annual obligation to the City.

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9. Related Party Transactions (continued)

The contributions from the JEA Electric Enterprise Fund and JEA Water and Sewer Fund were as follows:

	2020	2019
Electric	**$ 93,871**	$ 92,952
Water and Sewer	**$ 24,953**	$ 39,850

The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount equal to 7.468 mills per kilowatt hour delivered by JEA to retail users in JEA's service area and to wholesale customers under firm contracts having an original term of more than one year. The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount equal to 389.2 mills per thousand gallons of potable water and sewer service provided, excluding reclaimed water service. These calculations are subject to a minimum increase of 1% per year through 2021, using 2016 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is no maximum annual assessment.

Franchise Fees

In 2008, the City enacted a 3.0% franchise fee from designated revenues of the Electric and Water and Sewer systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. These amounts are included in operating revenues and expenses and were as follows:

	2020	2019
Electric	**$ 28,191**	$ 29,110
Water and Sewer	**$ 10,963**	$ 10,802

Insurance Risk Pool

JEA is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, and natural disasters. In addition, JEA is exposed to risks of loss due to injuries and illness of its employees. These risks are managed through the Risk Management Division of the City, which administers the public liability (general liability and automobile liability) and workers' compensation self-insurance program covering the activities of the City general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority. The general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program.

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9. Related Party Transactions (continued)

JEA has excess coverage for individual workers' compensation claims above $1,200. Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis, depending on the claims experience of JEA and other participants in the City's self-insurance program. The liabilities are based on the estimated ultimate cost of settling the claim including the effects of inflation and other societal and economic factors. The JEA workers' compensation expense is the premium charged by the City's self-insurance plan. JEA is also a participant in the City's general liability insurance program. As part of JEA's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs. These amounts are included in operating expenses and were as follows:

	2020	2019
General liability	**$ 2,066**	$ 2,042
Workers' compensation	**$ 1,729**	$ 1,212

The following table shows the estimated workers' compensation and general liability loss accruals for the City and JEA's portion for the fiscal years ended September 30, 2020 and 2019. The amounts are recorded by the City at present value using a 4% discount rate for the fiscal years ended September 30, 2020 and September 30, 2019.

	Workers' Compensation		General Liability	
	City of Jacksonville	JEA Portion	City of Jacksonville	JEA Portion
Beginning balance	$ 102,758	$ 2,864	$ 16,545	$ 2,661
Change in provision	28,880	542	7,650	(229)
Payments	(22,407)	(699)	(6,434)	(936)
Ending balance	$ 109,231	$ 2,707	$ 17,761	$ 1,496

Vulcan Construction Materials LP

JEA purchases limestone from Vulcan Construction Materials LP (Vulcan) for use in generation of electricity at its Northside power plant. The largest private shareholder of Vulcan is the Baker family, of which John D. Baker II, JEA Board Chairman, is a member. JEA executed its current contract with Vulcan prior to Mr. Baker's appointment to the Board. The contract will expire on December 31, 2021. In fiscal year 2020 and 2019, JEA purchased limestone from Vulcan of $7,636 and $6,289, respectively.

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10. Fuel Purchase and Purchased Power Commitments

JEA has made long-term commitments to purchase approximately 734,000 tons of coal for Scherer Unit 4 between October 2020 and December 2023. Additionally, in September 2020, JEA has committed to purchase approximately 105,000 tons each of coal and pet coke for Northside. Contract terms specify minimum annual purchase commitments at fixed prices or at prices that are subject to market adjustments. JEA has remarketing rights under the coal contracts. The majority of JEA's coal and petroleum coke supply is purchased with transportation included.

In addition, JEA participates in Georgia Power agreements with rail carriers for the delivery of coal to Scherer Unit 4. Georgia Power Company, acting for itself and as agent for JEA and the other Scherer co-owners, has entered into an agreement with Burlington Northern Santa Fe Railway Company (BNSF) that extends the rail contract through calendar year 2028. Georgia Power has also entered into an agreement with the Norfolk Southern Railway Company (NS) that extends through December 31, 2020.

JEA has commitments to purchase natural gas delivered to Jacksonville under a long-term contract with Shell Energy North America L.P. (Shell Energy) that expire in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. Contract terms for the natural gas supply specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by Shell Energy, JEA has long-term contracts with Peoples Gas system, Florida Gas Transmission, Southern Natural Gas and SeaCoast Gas Transmission for firm gas transportation to allow the delivery of natural gas through those pipeline systems. There is no purchase commitment of natural gas associated with those transportation contracts.

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate appears in the table below:

Fiscal Year Ending	Coal and Pet Coke		Natural Gas		
	Fuel	Transportation	Transportation	Transmission	Total
2021	$ 2,177	$ 2,094	$ 7,024	$ 6,495	$ 17,790
2022	358	–	6,606	6,563	13,527
2023	–	–	6,606	6,944	13,550
2024	–	–	6,624	7,293	13,917
2025	–	–	6,606	7,921	14,527
2026-2045	–	–	37,447	174,887	212,334
Total	$ 2,535	$ 2,094	$ 70,913	$ 210,103	$ 285,645

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10. Fuel Purchase and Purchased Power Commitments (continued)

Vogtle Units Purchased Power Agreement

Overview

As a result of an earlier 2008 Board policy establishing a 10% 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 megawatts (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), Oglethorpe Power Corporation, 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% 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, 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.

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% 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 $6,343,600, 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 $6,820,200. The total in-service cost for Plant Vogtle Units 3 and 4 allocable to Project J and the portion of additional in-service costs relating to reserve funds and other fund deposits is $2,892,995.

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10. Fuel Purchase and Purchased Power Commitments (continued)

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 $1,248,435 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 $1,224,265 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% 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 5.7% became effective on October 1, 2020. MEAG issued $185,180 of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued $570,925 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% 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 $687,279, 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 $414,700. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of $414,700. The Project J Entity's portion of the $414,700 in additional loan guarantees is $111,541 and this amount was fully drawn on October 2, 2020. 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.

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10. Fuel Purchase and Purchased Power Commitments (continued)

Summary of financing associated with Project J:

Long-term bonds	
2010A Build America bonds	1,224,265
2010B tax-exempt bonds	24,170
2015A tax-exempt bonds	185,180
2019A tax-exempt bonds	570,925
Remaining financing requirement	59,490
Total long-term bonds	2,064,030
DOE advances[1]	
2015 DOE advances	345,990
2019 DOE advances	229,748
2020 DOE advances	111,541
Total DOE advances	687,279
Estimated interest earnings and bond premiums	141,686
Total capital requirements[2]	$ 2,892,995

(1) Includes advances and related capitalized interest accretion.

(2) Represents estimated total construction costs and required reserve deposits, net of payments received.

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10. Fuel Purchase and Purchased Power Commitments (continued)

Based on information provided by MEAG, JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2020, including the October 2, 2020 DOE advances, is summarized as follows:

Fiscal Year Ending September 30	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	Capitalized Interest	Net Debt Service
2021	26,297	127,636	153,933	(27,100)	(100,536)	26,297
2022	27,330	126,809	154,139	(26,790)	(51,168)	76,181
2023	30,202	126,259	156,461	(26,466)	(6,919)	123,076
2024	31,574	124,907	156,481	(26,129)	–	130,352
2025	32,762	123,364	156,126	(25,776)	–	130,350
2026	33,975	121,796	155,771	(25,409)	–	130,362
2027	35,207	120,230	155,437	(25,026)	–	130,411
2028	36,568	118,429	154,997	(24,626)	–	130,371
2029	37,936	116,689	154,625	(24,209)	–	130,416
2030	39,362	114,843	154,205	(23,774)	–	130,431
2031	40,847	112,919	153,766	(23,320)	–	130,446
2032	42,345	111,003	153,348	(22,847)	–	130,501
2033	44,014	108,802	152,816	(22,353)	–	130,463
2034	45,709	106,629	152,338	(21,838)	–	130,500
2035	47,445	104,389	151,834	(21,301)	–	130,533
2036	41,971	102,053	144,024	(20,740)	–	123,284
2037	30,478	99,568	130,046	(20,155)	–	109,891
2038	25,725	97,050	122,775	(19,545)	–	103,230
2039	23,565	94,311	117,876	(18,909)	–	98,967
2040	13,677	91,517	105,194	(18,246)	–	86,948
2041	9,912	88,578	98,490	(17,553)	–	80,937
2042	5,515	44,719	50,234	(9,217)	–	41,017
2043	770	5,950	6,720	(1,249)	–	5,471
Total	$ 703,186	$ 2,388,450	$ 3,091,636	$ (492,578)	$ (158,623)	$ 2,440,435

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10. Fuel Purchase and Purchased Power Commitments (continued)

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% 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 $1,400,000 to the current estimate of $2,892,995. 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 Vogtle 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.

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10. Fuel Purchase and Purchased Power Commitments (continued)

Litigation and Regulatory Proceedings

Litigation – 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 Fourth Judicial Circuit Court of 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 4, 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. On December 27, 2019, MEAG filed a motion for summary judgment on the pleadings as to certain legal issues. On June 17, 2020, the district court granted MEAG's motion for summary judgment on the pleadings, specifically declaring that the Additional Vogtle Units PPA is valid and enforceable and that the Additional Vogtle Units PPA unconditionally requires JEA to pay MEAG for capacity and energy at the full cost of production of Project J, including debt service on the bonds and DOE-guaranteed loans.

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10. Fuel Purchase and Purchased Power Commitments (continued)

Settlement of Litigation – On July 30, 2020, JEA and MEAG filed a voluntary notice and announced a settlement of all disputed issues relating to the Additional Vogtle Units PPA.

On August 12, 2020, JEA, the City and MEAG dismissed the litigation among the parties in both the United States District Court for the Northern District of Georgia and the United States Court of Appeals for the Eleventh Circuit. As part of the settlement, the parties agreed to accept without challenge or appeal the June 17, 2020 order of the district court determining that the Additional Vogtle Units PPA is valid and enforceable.

Also, in connection with the settlement of such litigation, MEAG and JEA executed an amendment to the Additional Vogtle Units PPA pursuant to which MEAG and JEA agreed to an increase in the "Additional Compensation Obligation" payable by JEA to MEAG of $0.75 per MWh of energy delivered to JEA thereunder.

As part of the settlement, MEAG and JEA also entered into an agreement that, subject to the rights granted to other Project J participants in their Project J power sales contracts, grants to JEA a right of first refusal to purchase all or any portion of the entitlement share of a Project J participant to the output and services of Project J in the event that any Project J participant requests MEAG to effectuate a sale of such entitlement share pursuant to such participant's Project J power sales contract. This right of first refusal is applicable during the period commencing ten (10) years following the commercial operation date of the first of Vogtle Unit 3 or Vogtle Unit 4 to achieve commercial operation and continuing until the expiration of twenty (20) years following such commercial operation date. In order to exercise its right of first refusal as described above, JEA will be required to pay the price offered by a third-party purchaser or the fully embedded costs as provided for in the Project J power sales contract, whichever is greater.

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.

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 5% and not more than 20% of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 and 2 to be constructed at a site in Cherokee County, South Carolina (the Lee Project). The Lee Project 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 $7,500, with $3,750 paid in both fiscal year 2011 and 2012, respectively. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30% of JEA's energy requirements from nuclear sources by 2030.

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10. Fuel Purchase and Purchased Power Commitments (continued)

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 exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the COL for the Lee Project and (ii) executes an engineering, procurement, and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. 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.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

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 optional portion of the projected Lee Project capacity.

Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

Solar Projects

In 2009, JEA entered into a 30-year purchased power agreement with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is owned by PSEG Solar Source, LLC and generated approximately 17,818 MWh of electricity in 2020 and 18,018 MWh of electricity in 2019. JEA pays only for the energy produced. Purchases of energy were $3,676 for fiscal year 2020 and $3,619 in 2019.

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014, the Board established a solar policy to add up to 38 MWac of solar photovoltaic capacity. To support this policy, JEA issued Requests for Proposals for Power Purchase Agreements (PPAs) in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. The solar PPAs are distributed around JEA's service territory.

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10. Fuel Purchase and Purchased Power Commitments (continued)

As of the end of calendar year 2019, all seven projects had been completed: NW Jacksonville Solar, Old Plank Road Solar, Starratt Solar, Simmons Solar, Blair Road Solar, Old Kings Solar, and Sunport Solar. JEA entered into 20-25 year purchased power agreements for the energy and the associate environmental attributes from each solar farm. The solar facilities generated approximately 50,966 MWh in 2020 and 41,932 MWh in 2019. JEA pays only for the energy produced. Purchases of energy were $3,864 for fiscal year 2020 and $3,133 in 2019.

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. EDF-DS was selected as the vendor for the sites and contract were executed in January 2019. Preliminary site work is underway. It is expected the facilities will be phased into service with all sites completed by 2022.

Trail Ridge Landfill

JEA purchases energy from two landfill gas-to-energy facilities through PPA agreements with Landfill Energy Systems (LES). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, FL and 6.4 MW from Sarasota Landfill in Sarasota, FL. LES can supply the remaining 3.2 MW from Sarasota, if it is expanded and becomes available, or JEA can exercise its option to receive the remaining 3.2 MW from New River Landfill in Raiford, FL. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota to Jacksonville, which came online in January 2015. Purchases of landfill energy were 89,646 MWh for $6,503 in fiscal year 2020 and 87,864 MWh for $5,813 in 2019.

11. Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA entered into financial swaps that locked in the monthly commodity price of natural gas for February 2019 through December 2023, covering approximately 40% in calendar years 2019 through 2023 of its expected annual natural gas requirements.

JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Statement No. 53 and the fair market value changes are recorded on the accompanying statements of net position as either deferred charges or deferred credits until such time that the transactions end. At September 30, 2020, deferred charges of $1,998 were included in accumulated decrease in fair value of hedging derivatives and deferred credits of $11,944 were included in accumulated increase in fair value of hedging derivatives on the statement of net position. At September 30, 2019, deferred charges of $11,598 were included in accumulated decrease in fair value of hedging derivatives on the statement of net position. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position. There were realized losses in fuel expense of $15,524 in fiscal year 2020 and realized gains offsetting fuel expense of $789 in 2019.

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12. Pension Plans

Substantially all JEA employees participate in and contribute to the GERP, as amended. The GERP is a cost-sharing, multiple-employer contributory defined benefit pension plan (DB) with a defined contribution alternative (DC). The defined benefit pension plan portion of the GERP is closed to new members, with all new employees entering the defined contribution plan. Employees hired prior to September 30, 2017 can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation. GERP, based on laws outlined in the City's Ordinance Code and applicable Florida statutes, provides for retirement, survivor, death, and disability benefits. Its latest financial statements and required supplementary information are included in the 2019 Comprehensive Annual Financial Report of the City. This report may be obtained at: https://www.coj.net/departments/finance/docs/budget/2019-jacksonville-cafr-sec.aspx or by writing to the City of Jacksonville, Florida, Accounting Division, City Hall at St. James Building, 117 West Duval Street, Suite 375, Jacksonville, Florida 32202-5725.

Plan Benefits Provided – Participation in the GERP is mandatory for all full-time employees of JEA, Jacksonville Housing Authority, North Florida Transportation Planning Authority, and the City, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of GERP. Elected officials are members of the Florida Retirement System Elected Officer Class. Members of the GERP are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of 2.5% of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of 80% of final monthly compensation. A time service retirement benefit is payable bi-weekly, to commence upon the first payday coincident with or next payday following the member's actual retirement, and will continue until death.

Each member and survivor is entitled to a cost of living adjustment (COLA). The COLA consists of a 3% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least 4.5 years (and no more than 5.5 years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars ($5) multiplied by the number of years of credited service. This benefit may not exceed $150 per month.

A member who has suffered an illness, injury, or disease, which renders the member permanently and totally incapacitated, physically or mentally, from regular and continuous duty as an employee is considered disabled under the terms of the GERP. The GERP provides two types of disability benefits: a service related disability benefit and a non-service related disability benefit. The service related disability benefit is 50% of the member's final monthly compensation at the time of the disability. Members are eligible for non-service related disability benefits after five years of service. The benefit is 25% of the member's final monthly compensation at the time of the disability, increasing 2.5% for each year of service in excess of five years to a maximum of 50%.

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12. Pension Plans (continued)

Contributions – Florida law requires plan contributions be made annually in amounts determined by an actuarial valuation in either dollars or as a percentage of payroll. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes. Contributions were made in accordance with contribution requirements determined through an actuarial valuation.

JEA plan members of the DB plan were required to contribute 9.7% of their annual covered salary. JEA's pension contribution for the DB plan was $37,592 (27.20%) in fiscal year 2020 and $33,856 (24.49%) in 2019.

JEA plan members of the DC plan were required to contribute 7.7% of their annual covered salary. JEA's pension contribution for the DC plan was $3,452 (11.72%) in fiscal year 2020 and $2,783 (10.83%) in 2019. Employees vest in the employer contributions to the DC plan at 25% after two years, and 25% per year thereafter until fully vested after five years of service. Any contribution forfeitures were used to offset plan expenses.

All JEA plan members were required to contribute 0.3% of their annual covered salary to the disability program fund. JEA's disability contribution was $503 (0.30%) in fiscal year 2020 and $489 (0.30%) in 2019.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions

Net Pension Liability – JEA's net pension liability at September 30, 2020 and September 30, 2019 was measured based on an actuarial valuation as of September 30, 2019 and September 30, 2018, respectively. JEA's allocated share of the net pension liability is $633,292 (48.84%) as of September 30, 2020, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2019. JEA's allocated share of the net pension liability is $562,371 (50.59%) as of September 30, 2019, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2018.

For the year ended September 30, 2020 and 2019, JEA's recognized pension expense is $86,363 and $80,303, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

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12. Pension Plans (continued)

JEA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30 2020	2019
Deferred outflows of resources		
Changes in assumptions	**$ 41,198**	$ 64,906
Contributions subsequent to the measurement date	**38,095**	34,345
Differences between expected and actual experience	**21,334**	17,176
Net difference between projected and actual earnings on pension investments	**18,928**	–
Changes in proportion	**6,725**	11,588
Total	**$ 126,280**	$ 128,015
Deferred inflows of resources		
Net difference between projected and actual earnings on pension investments	**$ –**	$ (31,964)
Changes in proportion	**(18,541)**	(7,680)
Differences between expected and actual experience	**(1,777)**	(3,244)
Changes in assumptions	**–**	(1,826)
Total	**$ (20,318)**	$ (44,714)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2021	$ 65,239
2022	15,931
2023	12,357
2024	12,435
Total	$ 105,962

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12. Pension Plans (continued)

Actuarial Assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Inflation	2.50% (2020) and 2.75% (2019)
Salary increases assumption	3.00%-7.50%, of which 2.50% is the Plan's long-term payroll inflation
Investment rate of return	6.90% (2020) and 7.00% (2019), net of pension plan investment expense, including inflation
Healthy pre-retirement mortality rates	FRS pre-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with scale MP2018.
Healthy post-retirement mortality rates	FRS healthy post-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 from 2010 with Scale MP2018.
Disabled mortality rates	FRS disabled mortality tables for personnel other than special risk, with not set forward, projected generationally from 2010 with Scale MP2018. The FRS tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, reasonably reflect the healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The FRS disabled mortality tables for personnel other than special risk reasonably reflect the disabled annuitant mortality experience as of the measurement date.

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12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Marco Advisors.

	2020		2019	
Asset Class	**Target Allocation**	**Long-term Expected Nominal Rate of Return**	**Target Allocation**	**Long-term Expected Nominal Rate of Return**
Domestic equity	**30.0%**	**6.40%**	30.0%	6.41%
Fixed income	**20.0%**	**1.15%**	20.0%	1.96%
International equity	**20.0%**	**7.05%**	20.0%	6.96%
Real estate	**15.0%**	**4.50%**	15.0%	4.76%
Alternatives	**7.5%**	**3.32%**	7.5%	3.83%
Private equity	**7.5%**	**10.40%**	7.5%	10.41%
Total	**100%**		100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.90%. The projection of cash flows used to determine the discount rate assumed plan member contributions would be made at their applicable contribution rates and that City contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability. Cash flow projections were run for a 120-year period.

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12. Pension Plans (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Jacksonville GERP, calculated using the discount rate of 6.90% for 2020 and 7.00% for 2019, as well as what the Jacksonville GERP's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate used:

	Net Pension Liability	
	2020	**2019**
1% decrease	**$ 822,615**	$ 756,293
Current discount	**633,292**	562,371
1% increase	**475,183**	400,894

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is included in the 2019 Comprehensive Annual Financial Report of the City.

St. Johns River Power Park Plan Description

Plan Description – The SJRPP Plan is a single employer contributory defined benefit plan that covers former employees of SJRPP. The SJRPP Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan was required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a three-member pension committee (Pension Committee). As part of the Asset Transfer Agreement with FPL related to the shutdown of SJRPP, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited in SJRPP Pension Fund.

The SJRPP Plan periodically issues stand-alone financial statements, with the most recent report issued for the year ended September 30, 2019. This report may be obtained at https://www.jea.com/About/Investor_Relations/Financial_Reports/SJRPP_Pension.

Pursuant to the February 25, 2013 amendment, the SJRPP Plan consists of two tiers: Tier One is the Defined Benefits Tier and Tier Two is the Cash Balance Tier. Tier One participants will remain in the traditional defined benefit plan and Tier Two employees (defined as employees with less than 20 years of experience) will participate 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. Participants hired after February 25, 2013 are only eligible to accrue Tier Two benefits.

Plan Benefits Provided – Members of the SJRPP Plan are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

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12. Pension Plans (continued)

Upon reaching one of the three conditions for retirement described above, a member in Tier One is entitled to a retirement benefit of:

- 2.0% of final average earnings (FAE) multiplied by the number of years of credited service, not to exceed 15 years
- plus 2.4% of FAE multiplied by the number of years of credited service in excess of 15 years, but not to exceed 30 years
- plus .65% of the excess FAE over the Social Security Average Wages multiplied by years of credited service, not to exceed 35 years

FAE is the annual average of a participant's earnings over the highest 36 consecutive complete months out of the last 120 months of participation immediately preceding retirement or termination. Retirement benefits are payable bi-weekly beginning on the first day of the month following or coincident with the participant's Earliest Retirement Age.

As of February 25, 2013, the accrued benefits in Tier One of newly classified Tier Two participants were frozen. Distribution of frozen Tier One Benefits is governed by the provisions applicable to Tier One. Tier Two Benefits employees receive annual pay credits to their Cash Balance accounts in the amount of 6.0% of earnings between February 25, 2013 and September 30, 2015 and 8.5% of earnings on or after October 1, 2015. Cash Balance Accounts are credited with interest at the rate of 4% per year. Benefits may be distributed as a lump sum, by rollover in accordance with the Internal Revenue Service Code or as an annuity, at the election of the participant.

For participants retired on or after October 1, 2003, each member and survivor of Tier One is entitled to a COLA. The COLA consists of a 1% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences each October 1 following the fifth anniversary of payment commencement.

Employees Covered by Benefit Terms – At September 30, 2020 and September 30, 2019, the following employees were covered by the benefit terms:

	2020	2019
Inactive plan members or beneficiaries currently receiving benefits	**382**	379
Inactive plan members entitled to but not yet receiving benefits	**80**	85
Active plan members	**5**	5
Total plan members	**467**	469

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12. Pension Plans (continued)

Contributions – The SJRPP Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. In fiscal years 2020 and 2019, SJRPP plan members were required to contribute 4% of their annual covered salary. In fiscal year 2020, SJRPP employer's contribution to the SJRPP Plan was $13,307 (2,845.69%). SJRPP did not make any employer contributions in fiscal year 2019.

Net Pension Liability – SJRPP's net pension liability at September 30, 2020 and September 30, 2019 was measured based on an actuarial valuation as of September 30, 2019 and September 30, 2018, respectively.

Actuarial Assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary increases	2.5%–12.5% per year, including inflation
Investment rate of return	6.00% per year compounded annually, net of investment expenses
Retirement Age	Experience-based table of rates based on year of eligibility. Rates of termination and retirement for 9/30/2017 measurement date were modified to reflect retirements and separation upon the SJRPP plant closure.
Mortality rates	Mortality tables used by the Florida Retirement System for classes other than Special Risk, described as follows: *Females*: PUB-2010 Headcount Weighted General Below Median Healthy Retiree Female Table, generationally projected from year 2010 using Scale MP-2018. *Males*: PUB-2010 Headcount Weighted General Below Median Healthy Retiree Male Table, set back 1 year, generationally projected from year 2010 using Scale MP-2018.

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12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table.

	2020		2019	
Asset Class	Target Allocation	Long-term Expected Nominal Rate of Return	Target Allocation	Long-term Expected Nominal Rate of Return
Domestic equity	**47%**	**6.02%**	47%	7.35%
Fixed income	**45%**	**1.80%**	45%	2.50%
International equity	**8%**	**5.20%**	8%	6.00%
Total	**100%**		100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that the employer's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of SJRPP, calculated using a discount rate of 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2020	2019
1% decrease	**$ 25,237**	$ 22,759
Current discount rate	**7,794**	4,001
1% increase	**(6,970)**	(11,781)

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12. Pension Plans (continued)

Changes in the net pension liability are detailed below.

	2020	2019
Total pension liability		
Beginning balance	**$ 174,666**	$ 169,321
Service cost	**35**	112
Interest on the total pension liability	**10,086**	11,163
Difference between expected and actual experience	**1,193**	(1,784)
Changes in assumptions	**(2,975)**	15,782
Benefit payments	**(13,198)**	(19,928)
Ending balance	**169,807**	174,666
Plan fiduciary net postion		
Beginning balance	**170,665**	152,798
Employer contributions	**–**	26,409
Employee contributions	**90**	232
Pension plan net investment income	**4,610**	11,499
Benefit payments	**(13,198)**	(19,928)
Administrative expense	**(154)**	(345)
Ending balance	**162,013**	170,665
Net pension liability	**$ 7,794**	$ 4,001

Plan Assets – Cash balances are amounts on deposit with the SJRPP Plan's trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement (Policy). All investments shall comply with the Policy as approved by the Pension Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act and requirements set forth by the Florida Statutes. The trust bank balances are collateralized and subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes.

The Plan follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

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12. Pension Plans (continued)

At September 30, 2020 and September 30, 2019, the SJRPP Plan's cash and cash equivalents consisted of the following:

	2020	2019
Cash on hand	$ 2	$ 7
Cash equivalents:		
Wells Fargo Treasury Plus Money Market Account	2,368	10,785
Total cash and cash equivalents	$ 2,370	$ 10,792

The Policy specifies investment objectives and guidelines for the SJRPP Plan's investment portfolio and provides asset allocation targets for various asset classes.

Investments controlled by the SJRPP Plan that represent 5% or more of the SJRPP Plan's net position were the Alliance Domestic Passive Collective Trust. At September 30, 2020, the investment had a basis of $14,868, a fair market value of $45,997, and represented 28% of the fiduciary net position available for benefits. At September 30, 2019, the investment had a basis of $16,670, a fair market value of $49,516, and represented 29% of the fiduciary net position available for benefits.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the SJRPP Plan's fixed income portfolio manager monitors the duration of the fixed maturity securities portfolio as part of the strategy to manage interest rate risk. The average modified duration of the managed fixed securities portfolio was 4.5 years as of September 30, 2020 and 2019.

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The SJRPP Plan's rated debt instruments as of September 30, 2020 and 2019 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization.

The fixed income managers limit their investments to securities with an investment grade rating (BBB or equivalent) and the overall weighted average composite quality rating of the managed fixed income portfolio was Aa3.

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12. Pension Plans (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the SJRPP Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the SJRPP Plan's investments are held by the SJRPP Plan's directed trustee and custodian in the SJRPP Plan's name, or by an agent in the SJRPP Plan's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Policy specifies an overall target allocation of 55% equities and 45% fixed income, including cash. The Policy further specifies target allocations for the equity investments among several asset classes.

The fair value of the asset classes and portfolio and specific target allocations are as follows:

	September 30, 2020			**September 30, 2019**		
		Percent			**Percent**	
	Fair Value	**Actual**	**Target**	**Fair Value**	**Actual**	**Target**
U.S. Government Securities and Agencies	**$ 35,008**	**22%**	**N/A**	$ 30,002	18%	N/A
Corporate bonds - non-convertible	**29,399**	**18%**	**N/A**	29,498	17%	N/A
Money Market / Cash	**2,370**	**1%**	**N/A**	10,792	6%	N/A
Total fixed income	**66,777**	**41%**	**45%**	70,292	41%	45%
S&P 500 Index Fund	**45,997**	**28%**	**28%**	49,516	29%	28%
S&P 400 Mid-Cap Index Fund	**20,394**	**13%**	**11%**	20,967	13%	11%
Small and Mid-Cap Value Fund	**14,487**	**9%**	**8%**	15,256	9%	8%
International equities	**13,805**	**9%**	**8%**	14,273	8%	8%
Total equities	**94,683**	**59%**	**55%**	100,012	59%	55%
Total	**$ 161,460**			$ 170,304		

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12. Pension Plans (continued)

The Policy allows the percentage allocation to each asset class to vary by plus or minus 5% depending upon market conditions.

The annual money-weighted rate of return on pension plan investments was 2.81% for the year ended September 30, 2020 and 7.37% for the year ended September 30, 2019. This reflects the changing amounts actually invested.

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair market value of the investment or a deposit. The Plan is exposed to foreign currency risk through its investments in an international equity mutual fund. Investments in international equities are limited by the Policy's target asset allocation for that asset class. The target for international equities is 8% of the total portfolio. The international fund comprised 9% of total investments as of September 30, 2020 and 8% as of September 30, 2019.

Fair Value Disclosures

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The SJRPP Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

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12. Pension Plans (continued)

Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. The table below summarizes the SJRPP Plan's investments.

	September 30, 2020			September 30, 2019		
	Level 1	**Level 2**	**Total**	**Level 1**	**Level 2**	**Total**
U.S. Government Securities and Agencies	**$ 21,960**	**$ 13,048**	**$ 35,008**	$ 18,173	$ 11,829	$ 30,002
Corporate bonds - non-convertible	**–**	**29,399**	**29,399**	–	29,498	29,498
Money Market / Cash	**2,370**	**–**	**2,370**	10,792	–	10,792
Total fixed income	**24,330**	**42,447**	**66,777**	28,965	41,327	70,292
S&P 500 Index Fund	**–**	**45,997**	**45,997**	–	49,516	49,516
S&P 400 Mid-Cap Index Fund	**19,885**	**509**	**20,394**	20,103	864	20,967
Small and Mid-Cap Value Fund	**12,586**	**1,901**	**14,487**	13,281	1,975	15,256
International equities	**135**	**13,670**	**13,805**	–	14,273	14,273
Total equities	**32,606**	**62,077**	**94,683**	33,384	66,628	100,012
Total	**$ 56,936**	**$ 104,524**	**$ 161,460**	$ 62,349	$ 107,955	$ 170,304

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SJRPP Pension Plan financial report.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension

Net Pension Liability – SJRPP's net pension liability at September 30, 2020 and September 30, 2019 was measured based on an actuarial valuation as of September 30, 2019 and September 30, 2018, respectively. SJRPP's net pension liability is $7,794 as of September 30, 2020 and $4,001 as of September 30, 2019.

For the year ended September 30, 2020 and 2019, SJRPP recognized pension expense is $858 and $17,020, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

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12. Pension Plans (continued)

SJRPP Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	September 30	
	2020	**2019**
Deferred outflows of resources		
Contributions subsequent to the measurement date	**$ 13,307**	$ –
Net difference between projected and actual earnings on pension plan investments	**4,186**	2,045
Differences between expected and actual experience	**108**	1,192
Changes in assumptions	**–**	302
Total	**$ 17,601**	$ 3,539
Deferred inflows of resources		
Net difference between projected and actual earnings on pension plan investments	**$ (3,986)**	$ (6,166)
Total	**$ (3,986)**	$ (6,166)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2021	$ 12,282
2022	(332)
2023	618
2024	1,047
Total	$ 13,615

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13. Other Postemployment Benefits

Plan Description

Plan administration – JEA maintains a medical benefits plan (OPEB Plan) that it makes available to its retirees. The medical plan is a single-employer, experience rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries.

JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees. The OPEB Plan does not issue separate financial statements.

Plan membership – As of September 30, 2020 and September 30, 2019, the OPEB Plan membership consisted of the following:

	2020	2019
Inactive plan members or beneficiaries currently receiving benefits	**453**	490
Active plan members	**1,898**	1,891
Total plan members	**2,351**	2,381

Benefits provided – The OPEB Plan refers to the benefits applicable to current and future retirees and their beneficiaries. These benefits consist of continued access to medical, dental, and vision benefits as well as life insurance coverage upon retirement through the plan sponsored by JEA. Premiums for the first $5,000 of coverage are being subsidized by JEA and, as such, are considered as other postemployment benefits for purposes of GASB Statement No. 75.

Contributions – Retired members pay the full premium associated with the health coverage elected. There is no direct JEA subsidy currently applicable; however, there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

Florida law prohibits JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups blended-rate premiums.

In 2008, JEA began to advance-fund the OPEB obligation. This was accomplished by establishing a separate trust into which JEA makes periodic deposits and withdrawals to reimburse operations for costs incurred on a pay-as-you-go basis.

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13. Other Postemployment Benefits (continued)

Actuarial assumptions – Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25% for 2020 and 2.5% for 2019
Discount Rate	6.00%
Salary increases	2.5% to 12.5%, including inflation; varies by years of service
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality tables used for Regular Class members in the actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.50% (2020) and 6.75% (2019) and gradually decreasing to an ultimate trend rate of 3.99% (2020) and 4.57% (2019) (including the impact of the excise tax).
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, Administrative expenses related to the operation of the health plan are included in the premium costs.

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13. Other Postemployment Benefits (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table.

	2020		2019	
Asset Class	**Target Allocation**	**Long-term Expected Nominal Rate of Return**	**Target Allocation**	**Long-term Expected Nominal Rate of Return**
Large cap domestic equity	**34%**	**7.4%**	34%	8.1%
Global fixed income	**15%**	**4.8%**	15%	4.5%
International equity	**15%**	**9.5%**	15%	8.5%
Domestic fixed income	**15%**	**4.4%**	15%	4.3%
Small cap domestic equity	**11%**	**8.2%**	11%	8.5%
Real estate	**10%**	**7.7%**	10%	7.3%
Total	**100%**		100%	

Discount Rate – GASB Statement No. 75 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As the assets are projected to be sufficient to meet benefit payments, the assumed valuation discount rate of 6.00% was used.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, calculated using a discount rate of 6.00%, as well as what the net OPEB liability would be if it were calculated using a rate that is 1% lower or 1% higher than the current rate:

	2020	2019
1% decrease	**$ 14,707**	$ 23,663
Current discount rate	**10,091**	18,256
1% increase	**6,200**	13,708

Healthcare Cost Trend Rate – JEA followed the Getzen model with trend rates for costs and premiums declining from 6.50% assumed for the year 2020 to the ultimate level of 3.99% and 6.75% assumed for the year 2019 to the ultimate level of 4.57%.

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13. Other Postemployment Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the net OPEB liability, calculated using a healthcare cost trend rate of 6.50% down to 3.99% for 2020 and 6.75% down to 4.57% for 2019, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the current trend rate:

	2020	2019
1% decrease	**$ 6,007**	$ 13,443
Current healthcare cost trend rate	**10,091**	18,256
1% increase	**14,927**	23,977

Changes in the net OPEB liability are detailed below.

	2020	2019
Total OPEB liability		
Beginning balance	**$ 46,705**	$ 44,547
Service cost	**539**	499
Interest on the total OPEB liability	**2,740**	3,044
Changes in benefit terms	**(6,387)**	–
Difference between expected and actual experience	**–**	(4,057)
Change of assumptions	**362**	5,794
Benefit payments	**(3,165)**	(3,122)
Ending balance	**40,794**	46,705
Plan fiduciary net postion		
Beginning balance	**28,449**	25,712
Employer contributions	**3,903**	4,078
Net investment income	**1,617**	1,989
Reimbursements to employer	**(22)**	(3,308)
OPEB plan administrative expense	**(3,244)**	(22)
Ending balance	**30,703**	28,449
Net OPEB liability	**$ 10,091**	$ 18,256
Plan fiduciary net position as a percentage of the total OPEB liability	**75.26%**	60.91%
Covered payroll	**$157,415**	$156,042
Net OPEB liability as a percentage of covered payroll	**6.41%**	11.70%

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13. Other Postemployment Benefits (continued)

Plan Assets – The assets of the plan consist of shares held in the Florida Municipal Investment Trust (FMIT), which is administered by the Florida League of Cities. The FMIT is an interlocal governmental entity created under the laws of the State of Florida and an Authorized Investment under Sec. 163.01 Florida Statutes. It is considered an external investment pool for reporting purposes. JEA owns shares in the OPEB Fund A as directed in the Master Trust Agreement. OPEB Fund A target asset allocation is 60% equities, 30% fixed income, and 10% real estate.

At September 30, 2020 and September 30, 2019, the OPEB Plan's cash and money market balance within the OPEB Fund A was $184 and $171, respectively.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table below details the interest rate risk in years for investments in the trust.

	September 30, 2020		September 30, 2019	
Fixed Income Fund	Modified Duration	Weighted Average Maturity	Modified Duration	Weighted Average Maturity
FMIT Broad Market High Quality Bond Fund	**5.31**	**6.43**	5.00	6.40
FMIT Core Plus Fixed Income Fund	**1.40**	**5.16**	2.13	7.00

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The FMIT Broad Market High Quality Bond Fund was rated by Fitch as AAf/S4 as of September 30, 2020 and September 30, 2019. The remaining funds of the trust are unrated.

Money-Weighted rates of return

The money-weighted rates of return for the fiscal years ended September 30, 2020 and September 30, 2019 were 5.55% and 7.54%, respectively.

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13. Other Postemployment Benefits (continued)

Fair Value Disclosures

The table below summarizes the OPEB Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. JEA's investment is in shares of the FMIT OPEB Fund A. The disclosure below is based on the asset allocation provided by the FMIT of those investments held by OPEB Fund A.

	September 30, 2020			**September 30, 2019**		
	Level 2	**Level 3**	**Total**	**Level 2**	**Level 3**	**Total**
FMIT Core Plus Fixed Income Fund	**$ –**	**$ 4,421**	**$ 4,421**	$ –	$ 4,780	$ 4,780
FMIT Broad Market High Quality Bond Fund	**4,452**	**–**	**4,452**	4,523	–	4,523
Total fixed income	**4,452**	**4,421**	**8,873**	4,523	4,780	9,303
FMIT Large Cap Diversified Value Portfolio	**10,593**	**–**	**10,593**	8,962	–	8,962
FMIT International Equity Portfolio	**4,452**	**–**	**4,452**	4,125	–	4,125
FMIT Diversified Small to Mid Cap Equity Portfolio	**3,776**	**–**	**3,776**	3,243	–	3,243
FMIT Core Real Estate Portfolio	**–**	**2,825**	**2,825**	–	2,646	2,646
Total equities	**18,821**	**2,825**	**21,646**	16,330	2,646	18,976
Total	**$ 23,273**	**$ 7,246**	**$ 30,519**	$ 20,853	$ 7,426	$ 28,279

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the OPEB

Net OPEB Liability – JEA's net OPEB liability at September 30, 2020 and September 30, 2019 was measured based on an actuarial valuation as of and with the measurement dates of September 30, 2019 and September 30, 2018, respectively. JEA's net OPEB liability is $10,091 as of September 30, 2020 and $18,256 as of September 30, 2019.

For the year ended September 30, 2020 and 2019, JEA recognized OPEB expense is $(110) and $652, respectively. As JEA has implemented regulatory accounting for OPEB, the difference between the recognized OPEB expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

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13. Other Postemployment Benefits (continued)

The JEA Plan recorded deferred outflows of resources and deferred inflows of resources related to OPEB as detailed in the table below.

	September 30	
	2020	**2019**
Deferred outflows of resources		
Change of assumptions	**$ 4,599**	$ 5,197
Contributions subsequent to the measurement date	**4,394**	3,903
Differences between expected and actual experience	**325**	–
Net difference between projected and actual earnings on pension plan investments	**88**	–
Total	**$ 9,406**	$ 9,100
Deferred inflows of resources		
Differences between expected and actual experience	**$ (8,745)**	$ (9,952)
Change of assumptions	**(5,729)**	–
Net difference between projected and actual earnings on pension plan investments	**(820)**	(1,297)
Total	**$ (15,294)**	$ (11,249)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2021	$ 2,708
2022	(1,521)
2023	(1,242)
2024	(1,209)
2025	(1,231)
Thereafter	(3,393)
Total	$ (5,888)

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14. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For JEA, this statement applies to certain investments, interest rate swap agreements, and natural gas cash flow hedges.

JEA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

Investments

JEA's investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. Money market mutual funds are managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and are recorded at net asset value (NAV). The local government investment pools transact with participants at a stable NAV and are recorded at NAV. Certain U.S. Treasury and government agency securities and commercial paper are measured at cost.

	2020	
	Total	**Level 2**
Investments by fair value level		
State and local government securities	**$ 140,950**	**$ 140,950**
U.S. Treasury and government agency securities	**108,377**	**108,377**
Total investments by fair value level	**249,327**	**249,327**
Investments measured at NAV		
Money market mutual funds	**248,983**	
Local government investment pools	**181,891**	
Total investments measured at NAV	**430,874**	
Investments measured at cost		
Commercial paper	**63,765**	
U.S. Treasury and government agency securities	**2,498**	
Total investments measured at cost	**66,263**	
Total investments per statement of net position	**$ 746,464**	

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14. Fair Value Measurements (continued)

	2019		
	Total	**Level 1**	**Level 2**
Investments by fair value level			
U.S. Treasury and government agency securities	**$ 184,525**	**$ 2,006**	**$ 182,519**
State and local government securities	**183,116**	**–**	**183,116**
Total investments by fair value level	**367,641**	**2,006**	**365,635**
Investments measured at NAV			
Local government investment pools	**188,130**		
Money market mutual funds	**126,452**		
Total investments measured at NAV	**314,582**		
Investments measured at cost			
Commercial paper	**44,266**		
Total investments measured at cost	**44,266**		
Total investments per statement of net position	**$ 726,489**		

Interest Rate Swap Agreements

JEA's interest rate swap agreements are valued using market rates as of September 30, 2020 and 2019 and standard cash flow present valuing techniques, which places them at Level 2 in the fair value hierarchy. The agreements are recorded at fair value as part of long-term debt in the statements of net position. The fair value of the interest rate swap agreements is detailed below.

	2020	**2019**
Electric	**$ (139,607)**	$ (118,621)
Water and Sewer	**(37,681)**	(31,266)
Total	**$ (177,288)**	$ (149,887)

Natural Gas Cash Flow Hedges

JEA's natural gas cash flow hedges consisted of swap agreements for either a 3-month or 12-month period, covering calendar years 2019 through December 2023. These hedges were valued using prices observed on commodities exchanges and/or using industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs, which placed them at Level 3 in the fair value hierarchy. At September 30, 2020, deferred charges of $1,998 were included in deferred outflows of resources and deferred credits of $11,944 were included in deferred inflows of resources on the statement of net position. At September 30, 2019, deferred charges of $11,598 were included in deferred outflows of resources on the statement of net position.

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15. Commitments and Contingent Liabilities

Grants

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

Regulatory Initiatives

The electric industry and water and wastewater industry have been and will continue to be affected by a number of legislative and regulatory initiatives. The following summarizes the key regulations affecting JEA:

Electric Enterprise System – On August 3, 2015, the Environmental Protection Agency (EPA) issued concurrently three separate rules pertaining to emissions of carbon dioxide (CO_2) fossil fuel-fired electric generating units (EGUs):

- The Final Clean Power Plan (CPP), 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 United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. On March 28, 2017, President Trump issued an Executive Order establishing a national policy "in favor of energy independence, economic growth, and the rule of law". The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources, and appropriately suspend, revise, or rescind regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order specifically directed EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the new EPA Final Rules pertaining to CO_2 emissions. EPA initially obtained temporary court orders to hold the court challenge of the CPP and the CPS in abeyance, pending the completion of EPA's review of the rules. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

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15. Commitments and Contingent Liabilities (continued)

On October 16, 2017, EPA published a proposal to repeal the Clean Power Plan (CPP). On August 31, 2018, EPA published a proposal to replace the CPP, called the Affordable Clean Energy (ACE) Rule. On July 8, 2019, EPA published the final ACE rule. The compliance requirements of the ACE rule are significantly less stringent than those of the CPP. Rule will establish a CO_2 emission limit for Northside Generating Units 1 and 2. The CO_2 emission limit will be set using a baseline of previous CO_2 emissions and what potential reductions can be completed by heat rate improvements (HRI). Units 1 and 2 are currently being assessed on what HRI projects could be implemented. These studies will be completed in November 2020. Cost of compliance cannot be determined at this time but should not result in significant capital outlay. The ACE rule requires state plans to be submitted by July 8, 2022.

On July 6, 2011, the EPA released the Cross-State Air Pollution Rule (CSAPR), which is intended as a substitute for the invalidated Clean Air Interstate Rule (CAIR). In the CSAPR, the EPA determined that 27 states in the eastern United States are in violation of the Clean Air Act, because they significantly contribute to nonattainment or interference with the maintenance of attainment of three National Ambient Air Quality Standards (NAAQS) in one or more downwind states. The three air quality standards addressed in the CSAPR are the 1997 and 2006 fine particulate matter ($PM_{2.5}$), NAAQS, and the 1997 ozone NAAQS. To address these violations, the CSAPR imposes Federal Implementation Plans (FIPs) that establish state budgets for SO_2 and NOx emissions from EGUs. The EPA targeted these two pollutants, because they are precursors to the formation of $PM_{2.5}$ and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances and the CSAPR permits limited interstate emissions trading and unlimited intrastate emissions trading as a means of compliance. States became subject to the emission budgets in 2012 with more stringent limits taking effect in 2014. In April 2014, the SCOTUS upheld the rule, but remanded back certain legal issues to the DCA to address. On July 28, 2015, the DCA issued an order and opinion remanding, without vacatur, certain state budgets under the CSAPR for reconsideration by the EPA, including the ozone-season NOx emissions budget for Florida. On September 7, 2016, the EPA issued a final updated CSAPR rule that removed Florida and two other eastern states from the rule.

On December 21, 2011, the EPA issued its Mercury and Air Toxics Standards (MATS) rule, setting forth maximum achievable control technology (MACT) standards for coal and oil generating stations. The new standards regulate four categories of hazardous air pollutants (HAPS) emitted by coal- or oil-fired EGUs, namely mercury, HAP metals, acid gases, and organic HAP.

The compliance deadline for affected sources to have all necessary pollution controls installed was April 2015. JEA's units that are regulated under MATS comply with all rule requirements.

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15. Commitments and Contingent Liabilities (continued)

In April 2015, the EPA finalized rules 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 the EPA, is enforced only by citizen-initiated lawsuits, rather than by the EPA. However, with passage of the WIIN Act in 2016, the rule can now be reformed to provide the following: 1) conversion from a "self-implementing" program to a permit program the states or EPA would have primary responsibility to administer and enforce; and, 2) flexibility for state programs to adjust and tailor federal CCR requirements to meet local, case-specific situations, so long as they are adequately protective of federal CCR requirements. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. The state has started the process to incorporate the rule and regulations, which ultimately may constitute a permitting or tailored program.

The rule applies to CCR management practices at SJRPP and Scherer. The rule does not apply to management of byproducts at Northside Generating Station (NGS) as long as it continues to burn a fuel mix with less than 50% coal. The currently operating cell within Area B of SJRPP does not have to be lined, but must comply with the operating and monitoring requirements of the rule even after the plant was decommissioned in 2018. SJRPP's two closed byproduct storage areas (Areas I and II) are not affected by this rule. SJRPP has no regulated surface impoundments. Existing surface impoundments, like that at Scherer, are required to meet increased and more restrictive technical and operating criteria or close. Georgia Power has decided to close the surface impoundment at Scherer instead of pursuing a retrofit and the timeline for closure activities is currently projected to run through 2030.

The EPA left in place the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard, and other contained applications that should not involve any exposure by the public to unsafe contaminants.

On November 22, 2010, the EPA entered into a settlement agreement with Riverkeeper, Inc. regarding rule-making dates for the EPA 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. The EPA announced proposed standards for cooling water intake systems on March 28, 2011. Under the proposal, existing facilities 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.

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15. Commitments and Contingent Liabilities (continued)

With few changes to the proposed rule, the EPA published the final rule in the Federal Register in August 2015. The new standards will not affect any JEA facilities other than NGS. NGS 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. The new standards will likely require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available (BTA) to improvements to the existing screening facilities or installation of cooling towers. A full two-year biological study is required to evaluate site-specific conditions and form a basis for assessing BTA and was initiated in 2018. Estimated final compliance deadlines are not expected until after 2025 and will depend on the level of upgrade ultimately required. Accordingly, costs of compliance have not been determined for NGS and are not included in JEA's capital program for the Electric System.

On September 30, 2016, the EPA issued the Effluent Limitation Guidelines for Steam Electric Power Plants. In setting the new and more stringent standards, the EPA evaluated the technologies and costs to remove metals and other parameters from individual wastewater streams generated by steam electric power plants and identify the BAT to affect their control. The new requirements for existing power plants must be phased in as soon as possible on or after November 1, 2018, but no later than December 31, 2023. The costs of compliance at NGS and Scherer have been evaluated and are anticipated in operating budgets and in JEA's five-year capital program for the Electric System.

Water Supply System Regulatory Initiatives – JEA was issued a 20-year Consumptive Use Permit (CUP) in May 2011 from the St. Johns River Water Management District (SJRWMD), which allows for aquifer withdrawals sufficient to completely satisfy customer demands until 2031 if certain permit conditions are met. JEA evaluates its total water management plan annually to continuously understand changes in demand and how to balance investments in a three-part program: (1) continued expansion of the reuse system, (2) measured conservation program and (3) 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. In North Florida, the Suwannee River Water Management District (SRWMD), Florida Department of Environmental Protection (FDEP), and the SJRWMD have set or are setting/revising Minimum Flows and Levels (MFLs) for water bodies in the region. MFLs are intended to assess the potential for ecological resource risks from water withdrawals and ensure sustainable supplies. In 2015, MFLs were adopted in the SRWMD and a determination required a recovery strategy. By permit, JEA will participate to the extent of its proportionate impact in prevention and recovery strategies that may be developed to ensure the groundwater resource remains sustainable. The SRWMD is re-evaluating the 2015 MFLs and a draft MFL has been released and is still in recovery status. In 2020, the SJRWMD released draft MFLs for Lakes Brooklyn and Geneva in the Keystone Heights area. The draft MFL indicates the lakes will require a prevention and recovery strategy.

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15. Commitments and Contingent Liabilities (continued)

Wastewater Treatment System Regulatory Initiatives – The Sewer System is regulated by the EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Act. In Florida, the EPA has delegated the wastewater regulatory program to FDEP. The FDEP has implemented a Total Maximum Daily Load regulation (TMDL) defining the mass of nitrogen and phosphorus that can be assimilated by the St. Johns River, to which 8 of JEA's 11 wastewater treatment plants discharge. This state rule limits the amount of nitrogen and phosphorus that these eight wastewater treatment facilities are allowed to discharge by permit. JEA is meeting these limits as the result of past capital improvements to its wastewater facilities, expansion of the reclaimed water system, and phase-out of smaller old technology wastewater facilities. By virtue of exceeding its own regulatory obligation, JEA has generated nutrient reduction credits and has assisted the City in meeting a portion of their Municipal Separate Storm System nutrient requirements by transferring 33.44 short tons per year. This was recognized in JEA's annual contribution agreement negotiated in 2016. In 2013, both the FDEP and EPA reaffirmed the site-specific nutrient standard that is codified in the Lower St. Johns River TMDL.

The Florida Legislature is considering statutory changes to eliminate the disposal of effluent from wastewater treatment facilities (WWTF) via surface water discharge. This change would require the WWTF effluent be used for aquifer recharge, potable reuse, conventional reuse, or ecological restoration. The bill also declares potable reuse to be an alternative water supply and prohibits exclusion of use of potable reuse water from regional water supply planning. The initial legislation considered in 2020 would have compelled utilities to reduce most surface water discharges by January 1, 2026. The legislation did not pass, but is expected to be reintroduced during the 2021 Florida Legislative Session.

Pollution Remediation Obligations

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 an analysis of the cost of cleanup and other identified environmental contingencies, JEA has accrued a liability associated with the remediation efforts. In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, based on project estimates and probabilities, the liability is estimated to be $29,084 at September 30, 2020. The accrual is related to the following environmental matters: Kennedy Generating Station RCRA Corrective Action for former wood preserving site; SJRPP Area B Landfill; Sans Souci Substation remedial activities; Pearl Street Electric Shop remedial activities; WSSC PCB Issue, Northside Generating Station RCRA Corrective Action program; and remediation at a number of miscellaneous petroleum sites. Of the $29,084 that JEA has accrued as environmental liabilities, approximately $15,795 is associated with the expected cost of remediating the former wood preserving facility at the Kennedy Generating Facility. Following are other environmental matters that 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: Pickettville Road Landfill CERCLA site post-closure activities and the Ellis Road CERCLA site. Although uncertainties associated with these recognized environmental liabilities remain, JEA believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect upon its financial position, results of operations, or liquidity. Costs associated with these obligations that were expensed prior to the approval of regulatory accounting for environmental projects are recorded in other noncurrent liabilities and total $16,568. The remaining liability is recognized as part of revenues to be used for future costs.

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15. Commitments and Contingent Liabilities (continued)

Northside Generating Station Byproduct

JEA Northside Generating Station (NGS) Units 1 and 2 produce byproducts that consist of fly ash and bed ash. JEA has obtained a permit from FDEP to beneficially use the processed byproduct material in the State of Florida, subject to certain restrictions. These ash products are processed into materials marketed as EZBase and EZSorb. The expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of railcars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb is currently being transported by truck and rail to leachate solidification and environmental remediation/stabilization projects in several southeastern states.

The Byproducts Storage Area is an FDEP permitted, Class I lined storage facility at NGS. JEA received a new 20-year permit effective May 4, 2015.

A case is pending in the Second Judicial Circuit in Harrison County, Mississippi. Plaintiff sued multiple defendants seeking damages allegedly resulting from construction defects at The Promenade, a retail shopping mall in D'Iberville, Mississippi. Plaintiff amended the complaint in April 2010 to add JEA as a defendant on various product liability theories, claiming that JEA's ash byproduct was allegedly incorporated as a component of the product of another party defendant and used by other party defendants at the subject project. Plaintiff seeks injunctive relief, to remediate the site, and damages. Multiple third party claims and cross claims were raised and remain pending. JEA believes it has good and meritorious defenses in this action and will vigorously defend the case. The plaintiff is seeking approximately $75,000; however, the trial court ruled that JEA is entitled to a sovereign immunity cap of $500. The issue was argued in the Mississippi Supreme Court in January 2019. In June 2019, the U.S. Supreme Court reversed a long-standing precedent with respect to the ability of one state's courts to exercise jurisdiction over another state. The same week, the Mississippi Supreme Court dismissed Promenade's damages cap appeal and remanded the case to the trial court for consideration of JEA's jurisdiction defense in light of the U.S. Supreme Court's 2019 decision. The trial court is expected to rule on whether it has any jurisdiction over JEA in early 2021.

New Headquarters Building Lease

On July 11, 2019, JEA signed a 15-year building lease for a new headquarters building with the option to renew the lease for three consecutive renewal terms of 5 years each. In May 2020, the Board approved a revised building scope and program that reduced the building size and number of stories and extended the initial lease term from 15 years to 20 years. A virtual groundbreaking took place in October 2020 and work is expected to continue through June 2022, barring any delays due to inclement weather or other unforeseen factors. The costs to finance and build the new building will be paid for by the lessor and the lease term will commence once construction is complete. The annual lease payment for the initial year is estimated to be approximately $5,542 and will increase by 2.50% each year thereafter for years 2 through 15 and escalate 1.25% annually in years 16 through 20.

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15. Commitments and Contingent Liabilities (continued)

In additional to the annual rent, JEA will also pay an additional rental related to operating expenses for operation, maintenance, management, and repair of the building. This amount will vary each year, but will be no more than 105% of the preceding year's operating expenses. The initial year's estimate of additional rental is $1,190.

General Litigation

JEA is party to various pending or threatened legal actions in connection with its normal operations. In the opinion of management, any ultimate liabilities that may arise from these actions are not expected to materially affect JEA's financial position, results of operations, or liquidity.

16. Disaster Costs

Storm Costs

Hurricane Matthew tracked parallel along the coast of Florida on October 7, 2016 and Hurricane Irma passed to the west of Jacksonville as a tropical storm on September 11, 2017, causing extensive damage within the JEA service territory. Damage to JEA property was primarily to the transmission and distribution systems. Because of the extensive damage, Jacksonville was declared a federal major disaster area, making JEA eligible to receive reimbursement from FEMA. Requests for Public Assistance for both declared disasters were filed and accepted.

JEA is in the midst of the cost reimbursement process through FEMA, which allows cost share of 87.5% of eligible cost (75.0% from FEMA and 12.5% from the State of Florida) of those costs not covered by insurance. As a result, $41,689 of the eligible costs were deferred as costs to be recovered from future revenues in the statement of net position with the 12.5%, or $4,000, being recognized in the maintenance and other operating expenses financial statement line item in the statement of revenues, expenses and changes in net position in fiscal year 2017. Through September 30, 2020, JEA has received $33,079, which reduced the deferred costs to be recovered from future revenues. Of the $33,079 received, $18,500 was from insurance and $14,579 from FEMA. JEA believes it is probable that reimbursement from FEMA will be received for the eligible cost incurred that is remaining.

COVID-19 Pandemic

In response to the COVID-19 pandemic, JEA took the following actions:

- suspended disconnections from March 12, 2020 to July 9, 2020;
- waived late and reconnection fees from March 31, 2020 to September 30, 2020; and
- waived credit card convenience fees for MasterCard, Visa, and Discover card payments up to $10,000 from April 6, 2020 to September 30, 2020.

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16. Disaster Costs, continued

Waived late and disconnection fees are estimated to have been between $2,000 and $3,000. Waived credit card convenience fees paid on behalf of customers totaled $1,882. In addition, the JEA Board, on April 3, 2020, approved a fuel credit for customers that appeared on their May 2020 bills and totaled $23,390.

During March, April, and May 2020, JEA paid additional compensation related to COVID-19. Employees who were telecommuting on a full or part-time basis received an allowance to cover the cost of electricity, internet, water and other incidentals normally provided at the workplace. In addition, JEA and its bargaining units agreed to a stipend that was payable to employees who were authorized in advance by their manager to perform work at a JEA facility or field location in a particular work week. The COVID-19 allowances and stipends totaled $9,626.

There are also certain expenditures for personal protective equipment as well as cleaning supplies that may be eligible for recovery from FEMA. The total of these expenditures was $1,933. JEA may seek recovery from FEMA for these amounts in the future.

17. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility that is 80% owned by JEA, which is currently in the process of being decommissioned as discussed in note 2, St. Johns River Power Park. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The DES consists of chilled water activities.

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17. Segment Information (continued)

Intercompany billing is employed between the Electric System, the Water and Sewer System, and DES and includes purchases of electricity, water, sewer, and chilled water services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the financial statements. See intercompany charges detailed below.

	2020			2019		
	Electric	**W&S**	**DES**	Electric	W&S	DES
Electricity services	**N/A**	**$ 13,069**	**$ 3,126**	N/A	$ 13,368	$ 3,324
Water and sewer services	**135**	**N/A**	**131**	382	N/A	143
Chilled water services	**–**	**351**	**N/A**	–	387	N/A

The Electric System shares certain administrative functions with the Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to the Water and Sewer System was $56,878 for fiscal year 2020 and $49,238 for 2019.

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System for $32,929. This was initiated to increase the utilization of its assets between the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the prior year's Water and Sewer average cost of debt. Inventory carrying charges were $558 for fiscal year 2020 and $1,266 for 2019.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of $22,940 and $6,284, respectively, an amount equal to the net book value of the assets. Monthly, the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was $2,123 for fiscal year 2020 and $2,089 for 2019.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement per account. Deposits are allocated to the Electric System or Water and Sewer System based on revenues. When the deposits are credited to customer accounts, they are allocated between the service agreements.

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17. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2020 and 2019 was as follows:

	Electric System and Bulk Power Supply System		SJRPP System		Water and Sewer		DES	
	2020	2019	2020	2019	2020	2019	2020	2019
Condensed statements of net position								
Total current assets	$ 487,379	$ 505,398	$ 60,282	$ 74,529	$ 186,038	$ 180,121	$ 1,738	$ 1,727
Total noncurrent assets	671,671	666,020	338,226	363,966	441,049	484,893	4,274	6,788
Net capital assets	2,674,895	2,674,310	9,324	9,734	2,792,604	2,748,123	34,352	33,277
Deferred outflows of resources	310,720	307,914	23,774	25,088	133,465	128,159	169	182
Total assets and deferred outflows of resources	$ 4,144,665	$ 4,153,642	$ 431,606	$ 473,317	$ 3,553,156	$ 3,541,296	$ 40,533	$ 41,974
Total current liabilities	$ 153,014	$ 143,254	$ 9,142	$ 22,301	$ 36,572	$ 38,330	$ 180	$ 189
Total current liabilities payable from restricted assets	107,745	179,078	61,436	70,158	72,374	122,622	2,420	2,517
Total noncurrent liabilities	453,528	437,000	12,294	10,224	272,789	234,883	69	29
Total long-term debt	1,865,134	1,972,276	252,548	266,538	1,357,015	1,424,172	31,386	33,106
Total liabilities	2,579,421	2,731,608	335,420	369,221	1,738,750	1,820,007	34,055	35,841
Deferred inflows of resources	210,544	242,932	9,807	6,166	37,973	51,721	–	–
Net investment in (divestment of) capital assets	952,894	773,119	(13,503)	(12,879)	1,643,320	1,490,121	1,363	(1,498)
Restricted net position	211,567	208,946	45,869	42,257	89,858	139,648	3,593	6,088
Unrestricted net position	190,239	197,037	54,013	68,552	43,255	39,799	1,522	1,543
Total net position	1,354,700	1,179,102	86,379	97,930	1,776,433	1,669,568	6,478	6,133
Total liabilities, deferred inflows of resources, and net position	$ 4,144,665	$ 4,153,642	$ 431,606	$ 473,317	$ 3,553,156	$ 3,541,296	$ 40,533	$ 41,974
Condensed statements of revenues, expenses, and changes in net position information								
Total operating revenues	$ 1,241,789	$ 1,298,085	$ 24,847	$ 28,618	$ 483,859	$ 463,817	$ 8,586	$ 8,895
Depreciation	202,619	207,427	410	410	159,650	152,047	2,467	2,429
Other operating expenses	716,018	816,619	27,995	21,628	193,323	182,130	4,611	4,703
Operating income	323,152	274,039	(3,558)	6,580	130,886	129,640	1,508	1,763
Total nonoperating expenses, net	(53,683)	(68,802)	(7,993)	(6,283)	(32,056)	(35,086)	(1,163)	(1,163)
Total contributions, net	(93,871)	(92,952)	–	–	8,035	(10,312)	–	–
Changes in net position	175,598	112,285	(11,551)	297	106,865	84,242	345	600
Net position, beginning of year	1,179,102	1,066,817	97,930	97,633	1,669,568	1,585,326	6,133	5,533
Net position, end of year	$ 1,354,700	$ 1,179,102	$ 86,379	$ 97,930	$ 1,776,433	$ 1,669,568	$ 6,478	$ 6,133
Condensed statements of cash flow information								
Net cash provided by operating activities	$ 521,937	$ 453,417	$ 2,168	$ 17,773	$ 289,275	$ 293,244	$ 4,119	$ 4,896
Net cash used in noncapital and related financing activities	(93,794)	(92,829)	–	–	(24,939)	(39,878)	–	–
Net cash used in capital and related financing activities	(468,571)	(586,400)	(24,407)	(12,946)	(324,146)	(386,589)	(6,578)	(3,763)
Net cash provided by (used in) investing activities	39,649	296,653	1,779	16,812	44,346	163,894	72	156
Net change in cash and cash equivalents	(779)	70,841	(20,460)	21,639	(15,464)	30,671	(2,387)	1,289
Cash and cash equivalents at beginning of year	356,655	285,814	161,592	139,953	153,732	123,061	8,243	6,954
Cash and cash equivalents at end of year	$ 355,876	$ 356,655	$ 141,132	$ 161,592	$ 138,268	$ 153,732	$ 5,856	$ 8,243

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18. Subsequent Events

Scherer closure and PPA?

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REQUIRED SUPPLEMENTARY INFORMATION

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JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

City of Jacksonville General Employees Retirement Plan

Schedule of JEA's Proportionate Share of the Net Pension Liability[a]

Fiscal Year	Proportional Share Percentage	Net Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	48.85%	$ 386,789	$ 129,922	297.71%	68.64%
2015	48.85%	404,466	128,084	315.78%	69.06%
2016	49.15%	480,353	127,440	376.92%	64.03%
2017	50.37%	541,025	126,808	426.65%	63.00%
2018	51.68%	527,680	134,443	392.49%	63.71%
2019	50.59%	562,371	135,709	414.40%	65.23%
2020	48.84%	633,292	134,549	470.68%	60.54%

Schedule of JEA Contributions[b]

Fiscal Year Ending September 30,	**Actuarially Determined Contribution**	**Actual Contribution**	**Contribution Deficiency (Excess)**	**Covered Payroll***	**Actual Contribution as a % of Covered Payroll**
2011	$ 17,195	$ 17,195	–	$ 132,269	13.00%
2012	22,301	22,301	–	127,434	17.50%
2013	27,038	27,038	–	129,990	20.80%
2014	34,149	34,149	–	129,922	26.28%
2015	40,179	40,179	–	128,084	31.37%
2016	43,156	43,156	–	127,440	33.86%
2017	48,942	48,942	–	126,808	38.60%
2018	35,459	35,929	(470)	134,443	26.72%
2019	33,856	34,352	(496)	135,709	25.31%
2020	37,592	38,095	(503)	134,549	28.31%

(a) These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

(b) All information is on measurement year basis.

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JEA

Required Supplementary Information – Pension (continued)
(Dollars in Thousands)

Notes to Schedule of Contributions

Valuation date:	Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll, using 1.50% annual increases*
Remaining amortization period	As of October 1, 2017, the effective amortization period is 29 years
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a seven-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.

Actual assumptions:

Investment rate of return	7.20%, net of pension plan investment expense, including inflation
Inflation rate	2.75%*
Projected salary increases	3.00% – 6.00%, of which 2.75% is the Plan's long-term payroll inflation assumption
Cost-of-living adjustments	Plan provisions contain a 3.00% COLA.

* The Fund's payroll inflation assumption is 2.75% as of October 1, 2017. Per Part VII, Chapter 112.64(5)(a) of *Florida Statutes*, the payroll growth assumption used for amortization of the unfunded liability is not allowed to exceed the average annual payroll growth for the proceeding ten years. However, pursuant to Chapter 112.64(5)(b), and after adjusting this analysis to account for bargained pay level increases and inclusion of DC plan participants in the total payroll, the assumption was set at 1.50%.

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Required Supplementary Information – Pension
(Dollars in Thousands)

SJRPP Plan – Schedule of Changes in Net Pension Liability and Related Ratios[a]

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Beginning balance	**$ 174,666**	$ 169,321	$ 158,926	$ 155,143	$ 148,508	$ 146,521
Service cost	**35**	112	1,032	1,210	1,275	1,470
Interest	**10,086**	11,163	10,768	10,514	10,271	10,026
Changes in benefit terms	**–**	–	–	(59)	–	–
Difference between actual and expected experience	**1,193**	(1,784)	10,826	714	2,121	–
Changes in assumptions	**(2,975)**	15,782	26	3,730	3,316	–
Benefit payments	**(13,198)**	(19,928)	(12,257)	(12,326)	(10,348)	(9,509)
Total pension liability – ending	**$ 169,807**	$ 174,666	$ 169,321	$ 158,926	$ 155,143	$ 148,508
Plan Fiduciary Net Position						
Beginning balance	**$ 170,665**	$ 152,798	$ 142,286	$ 138,902	$ 145,425	$ 135,019
Contributions – employer	**–**	26,409	8,039	2,142	3,509	5,559
Contributions – employee	**90**	232	625	629	648	655
Net investment income (loss)	**4,610**	11,499	14,571	13,379	(266)	13,763
Benefit payments	**(13,198)**	(19,928)	(12,257)	(12,326)	(10,348)	(9,509)
Administrative expense	**(154)**	(345)	(466)	(440)	(66)	(62)
Plan fiduciary net position – ending	**$ 162,013**	$ 170,665	$ 152,798	$ 142,286	$ 138,902	$ 145,425
Net Pension Liability – Ending	**$ 7,794**	$ 4,001	$ 16,523	$ 16,640	$ 16,241	$ 3,083
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**95.41%**	97.71%	90.24%	89.53%	89.53%	97.92%
Covered Payroll	**$ 452**	$ 3,992	$ 15,621	$ 15,730	$ 16,665	$ 21,304
Net Pension Liability as a Percentage of Covered Payroll	**1724.34%**	100.24%	105.78%	105.79%	97.46%	14.47%

(a) These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

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JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

SJRPP Plan – Investment Returns[a]

Year Ended	Return
2010	10.14%
2011	0.41%
2012	17.17%
2013	12.64%
2014	10.32%
2015	-0.19%
2016	9.99%
2017	10.39%
2018	7.37%
2019	2.48%

SJRPP Plan – Schedule of Contributions[a]

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2011	$ 8,919	$ 9,028	$ (109)	$ 19,895	45.38%
2012	7,995	8,005	(10)	19,318	41.44%
2013	11,845	11,885	(40)	17,761	66.92%
2014	5,397	5,559	(162)	21,304	26.09%
2015	3,414	3,509	(95)	16,665	21.06%
2016	2,050	2,142	(92)	15,730	13.62%
2017	7,967	8,039	(72)	15,621	51.46%
2018	7,727	26,409	(18,682)	3,992	661.57%
2019	–	–	–	452	0.00%
2020	4,944	13,307	(8,363)	468	2843.38%

[a] All information is on measurement year basis

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Notes to Schedule of Contributions

Valuation date:	Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	1 year
Asset valuation method	Market value of assets less Credit Balance Account
Inflation	2.50%
Salary increases	2.5% - 12.5% per year, including inflation
Investment rate of return	6.00% per year, compounded annually, net of investment expenses.
Retirement age	Experience-based table of rates based on year of eligibility. Rates of termination and retirement for 10/1/2017 valuation were modified to reflect retirements and separations upon the SJRPP plant closure.
Mortality	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.

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Required Supplementary Information – OPEB
(Dollars in Thousands)

OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios[a]

	2019	2018	2017	2016
Total OPEB Liability				
Beginning balance	**$ 46,705**	$ 44,547	$ 60,949	$ 62,554
Service cost	**539**	499	811	781
Interest on the total OPEB liability	**2,740**	3,044	4,253	4,203
Changes in benefit terms	**–**	–	(11,556)	–
Difference between actual and expected experience	**362**	(4,057)	(7,891)	–
Change of assumptions	**(6,387)**	5,794	–	–
Benefit payments	**(3,165)**	(3,122)	(2,019)	(6,589)
Total OPEB liability – ending	**$ 40,794**	$ 46,705	$ 44,547	$ 60,949
Plan Fiduciary Net Position				
Beginning balance	**$ 28,449**	$ 25,712	$ 21,441	$ 18,156
Employer contributions	**3,903**	4,078	5,240	5,061
Net investment income	**1,617**	1,989	2,942	2,135
Reimbursements to employer	**(3,244)**	(3,308)	(3,911)	(3,911)
OPEB plan administrative expense	**(22)**	(22)	–	–
Plan fiduciary net position – ending	**$ 30,703**	$ 28,449	$ 25,712	$ 21,441
Net OPEB Liability – Ending	**$ 10,091**	$ 18,256	$ 18,835	$ 39,508
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	**75.26%**	60.91%	57.72%	35.18%
Covered Payroll	**$ 157,415**	$ 156,042	$ 155,326	$ 150,073
Net OPEB Liability as a Percentage of Covered Payroll	**6.41%**	11.70%	12.13%	26.33%

[a] This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

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Required Supplementary Information – OPEB
(Dollars in Thousands)

OPEB Plan – Investment Returns[a]

Year Ended	Return
2010	6.74%
2011	-1.41%
2012	15.84%
2013	11.93%
2014	8.22%
2015	-0.46%
2016	7.90%
2017	13.35%
2018	7.54%
2019	5.55%

OPEB Plan – Schedule of Contributions[a][b]

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2010	$ 5,126	$ 5,236	$ (110)	138,093	3.79%
2011	5,344	6,601	(1,257)	N/A	N/A
2012	5,211	5,423	(212)	150,714	3.60%
2013	5,433	6,185	(752)	N/A	N/A
2014	4,819	4,382	437	148,617	2.95%
2015	5,011	7,255	(2,244)	N/A	N/A
2016	5,061	7,739	(2,678)	150,073	5.16%
2017	4,138	5,240	(1,102)	155,326	3.37%
2018	4,078	4,078	–	161,602	2.52%
2019	3,903	3,903	–	157,415	2.48%

(a) All information is on measurement year basis

(b) This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten year trend is compiled, only available information is shown. All information is on a measurement year basis.

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JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

Notes to Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	6 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.5% – 12.5% per year, including inflation; varies by years of service
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Mortality tables used for Regular Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.57% (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, administrative expenses related to operation of the health plan are included in the premium costs.

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Combining Statement of Net Position
(In Thousands)

September 30, 2020

	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	$ 266,683	$ 51,814	$ –	$ 318,497	$ 67,036	$ 1,615	$ 387,148
Investments	–	3,107	–	3,107	–	–	3,107
Customer accounts receivable, net of allowance ($3,864)	165,515	–	–	165,515	54,176	123	219,814
Inventories:							
Materials and supplies	2,378	–	–	2,378	59,285	–	61,663
Fuel	37,822	–	–	37,822	–	–	37,822
Other current assets	14,981	5,361	(9,519)	10,823	5,541	–	16,364
Total current assets	487,379	60,282	(9,519)	538,142	186,038	1,738	725,918
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	89,193	89,318	–	178,511	71,232	4,241	253,984
Investments	202,036	10,227	–	212,263	98,867	–	311,130
Accounts and interest receivable	1,053	11	–	1,064	7	–	1,071
Total restricted assets	292,282	99,556	–	391,838	170,106	4,241	566,185
Costs to be recovered from future revenues	348,740	234,170	–	582,910	269,374	30	852,314
Other assets	30,649	4,500	(4,500)	30,649	1,569	3	32,221
Total noncurrent assets	671,671	338,226	(4,500)	1,005,397	441,049	4,274	1,450,720
Net capital assets	2,674,895	9,324	–	2,684,219	2,792,604	34,352	5,511,175
Total assets	3,833,945	407,832	(14,019)	4,227,758	3,419,691	40,364	7,687,813
Deferred outflows of resources							
Accumulated decrease in fair value of hedging derivatives	141,605	–	–	141,605	37,681	–	179,286
Unrealized pension contributions and losses	74,505	17,601	–	92,106	51,775	–	143,881
Unamortized deferred losses on refundings	56,693	3,300	–	59,993	40,152	169	100,314
Unrealized asset retirement obligations	32,368	2,873	–	35,241	–	–	35,241
Unrealized OPEB contributions and losses	5,549	–	–	5,549	3,857	–	9,406
Total deferred outflows of resources	310,720	23,774	–	334,494	133,465	169	468,128
Total assets and deferred outflows of resources	$ 4,144,665	$ 431,606	$ (14,019)	$ 4,562,252	$ 3,553,156	$ 40,533	$ 8,155,941

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JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 2020

	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:							
Customer deposits and prepayments	$ 53,779	$ –	$ –	$ 53,779	$ 17,525	$ –	$ 71,304
Accounts and accrued expenses payable	57,387	6,269	(5,376)	58,280	8,855	144	67,279
Billings on behalf of state and local governments	22,125	–	–	22,125	3,834	–	25,959
Compensation and benefits payable	10,301	–	–	10,301	4,262	36	14,599
City of Jacksonville payable	8,159	–	–	8,159	2,096	–	10,255
Asset retirement obligations	1,263	2,873	–	4,136	–	–	4,136
Total current liabilities	153,014	9,142	(5,376)	156,780	36,572	180	193,532
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	24,871	5,222	–	30,093	22,115	648	52,856
Construction contracts and accounts payable	15,109	4,964	(4,143)	15,930	30,389	47	46,366
Renewal and replacement reserve	–	37,910	–	37,910	–	–	37,910
Total current liabilities payable from restricted assets	107,745	61,436	(4,143)	165,038	72,374	2,420	239,832
Noncurrent liabilities:							
Net pension liability	373,642	7,794	–	381,436	259,650	–	641,086
Asset retirement obligations	31,105	–	–	31,105	–	–	31,105
Compensation and benefits payable	22,271	–		22,271	9,002	69	31,342
Net OPEB liability	5,954	–	–	5,954	4,137	–	10,091
Other liabilities	20,556	4,500	(4,500)	20,556	–	–	20,556
Total noncurrent liabilities	453,528	12,294	(4,500)	461,322	272,789	69	734,180
Long-term debt:							
Debt payable, less current portion	1,629,850	251,765	–	1,881,615	1,241,565	31,410	3,154,590
Unamortized premium (discount), net	95,677	783	–	96,460	77,769	(24)	174,205
Fair value of debt management strategy instruments	139,607	–	–	139,607	37,681	–	177,288
Total long-term debt	1,865,134	252,548	–	2,117,682	1,357,015	31,386	3,506,083
Total liabilities	2,579,421	335,420	(14,019)	2,900,822	1,738,750	34,055	4,673,627
Deferred inflows of resources							
Revenues to be used for future costs	177,589	5,821	–	183,410	23,372	–	206,782
Unrealized pension gains	11,988	3,986	–	15,974	8,330	–	24,304
Unrealized OPEB gains	9,023	–	–	9,023	6,271	–	15,294
Accumulated increase in fair value of hedging derivatives	11,944	–	–	11,944	–	–	11,944
Total deferred inflows of resources	210,544	9,807	–	220,351	37,973	–	258,324
Net position							
Net investment in (divestment of) capital assets	952,894	(13,503)	–	939,391	1,643,320	1,363	2,584,074
Restricted							
Capital projects	139,308	–	–	139,308	63,679	1,868	204,855
Debt service	66,487	13,706	–	80,193	19,640	1,725	101,558
Other purposes	5,772	32,163	4,143	42,078	6,539	–	48,617
Unrestricted	190,239	54,013	(4,143)	240,109	43,255	1,522	284,886
Total net position	1,354,700	86,379	–	1,441,079	1,776,433	6,478	3,223,990
Total liabilities, deferred inflows of resources, and net position	$ 4,144,665	$ 431,606	$ (14,019)	$ 4,562,252	$ 3,553,156	$ 40,533	$ 8,155,941

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JEA

Combining Statement of Net Position
(In Thousands)

September 30, 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)	172,163	–	–	172,163	54,930	238	227,331
Inventories:							
Materials and supplies	2,219	106	–	2,325	56,637	–	58,962
Fuel	30,898	–	–	30,898	–	–	30,898
Other current assets	18,049	5,290	(8,638)	14,701	4,408	–	19,109
Total current assets	505,398	74,529	(8,638)	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	4,500	(4,500)	16,285	2,731	–	19,016
Total noncurrent assets	666,020	363,966	(4,500)	1,025,486	484,893	6,788	1,517,167
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							
Accumulated decrease in fair value of hedging derivatives	130,219	–	–	130,219	31,266	–	161,485
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
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

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JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 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:							
Customer deposits and prepayments	$ 56,714	$ –	$ –	$ 56,714	$ 17,260	$ –	$ 73,974
Accounts and accrued expenses payable	42,875	4,255	(3,600)	43,530	10,156	127	53,813
Billings on behalf of state and local governments	22,406	(1)	–	22,405	3,887	–	26,292
Compensation and benefits payable	12,236	–	–	12,236	4,944	62	17,242
City of Jacksonville payable	8,186	–	–	8,186	2,083	–	10,269
Asset retirement obligations	837	18,047	–	18,884	–	–	18,884
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
Construction contracts and accounts payable	24,589	3,859	(3,315)	25,133	41,481	161	66,775
Renewal and replacement reserve	–	46,955	–	46,955	–	–	46,955
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
Compensation and benefits payable	21,003	–	–	21,003	8,402	29	29,434
Net OPEB liability	11,136	–	–	11,136	7,120	–	18,256
Other liabilities	30,370	6,223	(6,223)	30,370	36	–	30,406
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							
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

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Combining Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands)

Year Ended September 30, 2020

	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	$ 1,219,884	$ 25,129	$ (25,130)	$ 1,219,883	$ –	$ –	$ (16,195)	$ 1,203,688
Water and sewer	–	–	–	–	470,180	–	(266)	469,914
District energy system	–	–	–	–	–	8,586	(351)	8,235
Other	21,905	(282)	–	21,623	13,679	–	(2,681)	32,621
Total operating revenues	1,241,789	24,847	(25,130)	1,241,506	483,859	8,586	(19,493)	1,714,458
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	246,870	15,226	–	262,096	175,711	4,611	(19,493)	422,925
Fuel	290,965	–	–	290,965	–	–	–	290,965
Purchased power	110,176	–	(25,130)	85,046	–	–	–	85,046
Depreciation	202,619	410	–	203,029	159,650	2,467	–	365,146
State utility and franchise taxes	58,806	–	–	58,806	10,963	–	–	69,769
Recognition of deferred costs and revenues, net	9,201	12,769	–	21,970	6,649	–	–	28,619
Total operating expenses	918,637	28,405	(25,130)	921,912	352,973	7,078	(19,493)	1,262,470
Operating income	323,152	(3,558)	–	319,594	130,886	1,508	–	451,988
Nonoperating revenues (expenses)								
Interest on debt	(78,047)	(10,133)	–	(88,180)	(51,721)	(1,312)	–	(141,213)
Investment income	9,282	1,823	–	11,105	4,544	72	–	15,721
Allowance for funds used during construction	7,744	–	–	7,744	11,892	77	–	19,713
Other nonoperating income, net	4,182	317	–	4,499	2,871	–	–	7,370
Earnings from The Energy Authority	2,848	–	–	2,848	–	–	–	2,848
Other interest, net	308	–	–	308	358	–	–	666
Total nonoperating expenses, net	(53,683)	(7,993)	–	(61,676)	(32,056)	(1,163)	–	(94,895)
Income before contributions	269,469	(11,551)	–	257,918	98,830	345	–	357,093
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(93,871)	–	–	(93,871)	(24,953)	–	–	(118,824)
Developers and other	1,992	–	–	1,992	107,554	–	–	109,546
Reduction of plant cost through contributions	(1,992)	–	–	(1,992)	(74,566)	–	–	(76,558)
Total contributions, net	(93,871)	–	–	(93,871)	8,035	–	–	(85,836)
Change in net position	175,598	(11,551)	–	164,047	106,865	345	–	271,257
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 year	1,354,700	86,379	–	1,441,079	1,776,433	6,478	–	3,223,990

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JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands)

Year Ended September 30, 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	$ 1,274,843	$ 28,159	$ (26,495)	$ 1,276,507	$ –	$ –	$ (16,692)	$ 1,259,815
Water and sewer	–	–	–	–	450,641	–	(525)	450,116
District energy system	–	–	–	–	–	8,891	(387)	8,504
Other	23,242	459	–	23,701	13,176	4	(3,355)	33,526
Total operating revenues	1,298,085	28,618	(26,495)	1,300,208	463,817	8,895	(20,959)	1,751,961
Operating expenses								
Operations and maintenance:								
Maintenance and other operating expenses	248,379	2,898	–	251,277	160,671	4,703	(20,959)	395,692
Fuel	325,659	4,669	–	330,328	–	–	–	330,328
Purchased power	161,740	–	(26,495)	135,245	–	–	–	135,245
Depreciation	207,427	410	–	207,837	152,047	2,429	–	362,313
State utility and franchise taxes	60,767	–	–	60,767	10,802	–	–	71,569
Recognition of deferred costs and revenues, net	20,074	14,061	–	34,135	10,657	–	–	44,792
Total operating expenses	1,024,046	22,038	(26,495)	1,019,589	334,177	7,132	(20,959)	1,339,939
Operating income	274,039	6,580	–	280,619	129,640	1,763	–	412,022
Nonoperating revenues (expenses)								
Interest on debt	(99,654)	(11,311)	–	(110,965)	(62,733)	(1,348)	–	(175,046)
Investment income	21,623	4,684	–	26,307	13,282	156	–	39,745
Allowance for funds used during construction	3,973	–	–	3,973	10,097	29	–	14,099
Other nonoperating income, net	4,392	344	–	4,736	4,346	–	–	9,082
Earnings from The Energy Authority	2,412	–	–	2,412	–	–	–	2,412
Other interest, net	(1,548)	–	–	(1,548)	(78)	–	–	(1,626)
Total nonoperating expenses, net	(68,802)	(6,283)	–	(75,085)	(35,086)	(1,163)	–	(111,334)
Income before contributions	205,237	297	–	205,534	94,554	600	–	300,688
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(92,952)	–	–	(92,952)	(39,850)	–	–	(132,802)
Developers and other	5,431	–	–	5,431	92,295	–	–	97,726
Reduction of plant cost through contributions	(5,431)	–	–	(5,431)	(62,757)	–	–	(68,188)
Total contributions, net	(92,952)	–	–	(92,952)	(10,312)	–	–	(103,264)
Change in net position	112,285	297	–	112,582	84,242	600	–	197,424
Net position, beginning of year	1,066,817	97,633	–	1,164,450	1,585,326	5,533	–	2,755,309
Net position, end of year	1,179,102	97,930	–	1,277,032	1,669,568	6,133	–	2,952,733

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JEA

Combining Statement of Cash Flows
(In Thousands)

Year Ended September 30, 2020

	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	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,202,260	$ 25,169	$ (26,117)	$ 1,201,312	$ 464,561	$ 8,702	$ (16,812)	$ 1,657,763
Payments to suppliers	(526,734)	(9,412)	26,117	(510,029)	(117,692)	(3,870)	19,493	(612,098)
Payments to employees	(176,882)	(13,307)	–	(190,189)	(71,327)	(713)	–	(262,229)
Other operating activities	23,293	(282)	–	23,011	13,733	–	(2,681)	34,063
Net cash provided by operating activities	521,937	2,168	–	524,105	289,275	4,119	–	817,499
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(93,794)	–	–	(93,794)	(24,939)	–	–	(118,733)
Net cash used in noncapital and related financing activities	(93,794)	–	–	(93,794)	(24,939)	–	–	(118,733)
Capital and related financing activities								
Defeasance of debt	(320,935)	–	–	(320,935)	(202,115)	–	–	(523,050)
Acquisition and construction of capital assets	(208,175)	–	–	(208,175)	(197,389)	(3,575)	–	(409,139)
Proceeds from issuance of debt	221,670	–	–	221,670	130,590	–	–	352,260
Repayment of debt principal	(122,380)	(13,780)	–	(136,160)	(54,705)	(1,690)	–	(192,555)
Interest paid on debt	(83,617)	(10,786)	–	(94,403)	(58,380)	(1,313)	–	(154,096)
Capital contributions	–	–	–	–	32,988	–	–	32,988
Other capital financing activities	44,866	159	–	45,025	24,865	–	–	69,890
Net cash used in capital and related financing activities	(468,571)	(24,407)	–	(492,978)	(324,146)	(6,578)	–	(823,702)
Investing activities								
Purchase of investments	(217,069)	(23,819)	–	(240,888)	(27,478)	–	–	(268,366)
Proceeds from sale and maturity of investments	247,265	23,768	–	271,033	68,785	–	–	339,818
Investment income	8,225	1,830	–	10,055	3,039	72	–	13,166
Distributions from The Energy Authority	1,228	–	–	1,228	–	–	–	1,228
Net cash provided by investing activities	39,649	1,779	–	41,428	44,346	72	–	85,846
Net change in cash and cash equivalents	(779)	(20,460)	–	(21,239)	(15,464)	(2,387)	–	(39,090)
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 year	$ 355,876	$ 141,132	$ –	$ 497,008	$ 138,268	$ 5,856	$ –	$ 641,132
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 323,152	$ (3,558)	$ –	$ 319,594	$ 130,886	$ 1,508	$ –	$ 451,988
Adjustments:								
Depreciation and amortization	202,619	410	–	203,029	160,815	2,467	–	366,311
Recognition of deferred costs and revenues, net	9,201	12,769	–	21,970	6,649	–	–	28,619
Other nonoperating income, net	111	–	–	111	262	–	–	373
Changes in noncash assets and noncash liabilities:								
Accounts receivable	6,356	88	–	6,444	503	115	–	7,062
Inventories	(7,083)	106	–	(6,977)	(2,649)	–	–	(9,626)
Other assets	(8,462)	–	–	(8,462)	183	(2)	–	(8,281)
Accounts and accrued expenses payable	10,781	2,015	–	12,796	(1,415)	(10)	–	11,371
Current liabilities payable from restricted assets	–	(7,939)	–	(7,939)	–	–	–	(7,939)
Other noncurrent liabilities and deferred inflows	(14,738)	(1,723)	–	(16,461)	(5,959)	41	–	(22,379)
Net cash provided by operating activities	$ 521,937	$ 2,168	$ –	$ 524,105	$ 289,275	$ 4,119	$ –	$ 817,499
Non-cash activity								
Contribution of capital assets from developers	$ 1,992	$ –		$ 1,992	$ 74,566	$ –	$ –	$ 76,558
Unrealized gains on fair value of investments	$ 1,383	$ (7)	$ –	$ 1,376	$ 1,665	$ –	$ –	$ 3,041

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JEA

Combining Statement of Cash Flows
(In Thousands)

Year Ended September 30, 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	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,244,236	$ 28,898	$ (28,693)	$ 1,244,441	$ 449,924	$ 9,514	$ (17,604)	$ 1,686,275
Payments to suppliers	(646,113)	(11,625)	28,693	(629,045)	(104,542)	(4,028)	20,959	(716,656)
Payments to employees	(167,477)	41	–	(167,436)	(65,347)	(594)	–	(233,377)
Other operating activities	22,771	459	–	23,230	13,209	4	(3,355)	33,088
Net cash provided by operating activities	453,417	17,773	–	471,190	293,244	4,896	–	769,330
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(92,829)	–	–	(92,829)	(39,878)	–	–	(132,707)
Net cash used in noncapital and related financing activities	(92,829)	–	–	(92,829)	(39,878)	–	–	(132,707)
Capital and related financing activities								
Defeasance of debt	(100,090)	–	–	(100,090)	(94,955)	–	–	(195,045)
Acquisition and construction of capital assets	(260,413)	–	–	(260,413)	(205,559)	(758)	–	(466,730)
Proceeds from issuance of debt	–	–	–	–	2,000	–	–	2,000
Repayment of debt principal	(130,690)	(1,720)	–	(132,410)	(51,720)	(1,660)	–	(185,790)
Interest paid on debt	(92,619)	(11,167)	–	(103,786)	(64,705)	(1,345)	–	(169,836)
Capital contributions	–	–	–	–	29,538	–	–	29,538
Other capital financing activities	(2,588)	(59)	–	(2,647)	(1,188)	–	–	(3,835)
Net cash used in capital and related financing activities	(586,400)	(12,946)	–	(599,346)	(386,589)	(3,763)	–	(989,698)
Investing activities								
Purchase of investments	(235,745)	(97,635)	–	(333,380)	(82,023)	–	–	(415,403)
Proceeds from sale and maturity of investments	515,390	109,768	–	625,158	237,846	–	–	863,004
Investment income	14,565	4,679	–	19,244	8,071	156	–	27,471
Distributions from The Energy Authority	2,443	–	–	2,443	–	–	–	2,443
Net cash provided by investing activities	296,653	16,812	–	313,465	163,894	156	–	477,515
Net change in cash and cash equivalents	70,841	21,639	–	92,480	30,671	1,289	–	124,440
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 year	$ 356,655	$ 161,592	$ –	$ 518,247	$ 153,732	$ 8,243	$ –	$ 680,222
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 274,039	$ 6,580	$ –	$ 280,619	$ 129,640	$ 1,763	$ –	$ 412,022
Adjustments:								
Depreciation and amortization	207,427	410	–	207,837	153,268	2,429	–	363,534
Recognition of deferred costs and revenues, net	20,074	14,061	–	34,135	10,657	–	–	44,792
Other nonoperating income, net	171	–	–	171	1,864	–	–	2,035
Changes in noncash assets and noncash liabilities:								
Accounts receivable	8,004	(9,009)	–	(1,005)	(5,505)	622	–	(5,888)
Accounts receivable, restricted	7	–	–	7	1	–	–	8
Inventories	4,928	1,574	–	6,502	(287)	–	–	6,215
Other assets	2,837	–	–	2,837	66	–	–	2,903
Accounts and accrued expenses payable	(23,717)	3,233	–	(20,484)	1,179	87	–	(19,218)
Current liabilities payable from restricted assets	–	(5,299)	–	(5,299)	–	–	–	(5,299)
Other noncurrent liabilities and deferred inflows	(40,353)	6,223	–	(34,130)	2,361	(5)	–	(31,774)
Net cash provided by operating activities	$ 453,417	$ 17,773	$ –	$ 471,190	$ 293,244	$ 4,896	$ –	$ 769,330
Non-cash activity								
Contribution of capital assets from developers	$ 5,431	$ –	$ –	$ 5,431	$ 62,757	$ –	$ –	$ 68,188
Unrealized gains on fair value of investments	$ 7,690	$ 52	$ –	$ 7,742	$ 5,572	$ –	$ –	$ 13,314

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Building a better working world

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
JEA
Jacksonville, Florida

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BOND COMPLIANCE INFORMATION

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JEA Electric System

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30	
	2020	**2019**
Revenues		
Electric	**$ 1,192,898**	$ 1,235,358
Investment income [1]	**6,057**	11,818
Earnings from The Energy Authority	**2,848**	2,412
Other, net [2]	**22,016**	23,400
Plus: amounts paid from the rate stabilization fund into the revenue fund	**91,118**	83,302
Less: amounts paid from the revenue fund into the rate stabilization fund	**(64,132)**	(43,817)
Total revenues	**1,250,805**	1,312,473
Operating expenses [3]		
Fuel	**271,164**	287,956
Purchased power [4]	**164,362**	234,793
Maintenance and other operating expenses	**222,585**	222,515
State utility and franchise taxes	**58,806**	60,767
Total operating expenses	**716,917**	806,031
Net revenues	**$ 533,888**	$ 506,442
Debt service	**$ 53,384**	$ 81,494
Less: investment income on sinking fund	**(1,842)**	(2,114)
Less: Build America Bonds subsidy	**(1,532)**	(1,527)
Debt service requirement	**$ 50,010**	$ 77,853
Senior debt service coverage [5], (min 1.20x)	**10.68 x**	6.51 x
Net revenues (from above)	**$ 533,888**	$ 506,442
Debt service requirement (from above)	**$ 50,010**	$ 77,853
Plus: aggregate subordinated debt service on outstanding subordinated bonds	**63,443**	104,640
Less: Build America Bonds subsidy	**(1,947)**	(2,002)
Total debt service requirement and aggregate subordinated debt service	**$ 111,506**	$ 180,491
Senior and subordinated debt service coverage [6], (min 1.15x)	**4.79 x**	2.81 x

[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 SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

[5] Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

[6] Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x

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JEA Bulk Power Supply System

Schedule of Debt Service Coverage
(In Thousands)

	Year ended September 30 2020	2019
Revenues		
Operating	**$ 54,185**	$ 73,053
Investment income	**485**	190
Total revenues	**54,670**	73,243
Operating expenses [1]		
Fuel	**19,801**	37,703
Maintenance and other operating expenses	**15,031**	14,812
Total operating expenses	**34,832**	52,515
Net revenues	**$ 19,838**	$ 20,728
Aggregate debt service	**$ 10,691**	$ 10,109
Less: Build America Bonds subsidy	**(592)**	(624)
Aggregate debt service	**$ 10,099**	$ 9,485
Debt service coverage [2]	**1.96 x**	2.19 x

[1] Excludes depreciation and recognition of deferred costs and revenues, net.

[2] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA St. Johns River Power Park System, Second Resolution

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30 2020	2019
Revenues		
Operating	**$ 25,175**	$ 29,322
Investment income	**1,830**	4,633
Total revenues	**27,005**	33,955
Operating expenses [1]	**–**	4,669
Net revenues	**$ 27,005**	$ 29,286
Aggregate debt service	**$ 23,784**	$ 24,908
Less: Build America Bonds subsidy	**(317)**	(344)
Aggregate debt service	**$ 23,467**	$ 24,564
Debt service coverage [2]	**1.15 x**	1.19 x

[1] Excludes depreciation and recognition of deferred costs and revenues, net.

[2] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

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JEA Water and Sewer System

Schedule of Debt Service Coverage

(In Thousands)

	Year Ended September 30			
	2020		**2019**	
Revenues				
Water	**$ 181,808**		$ 178,908	
Water capacity fees	**11,651**		10,477	
Sewer	**281,848**		274,505	
Sewer capacity fees	**21,207**		18,911	
Investment income	**2,879**		7,710	
Other [1]	**13,941**		15,040	
Plus: amounts paid from the rate stabilization fund into the revenue fund	**32,201**		22,327	
Less: amounts paid from the revenue fund into the rate stabilization fund	**(25,677)**		(25,099)	
Total revenues	**519,858**		502,779	
Operating expenses [2]				
Maintenance and other operating expenses	**175,711**		160,671	
State utility and franchise taxes	**10,963**		10,802	
Total operating expenses	**186,674**		171,473	
Net revenues	**$ 333,184**		$ 331,306	
Aggregate debt service	**$ 62,160**		$ 94,693	
Less: Build America Bonds subsidy	**(2,455)**		(2,478)	
Aggregate debt service	**$ 59,705**		$ 92,215	
Senior debt service coverage [3], (min 1.25x)	**5.58**	**x**	3.59	x
Net revenues (from above)	**$ 333,184**		$ 331,306	
Aggregate debt service (from above)	**$ 59,705**		$ 92,215	
Plus: aggregate subordinated debt service on outstanding subordinated debt	**7,418**		17,585	
Total aggregate debt service and aggregate subordinated debt service	**$ 67,123**		$ 109,800	
Senior and subordinated debt service coverage excluding capacity fees [4]	**4.47**	**x**	2.75	x
Senior and subordinated debt service coverage including capacity fees [4]	**4.96**	**x**	3.02	x

[1] Excludes the Build America Bonds subsidy.

[2] Excludes depreciation and recognition of deferred costs and revenues, net.

[3] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

[4] Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual 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).

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JEA District Energy System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30			
	2020		**2019**	
Revenues				
Service revenues	**$ 8,587**		$ 8,891	
Investment income	**72**		156	
Plus: amounts paid from the rate stabilization fund into the revenue fund	**-**		2,737	
Total revenues	**8,659**		11,784	
Operating expenses [1]				
Maintenance and other operating expenses	**4,611**		4,703	
Total operating expenses	**4,611**		4,703	
Net revenues	**$ 4,048**		$ 7,081	
Aggregate debt service [2]	**$ 3,021**		$ 3,020	
Debt service coverage [3]**, (min 1.15x)**	**1.34**	**x**	2.34	x

[1] Excludes depreciation.

[2] On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt 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.

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City of Jacksonville
General Employees Retirement Plan

Audit Report on Schedules of Pension-Related Amounts

September 30, 2019

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City of Jacksonville General Employees Retirement Plan
Schedules of Pension-Related Amounts

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September 30, 2019

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INDEPENDENT AUDITORS' REPORT

Jacksonville City Council
Board of Directors, JEA

We have audited the accompanying schedule of employer allocations and net pension liability of the City of Jacksonville Retirement System's General Employees Retirement Plan (the "Plan") as of September 30, 2019, (the "Schedule") and the related notes. We have also audited the columns titled net pension liability at September 30, 2019, total deferred outflows of resources, total deferred inflows of resources, and pension plan expense ("Specified Column Totals") included in the accompanying schedule of collective pension amounts of the Plan as of and for the year ended September 30, 2019, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the Schedule and the Specified Column Totals based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule and Specified Column Totals are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule and Specified Column Totals. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Schedule and Specified Column Totals, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule and Specified Column Totals in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies

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used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule and Specified Column Totals.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the Schedule and Specified Column Totals referred to above present fairly, in all material respects, the employer allocations and net pension liability as of September 30, 2019, and the total deferred outflows of resources, total deferred inflows of resources, and pension expense for the Plan as of and for the year ended September 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Schedule and the Specified Column Totals are not intended to be a complete presentation of the Plan's financial statements. Our opinions are not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of the City of Jacksonville, JEA, Jacksonville Housing Authority (JHA), North Florida Transportation Planning Organization and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Gainesville, Florida
November 19, 2020

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City of Jacksonville General Employees Retirement Plan
Schedule of Employer Allocations and Net Pension Liability

September 30, 2019

	Employer Contributions	Proportion of Net Pension Liability	Net Pension Liability
Entity			
City of Jacksonville	$ 34,624,000	49.23%	$ 638,349,401
JEA	34,352,000	48.84%	633,292,398
Jacksonville Housing Authority	1,276,000	1.81%	23,469,681
North Florida Transportation Planning Organization	86,000	0.12%	1,556,001
Total	$ 70,338,000	100.00%	$ 1,296,667,481

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See accompanying notes.

City of Jacksonville General Employees Retirement Plan
Schedule of Collective Pension Amounts

As of and for the year ended September 30, 2019

		Deferred Outflows of Resources					Deferred Inflows of Resources				
Entity	Net Pension Liability September 30, 2019	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion	Total Deferred Inflows of Resources	Pension Plan Expense
City of Jacksonville	$ 638,349,401	$ 21,504,022	$ 19,079,664	$ 41,526,738	$ 19,021,561	$ 101,131,985	$ 1,790,684	$ -	$ 6,391,234	$ 8,181,918	$ 90,667,596
JEA	633,292,398	21,333,668	18,928,514	41,197,763	6,725,209	88,185,154	1,776,498	-	18,541,228	20,317,726	86,363,389
Jacksonville Housing Authority	23,469,681	790,621	701,487	1,526,780	516,684	3,535,572	65,837	-	969,384	1,035,221	4,017,780
North Florida Transportation Planning Organization	1,556,001	52,417	46,507	101,223	16,712	216,859	4,365	-	378,320	382,685	224,519
Total	$ 1,296,667,481	$ 43,680,728	$ 38,756,172	$ 84,352,504	$ 26,280,166	$ 193,069,570	$ 3,637,384	$ -	$ 26,280,166	$ 29,917,550	$ 181,273,284

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See accompanying notes.

NOTE 1 – SUMMARY OF THE PLAN

The City of Jacksonville sponsors the City of Jacksonville Retirement System (JRS) which includes the General Employees Retirement Plan (the "Plan"). The JRS arises out of Chapter 16 of the City Charter, Chapter 120 of Ordinance Code of the City of Jacksonville, and Chapter 112, Part VII, Florida Statutes. Provided other criteria are met, the Plan is available to City employees who are employed by one of the following entities: City of Jacksonville, JEA, Jacksonville Housing Authority (JHA), and North Florida Transportation Planning Organization (TPO). Effective October 1, 2009, the City added an employee choice defined contribution alternative to the defined benefit plan for all members of the Plan. The City hired a third party administrator to assist employees with the management of their individual accounts within a number of investment options including model portfolios. All full-time City employees, the employees of JEA, JHA and the employees of TPO are eligible to participate in the Plan upon employment.

As of September 30, 2019, the General Employees Retirement Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	5,215
Terminated employees vested, not yet receiving benefits	196
Active employment plan members:	
Vested	3,331
Non-vested	606
Total plan membership	9,348

The Plan is open to employees of the JEA, JHA, TPO, and City of Jacksonville, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of the Retirement System. Elected officials are members of the Florida Retirement System Elected Officer Class. Participation in the Retirement System is mandatory for all full time employees of the City who otherwise meet the requirements for participation. Members of the Plan are eligible to retire with a normal pension benefit upon achieving one of the following:

(a) Completing thirty (30) years of credited service, regardless of age;

(b) Attaining age fifty-five (55) with twenty (20) years of credited service; or

(c) Attaining age sixty-five (65) with five (5) years of credited service.

There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of two and one-half (2.5) percent of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of eighty (80) percent of final monthly compensation. A time service retirement benefit is payable bi-weekly to commence upon the first

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NOTE 1 – SUMMARY OF THE PLAN (CONTINUED)

payday coincident with or next payday following the member's actual retirement and will continue until death, or the death of their surviving beneficiary, if this option is selected.

Each member and survivor is entitled to a cost of living adjustment ("COLA"). The COLA consists of a three (3) percent increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least four and one-half (4.5) years (and no more than five and one-half (5.5) years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars ($5) multiplied by the number of years of credited service. This benefit may not exceed one-hundred and fifty dollars ($150) per month.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Governmental Accounting Standards Board (GASB) Statement No. 67

The Plan is required to report pension information in its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, as amended.

The accompanying schedules relate only to certain pension-related amounts and they do not constitute a full set of financial statements for the Plan.

The accompanying schedules are a specific element of the City's financial statements and were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the accompanying schedules, adhere to the reporting requirements established by the GASB to the extent that they relate to the accompanying schedules.

Basis of Accounting

The Plan prepares its financial statements using the accrual basis of accounting.

Proportionate Share Allocation Methodology

The basis for each entity's proportion is actuarially determined by comparing the entity's employer contributions for the year ended September 30, 2019. This basis is intended to measure the proportion of each entity's long term funding requirements.

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of the Schedules

The preparation of these schedules in accordance with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Relationship to the Basic Financial Statements

The net pension liability, pension expense, deferred inflows of resources and deferred outflows of resources reported in the Schedules of Pension-Related Amounts have been determined on the same basis as they will be reported by the Plan in the Comprehensive Annual Financial Report of The City of Jacksonville, Florida.

Investments

Investments are recorded at fair value. Investment values fluctuate and are subject to market volatility.

NOTE 3 – NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS AND METHODS

The components of the net pension liability are as follows:

Total pension liability	$	3,286,313,481
Plan fiduciary net position		1,989,646,000
Net pension liability	$	1,296,667,481

The total pension liability was determined as of a measurement date of September 30, 2019, using an actuarial valuation date of October 1, 2019, and the following actuarial assumptions, applied to all periods included in the measurement:

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NOTE 3 – NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Inflation	2.50%
Salary increases assumption	3.00% - 7.50%, of which 2.50% is the Plan's long-term payroll inflation.
Investment rate of return	6.90%, net of pension plan investment expense, including inflation.
Pre-retirement mortality rates	FRS pre-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with Scale MP2018
Healthy annuitant mortality rates	FRS healthy post-retirement mortality tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, projected generationally from 2010 with Scale MP2018
Disabled annuitant mortality rates	The FRS tables for personnel other than special risk and K-12 instructional personnel, set forward 2 years, reasonably reflect the healthy annuitant mortality experience of the General Employees Retirement Plan as of the measurement date. The FRS disabled mortality tables for personnel other than special risk reasonably reflect the disabled annuitant mortality experience as of the measurement date.

The actuarial assumptions used in the October 1, 2019 valuation were based on the results of an experience study for the period October 1, 2012 to September 30, 2019.

The following changes in key actuarial assumptions occurred in 2019:

- The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return by the target asset allocation as of September 30, 2019 are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Macro Advisors.

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NOTE 3 – NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30%	6.40%
International equity	20%	7.05%
Fixed income	20%	1.15%
Real estate	15%	4.50%
Private equity	8%	10.40%
Alternatives	8%	3.32%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability is 6.90%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

Proportional share of the Net Pension Liability	1% Decrease (5.90%)	Current Discount (6.90%)	1% Increase (7.90%)
City of Jacksonville	$ 829,183,597	$ 638,349,401	$ 478,977,304
JEA	822,614,807	633,292,398	475,182,846
Jacksonville Housing Authority	30,485,930	23,469,681	17,610,175
North Florida Transportation Planning Organization	2,021,167	1,556,001	1,167,525

DRAFT

NOTE 3 – NET PENSION LIABILITY AND ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Plan Fiduciary Net Position

The Plan's fiduciary net position as a percentage of total pension liability is 60.54%.

NOTE 4 – INVESTMENTS

Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Type	Total Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Stock - Common	$ 345,212,734	$ 345,212,734	$ -	$ -
Registered Investment Companies	33,747,700	33,747,700	-	-
U.S. Government Securities	102,655,670	51,806,270	50,849,399	-
Corporate Debt Instruments	136,344,537	-	136,344,537	-
Common/Collective Trust	599,119,958	-	-	599,119,958
Partnership/Joint Venture Interest	438,475,410	57,506,679	-	380,968,731
Pooled Separate Accounts	90,280,729	-	-	90,280,729
*Other Investments	224,621,263	1,663,681	617,159	222,340,422
	$ 1,970,458,001	$ 489,937,064	$ 187,811,095	$ 1,292,709,840

* Composed of 103-12 investments, Other Short Term Bonds, Derivatives, and Cash/Dividend/Interest/Misc., Payables/Pending trades as of 9/30/19.

DRAFT

The Plan has the following recurring fair value measurements as of September 30, 2019:

- Corporate Stock (Common) – Values using the primary exchange closing price.
- Registered Investment Co. – Valued at the daily closing value as reported by the fund and as supplied by third party vendors to the Plan's custodian. Short term fixed income investment funds (security maturities that do not exceed one year) may be valued using book value.
- U.S. Government Securities – Short term US government fixed income securities (with maturities that do not exceed one year) are valued using book value. Securities with maturities greater than one year are valued using prevailing market bids and based upon calculations that reflect the expected price to an investor in an orderly transaction.

NOTE 4 – INVESTMENTS (CONTINUED)

- Corporate Debt Instruments – Short term corporate debt securities (with maturities that do not exceed one year) are valued using book value. Securities with maturities greater than one year are valued using prevailing market bids or a measurable market close and are based upon calculations that reflect the expected price to an investor in an orderly transaction.
- Common/Collective Trusts – Valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the security is held.
- Partnership/Joint Venture Interests – Underlying equity investments valued using the primary exchange close price. Underlying non-equity investments valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the investment is held.
- Pooled Separate Accounts – Valued based on an appraisal or calculated and assigned by a general or managing partner of the vehicle in which the investment is held.

Interest Rate Risk

Interest rate risk is controlled primarily through duration, which is a measure that approximates the change in value of a bond, or bond portfolio, for a given change in interest rates. In general, shorter duration measures are less sensitive to interest rate shifts, while longer durations are more sensitive. To limit the portfolio volatility associated with changes in interest rates, the Plan's investment policy statement restricts the average duration of the overall portfolio to a range of 0.75 – 5.00 years, of which, no more than 7.5% of the individual securities in the portfolio can have a duration greater than eight and one-half (8.5) years. This guideline applies to all investment types underlying the portfolio including, but not limited to, government, agency, corporate, international, and mortgage backed securities.

Credit Quality

The portfolio measures credit quality of the fixed income holdings contained therein using Moody's rating schedule. Credit quality is reported on a quarterly basis and is monitored by the Pension Board of Trustees, staff to the board, and by the plan's consultant. Credit quality reports are provided on the overall portfolio to illustrate the credit risk at fiscal-year end.

Quality Breakdown	Portfolio (%)
Aaa	34%
Aa1-Aa3	3%
A1-A3	17%
Baa1-Baa3	14%
Ba1-Ba3	2%
Other	1%
Commingled	29%
	100%

DRAFT

NOTE 4 – INVESTMENTS (CONTINUED)

Rating definitions:

Treasury – United States Treasury Securities (Included in Aaa)
Agency – Government Agency Securities (Included in Aaa)
Aaa (AAA) – Highest Investment Grade Quality Rating
Aa1-Aa3 (AA+ to AA-) – Medium Investment Grade Quality Rating
A1-A3 (A+ to A-) – Medium Low Investment Grade Quality Rating
Baa1-Baa3 (BBB+ to BBB-) – Lowest Investment Grade Quality Rating
Ba1-Ba3 (BB+ to BB-) – Highest Non-Investment Grade Quality Rating
Commingled – Securities that are not applicable to Quality Ratings – they predominantly represent mutual funds that are listed and valued as a whole, not individual holdings, as well as minor exposure to non-investment grade securities.

Custodial Credit Risk

The custodial relationship is governed by written agreements that are executed by all parties and specifies that, all securities owned and cash held by the Plan shall be held in the City's, or its nominee's, name in an account separate from all other accounts maintained by the custodian and shall at all times, while in the custody of the Custodian, be designated as an asset of the City's Pension Trust.

NOTE 5 – SUBSEQUENT EVENTS

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

DRAFT

INTER-OFFICE MEMORANDUM
December 2, 2020

SUBJECT:	**JEA IDENTITY THEFT PROTECTION PROGRAM ANNUAL RISK ASSESSMENT**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
JEA's Identity Theft Protection Program is a critical program designed to protect customer's Personally Identifiable Information (PII). Various regulations listed below mandate JEA to maintain an effective identity theft protection program.

DISCUSSION:
JEA Identity Theft Protection Program as per the regulations requires an assessment of JEA's Identity Theft Risk and present it to an appointed committee of the JEA Board. The current report covers the JEA performance for the period of January thru December, 2019.

RECOMMENDATION:
JEA's Compliance Oversight Committee requests the FAC to review the assessment data and provide any feedback to improve the program.

_____
Jay C. Stowe, Managing Director/CEO

JCS/SVT/DDM

2019 Risk Assessment

JEA Identity Theft Protection Program
Annual Risk Assessment

Dan Mishra – Director, CIP Compliance

Overview

- JEA has a program to comply with Federal and State regulations concerning identity theft (FCRA, FACTA and FIPA).
  - *FCRA – Fair Credit Reporting Act, 15 U.S.C. § 1681*
  - *FACTA – Fair and Accurate Credit Transactions Act of 2003*
  - *FIPA – Florida Information Protection Act, (501.171)*

- These three acts address protection of Personally Identifiable Information (PII) of customers, employees, agents and contractors in JEA's possession.

Compliance Oversight Committee

- Compliance Oversight Committee (COC) oversees compliance with Identity Theft Standards.
- Committee consists of Chief Compliance Officer, Chief Customer Officer, Chief Information Officer, Chief Human Resources Officer, and Chief Supply Chain Officer
- Objective of Risk Assessment – Review performance and identify major weaknesses or improvement opportunities.
- Summary of Risk Assessment provided to Finance & Audit Committee to fulfill FACTA Annual Reporting requirement.

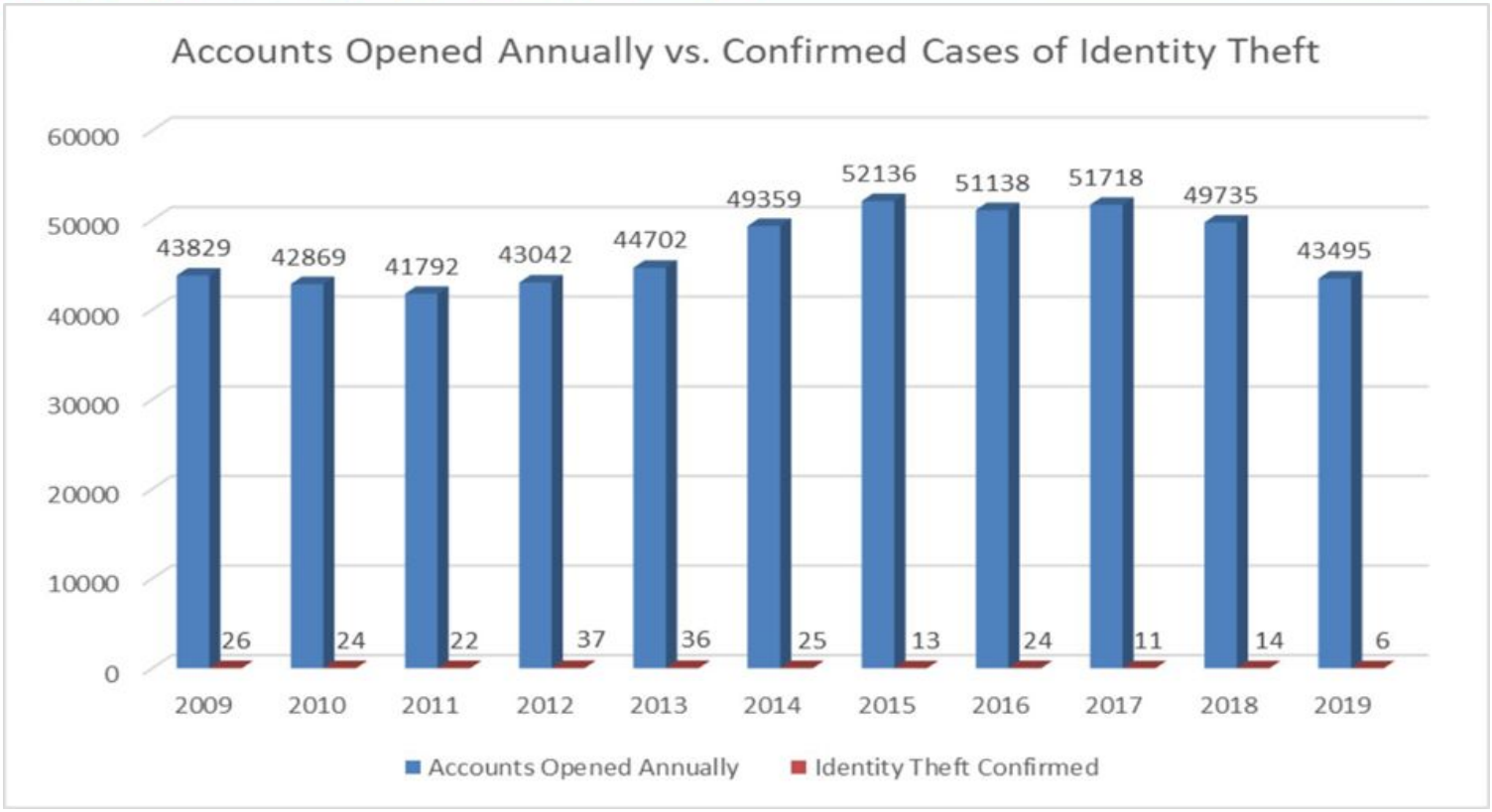
Risk Assessment Approach

Two-Part Review

1. Review of controls applied to JEA data and information acquired by JEA using customer service channels.

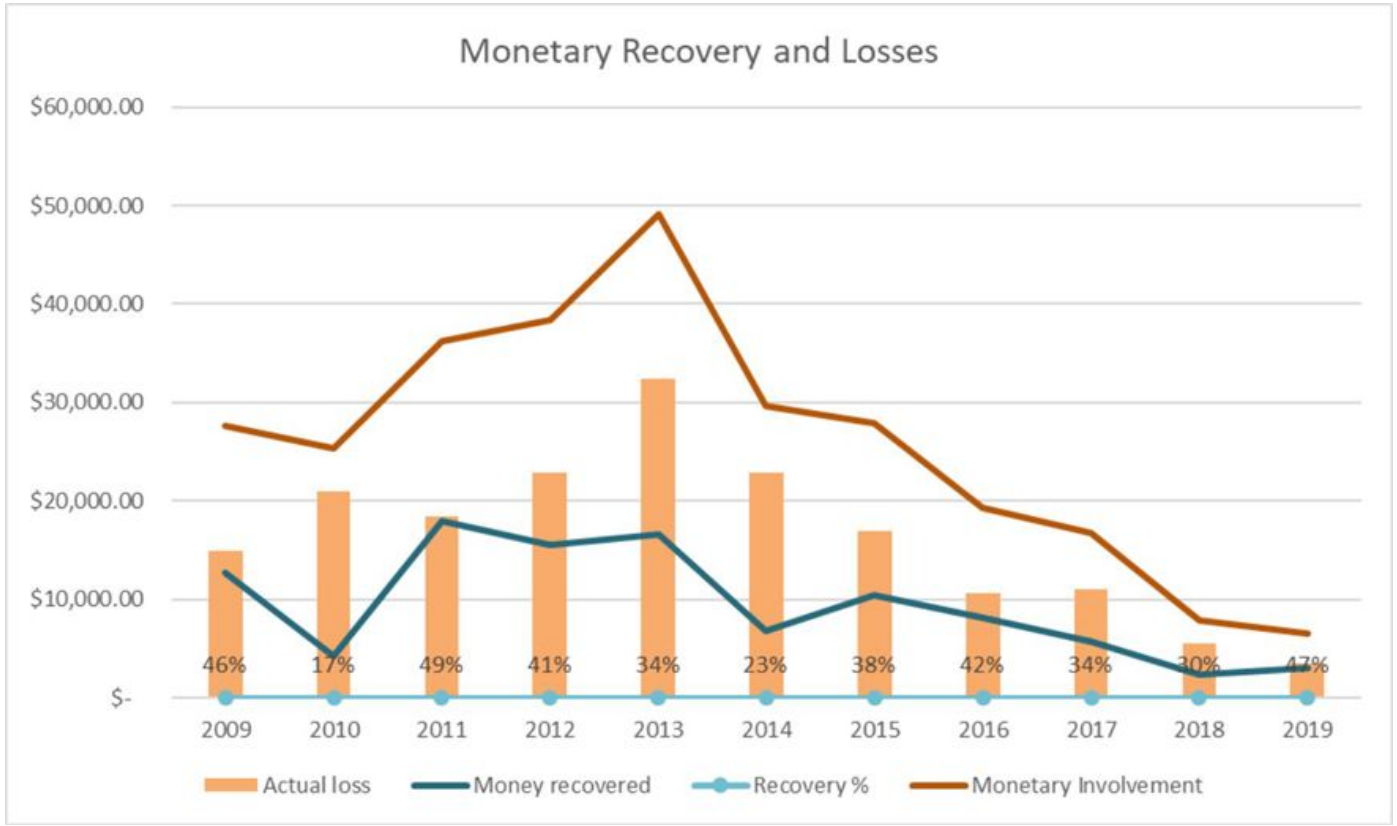
2. Review of controls applied to JEA data and information stored within JEA and shared with business partners and JEA personnel.

Program Metrics

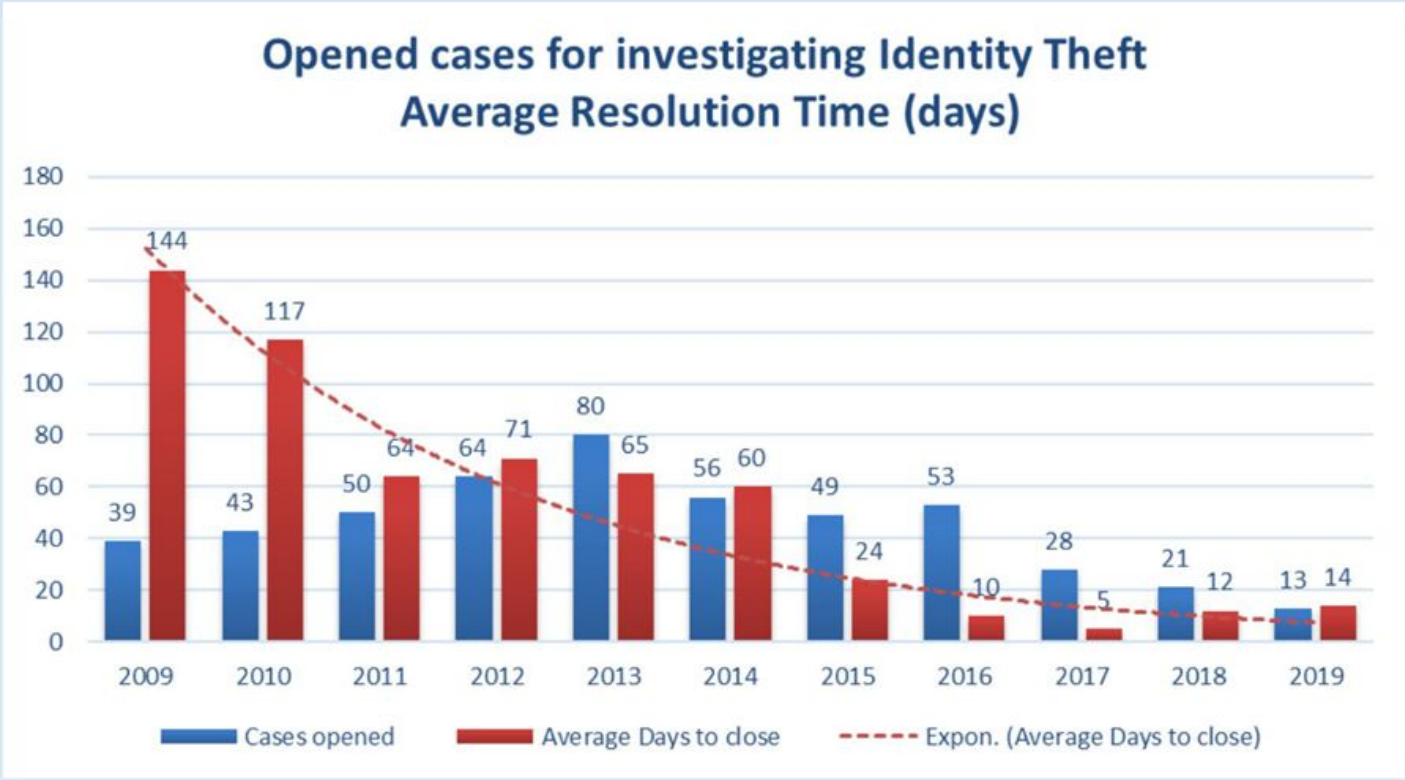


In 2019 – 13 Cases Opened

Program Metrics



Operational Metrics



Sources


Source of Account Opening
Confirmed Cases 2019
17%
83%
Phone (5)
Web (1)

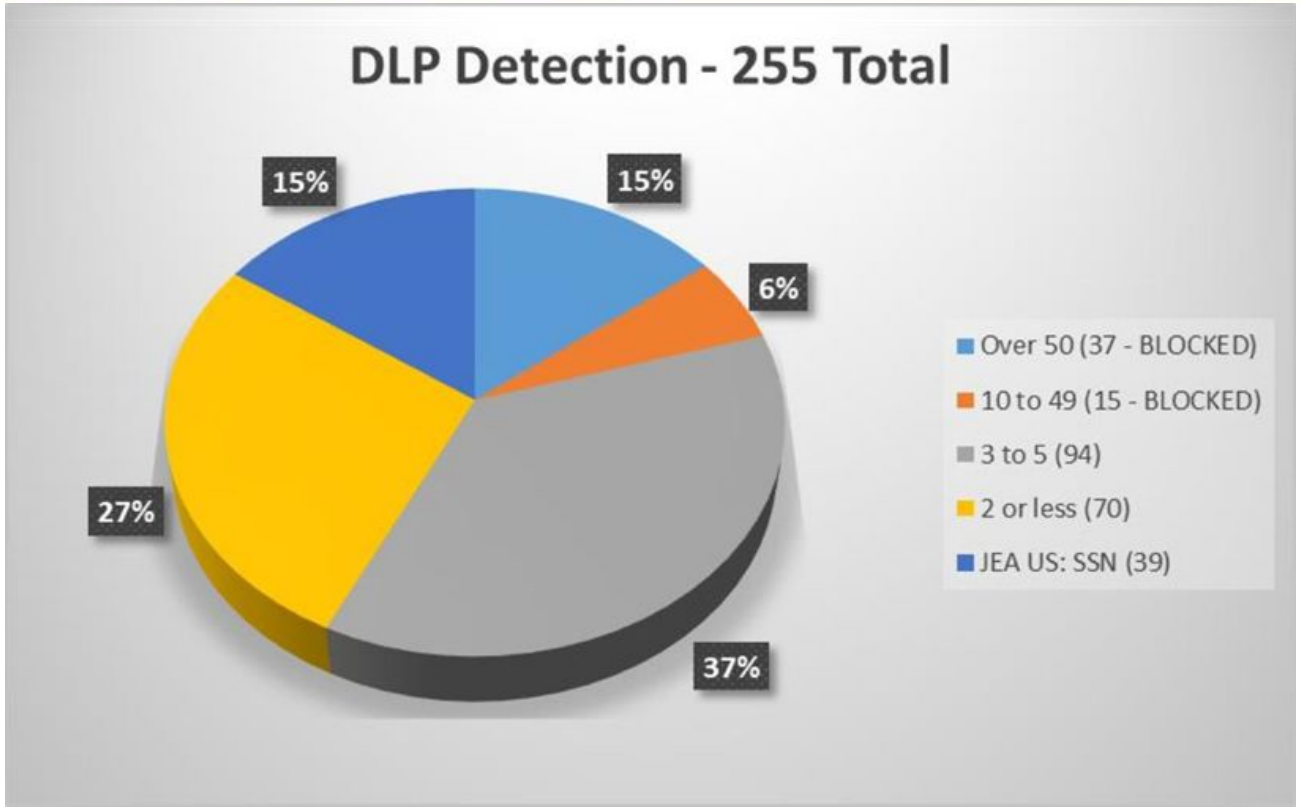
2019 Identity Theft Summary of Results

Of the six confirmed cases in 2019:

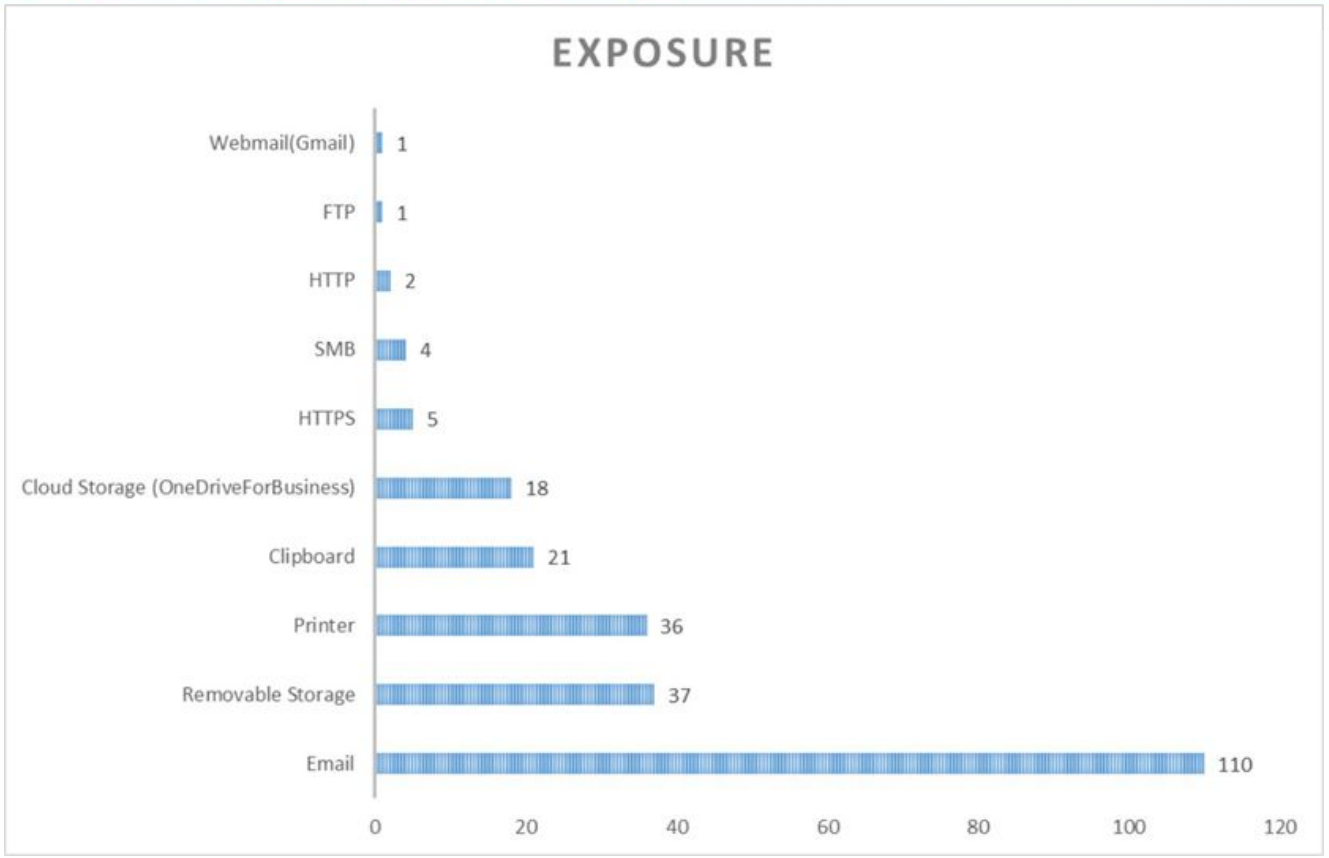
- One case account opened prior to the 2012 implementation of a more robust identity verification process using Experian

- Remaining five cases the account opener provided verifiable PII

Data Loss Prevention (DLP) Metrics



Data Loss Prevention (DLP) Exposure



2019 Summary of Results

- No reportable data breach has been recorded for the calendar year 2019.

- Twelve cases of failed security controls impacting PII data were recorded and corrected.

Process Improvements in Effect

- Data Registry for authorized users who transmit sensitive data on behalf of JEA (in place.)

- Post-account opening audits implemented. (2019)
  - Verify account SSN has corresponding Experian query.
  - Verify segregation of duties principles are followed for SSN changes.

- Enhanced script to identify duplicate SSN usage. (2019)

- Enhanced script for online account openings. (2019)

- Enhanced Remote Identity Verification Process using ACCURINT & law enforcement. (COVID 2020)

Concerns & Challenges

- Digital Data Loss Prevention
- Documented Security Controls for DLP
- PII Data sharing & transmission
- Cloud data protection controls

Cloud and PII Risk - Mitigation

- Cloud services and platforms have been evaluated as evolving risks that involve third-party controls.
- Cloud data risk management to address inventory, policy controls, service decommissioning, and data disposal.

Long-Term Improvement Proposals

- Secure FTP or Dropbox Site for enterprise
- Update DLP Alert Response/Investigation Process
- DLP Metrics periodic report for Compliance Oversight Committee
- IAM-based Access Control for PII data (in planning)

Conclusion

- JEA is compliant with FACTA, FCRA, and FIPA.
- Appropriate controls are in place to prevent, detect, and mitigate identity theft.
- Improvements to cyber security controls, metrics recommended.
- In the rare event identity theft occurs, steps are taken to identify the root cause, and corrective actions are taken.

INTER-OFFICE MEMORANDUM
December 2, 2020

SUBJECT:	**ETHICS OFFICER QUARTERLY REPORT**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
Per City of Jacksonville Ordinance 2011-197-E, JEA is required to appoint an Ethics Officer to represent the agency on ethics matters and to participate in a citywide Ethics Coordination Council. The Ethics Officer serves as the organization's internal control point for ethics and any improprieties, allegations, complaints and conflicts of interest. The Finance and Audit Committee will receive a quarterly update from the Ethics Officer.

DISCUSSION:
JEA Ethics Officer ensures information is shared and advice given regarding issues and questions. This role manages ethical concerns for the organization and ensures compliance with business and governmental regulations.

RECOMMENDATION:
This item is for information only.

_____
Jay C. Stowe, Managing Director/CEO

JCS/SVT/WMS



ETHICS OFFICER
Walette Stanford

QUARTERLY REPORT

DECEMBER 2020

JEA

FY21 ETHICS STRATEGY

Vision

Achieve a high level of public confidence in the integrity of JEA Operations

Strategic Objectives

Oversight, Interpret and Advise, Education, Modernize Rules, Visibility, Availability



ETHICAL INTEGRATION

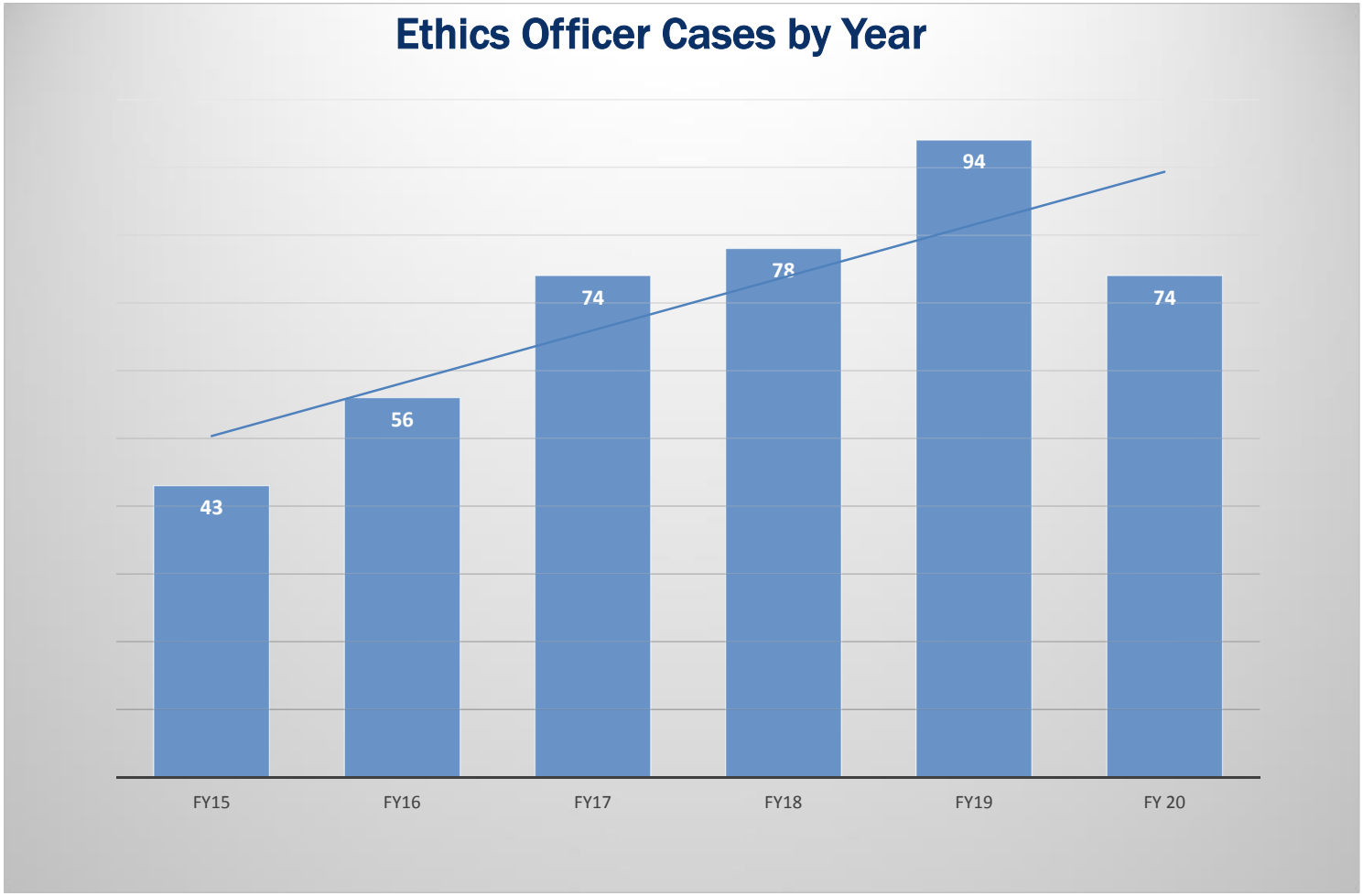
Building ethical considerations into a business strategy via the planning process is an important element of ethics management. Strategy lays the foundation for how an organization carries out its operations.

Four elements for ethical integration:

1. **Developing a Code of Ethics**
2. **Ethics Training**
3. **Situational Advice (Ethics Officer Role)**
4. **Confidential Reporting System**

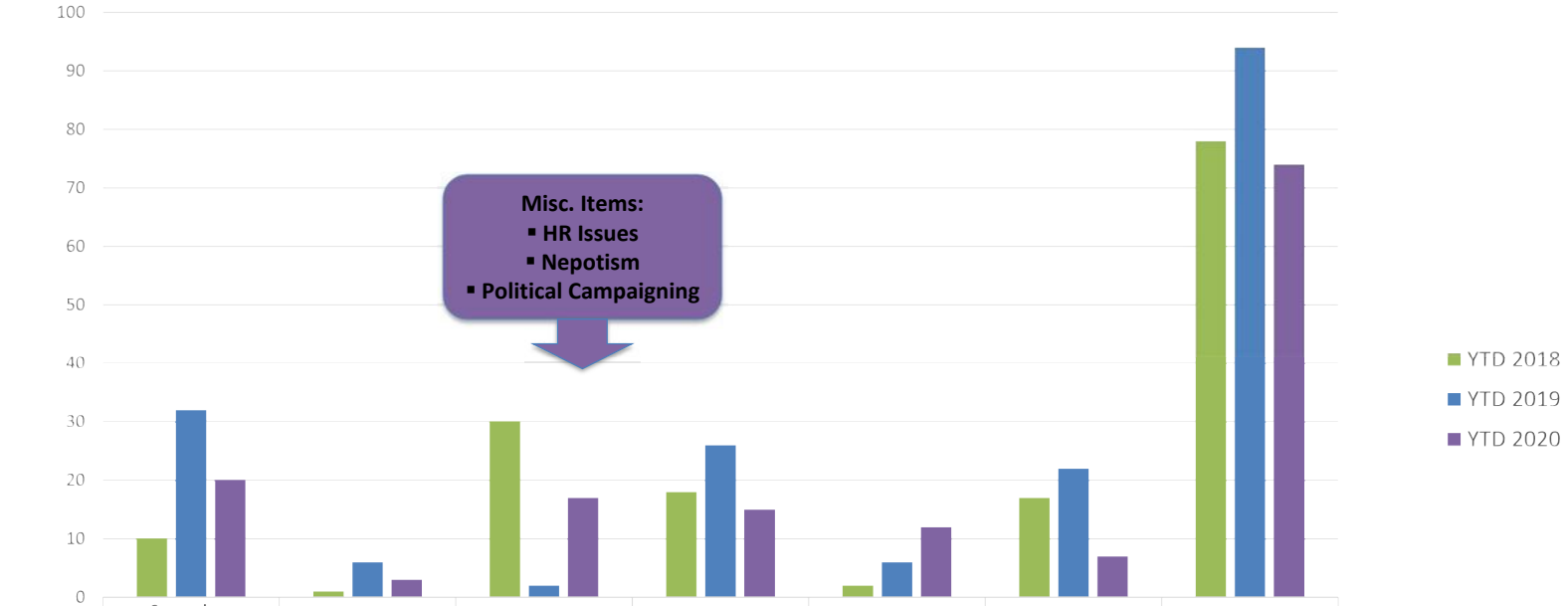
Ethics Officer Inquiries

- Consultation is a great way to handle ethical issues as they arise internally.
- These consultations help improve the organization's ethical strategy.



Ethics Officer Cases

Ethics Officer Inquiry Categories



	Secondary Employment	Vendor	Misc	Gift	Conflicts of Interest	Conference	Total
YTD 2018	10	1	30	18	2	17	78
YTD 2019	32	6	2	26	6	22	94
YTD 2020	20	3	17	15	12	7	74

Ethics Officer Inquiries

JEA Ethical Leadership Workshops

Carla Miller, COJ Director of Ethics Compliance and Oversight, Facilitator

- Trained 235 managers
- Virtual class platform
- 60 minute workshop
- Survey conducted after each session



Survey Results:
88% rated the seminar excellent or good.
97% found the information easy to follow
97% found it interesting
92% received valuable information from the training.
87.64% have more insight on what it takes to have an ethical culture.

Comments:
What did they like? Carla's background/inside stories, behind the scenes, audience engaged; tips, polls, watchdog information, it was candid, honest and told the back story

Dislike? Most people said nothing that they disliked; a few said "less of Carla", some said "more of Carla". Some said they want in-person training.

Ethical Leadership Workshops Action Plan

Action Plan Outline

Quarterly, send out tools to managers to continue to receive input on topics/areas to address. Include stories that managers can use to engage their employees with as it relates to ethical leadership.

Topics

First Quarter – Hope Test from Stanford University and TED talk on hope/positive thinking

Second Quarter – Video of JEA managers leveraging strengths: Gallup strength test

Third Quarter – Jonathan Haidt – the Happiness Project and survey of ethical climate/culture

Fourth Quarter – Dr. David Rock – Neuroscience and processing threats (Ethical tools)





Business Ethics-What's Next

- Evaluate the RFP for Board Governance Consulting Services.
- Upgrade current Ethics Hotline AlertLine to EthicsPoint; broader functionality. Estimated 3Q/21 completion.
- Develop FY21 Business Ethics Refresher training for all employees. Rollout in March 2021.
- Support new CEO Strategy, for JEA's ethical integration.

FY 20/21
Update

INTER-OFFICE MEMORANDUM
December 2, 2020

SUBJECT:	**JEA CODE OF CONDUCT AND CODE OF ETHICS**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
The Ethics Officer serves as the organization's internal control point for ethics and reviews the internal control processes and ensures the organization maintains and ethical culture by providing the tools and resources to employees. The JEA Code of Conduct and Code of Ethics are tools that outline the expected behavior of all employees to ensure compliance with business and governmental regulations.

DISCUSSION:
The benefit to the organization is to promote and establish a foundation upon which our organization can operate and thrive. Establishing a system of principles governing the appropriate conduct for all employees.

RECOMMENDATION:
Management recommends the Finance & Audit committee approve the JEA Code of Conduct and Code of Ethics.

_____
Jay C. Stowe, Managing Director/CEO

JCS/SVT/WMS

JEA Code of Conduct & Code of Ethics

Walette Stanford
Ethics Officer

December 2020



Summary of JEA Code of Conduct

- Business Ethics is supported by a Code of Conduct. The Code of Conduct in broad terms reminds JEA employees of their duty to act solely in the best interest of our Customers.
- The document contains a set of rules outlining the norms and responsibilities of an employee. It outlines the principles governing the appropriate conduct of all employees.
- The Code covers a variety of topics which help provide employees with skills necessary to make the right decisions.



Summary of JEA Code of Ethics

- The (OPP) Organizational Policy and Procedure sections of the Code summarize the concepts and principles from the JEA Code of Conduct. It is a supplement to Chapter 602 of Jacksonville Ethics Code, as well as the State of Florida Statutes, Chapter 112, Code of Ethics for Public Officers and Employees.
- The Employee commitment list seven assurances of appropriate ethical behavior.
- The acknowledgement section provides for governing the appropriate conduct for all employees.



CODE OF CONDUCT



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WELCOME

A LETTER FROM OUR ETHICS OFFICER

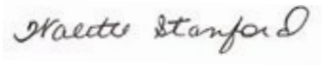


Building and maintaining trust in our business relationships and pursuing the highest standards of ethical behavior are fundamental aspects of JEA's cultural values. JEA is committed to acting in a manner consistent with these values and conducting business with honesty and integrity.

JEA must know and abide by all applicable laws, regulations, rules and ordinances of City government. Responsibility for the company's commitment to integrity rests with each employee. All employees are expected to adhere to the standards of ethical business conduct and to know and comply with JEA policies and procedures while performing company responsibilities. Employees must be sensitive to situations that could lead to illegal or unethical actions or the appearance of impropriety, and avoid such situations. All employees should feel comfortable taking appropriate action against illegal, improper, or unethical behavior of others. If an employee is unsure of a specific action, it is their responsibility to ask questions and seek guidance.

The Code of Conduct publication covers a variety of topics which help equip employees with skills necessary to make the right decisions. When we take the time to do what is right, we act with integrity, build trust, and make JEA even stronger.

Please familiarize yourself with this information and join with me in making the commitment to uphold it in all we do at JEA.



Walette Stanford
Ethics Officer

JEA'S CODE OF CONDUCT

STATEMENT OF OUR CULTURAL VALUES

In every action, system and communication, JEA and its employees strive to abide by our **Cultural Values; how we act when no one is looking**


Safety


Growth[2]


Service


Accountability


Integrity


Respect



SAFETY

The health and well-being of our employees and community is paramount to the success of JEA. The work we do at JEA is dangerous and we are committed to habitually protecting our employees and community. Beyond the moral obligation, JEA's value is increased by delivering safety excellence. Measures and strategies designed to prevent, control, reduce or eliminate hazards and risks should be developed and applied continuously to keep pace with technological and economic changes.



SERVICE

We obsessively believe that JEA and our employees' service to our customer and each other is critical to JEA's success. Commit to fostering a service-first culture. Serving with excellence is a choice. We are determined to establish a clear plan to ensure customers feel JEA is committed to the best possible service. We are also committed to fostering a collaborative "How can I help?" culture internally. Value and measure the service we provide customers and each are essential. We volunteer with a spirit of service to build community because it is the one we live in.



INTEGRITY

Trust is built in truth and transparency. Employees must realize that they have nothing to fear from telling or knowing the truth. We must all have integrity and demand it from others. You should never say anything about someone that you would not say to them directly and give people the benefit of the doud. Do not let loyalty to people stand in the way of telling the truth and preserving the well-being of the organization. Be open, honest, fair, respectful and ethical at all times.



GROWTH[2]

Be committed to elevating yourself and JEA. In order to continue to serve our customers and community with excellence our business must grow. Now more than ever we need to be flexible and adapt to the changing utility industry and our customers' changing needs and expectations to improve service to our customers and community while growing as our industry evolves. We also expect our employees to be life-long learners so we provide the training and individual development programs to aid in this accomplishment. Growth means an increase in knowledge, value, wellbeing, or sustainability. Growth is continuous and not always linear. Growth only occurs at JEA when knowledge, value, wellbeing, or sustainability are committed to writing, a process or an institutional system.



ACCOUNTABILITY

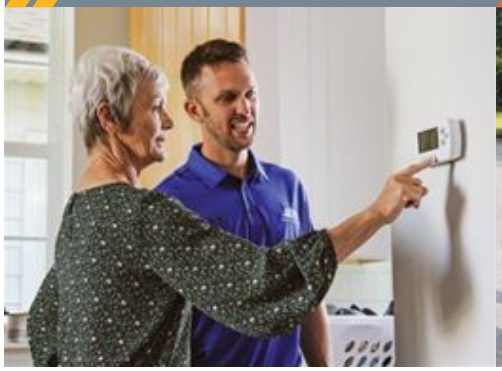
Each employee should operate as an owner of JEA who is responsible for delivering outcomes and results. Hold yourself and others accountable and appreciate them for holding you accountable. If you've agreed with someone that something is supposed to go a certain way, make sure it goes that way—unless you get in sync about doing it differently. Create a culture in which it is "okay" to make mistakes and unacceptable not to learn from them. Be loyal to the common mission and not to anyone who is not operating consistently with it. Get over "blame" and "credit" and get on with "accurate" and "inaccurate." Create an environment in which everyone has the right to understand what makes sense and no one has the right to hold a critical opinion without speaking up.



RESPECT

As employees, we are public servants and are not only expected, but mandated, to behave and operate to the highest ethical standards, and to show respect and dignity to all. Communicating openly and sharing frequent and candid feedback. Being reliable and dependable.

CUSTOMER VALUE



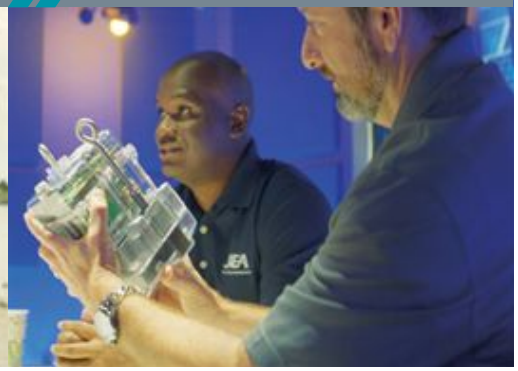
COMMUNITY IMPACT VALUE



ENVIRONMENTAL VALUE



FINANCIAL VALUE



COMPANY VISION

Premier Service Provider, valued asset and vital partner in advancing our community.

COMPANY MISSION

Energizing our community through high-value energy and water solutions.

CORPORATE MEASURES

CUSTOMER VALUE:

What customers expect to get in exchange for the price they pay

COMMUNITY IMPACT VALUE:

Improving the quality of life through innovative and cost-effective service offerings, employee volunteerism and ambassadorship, relevant and timely communications, and support of economic development and job growth throughout JEA's service territory; foster a collaborative and respectful corporate culture that provides exceptional employee value to equip the JEA team to deliver outstanding service and value to its community

ENVIRONMENTAL VALUE:

Ensuring a sustainable environment for future generations

FINANCIAL VALUE:

The monetary value and risk profile, both today and tomorrow, of JEA as it relates to the City

CORE COMPETENCIES

The things we need to be exceptionally and uniquely good at in order to yield better and better results of our Corporate Measures which drive our Mission to demonstrate our Vision

- Deliver an unparalleled positive customer experience
- Work together to elevate the entire team
- Innovate and evolve to match our customers' needs with market trends

BUILD TRUST AND CREDIBILITY

The success of our business is dependent on the trust and confidence we earn from our employees, customers and shareholders.

We gain credibility by adhering to our commitments, displaying honesty and integrity and reaching company goals solely through honorable conduct. It is easy to say what we must do, but the proof is in our actions. Ultimately, we will be judged on what we do.

When considering any action, it is wise to ask: will this build trust and credibility for JEA? Will it help create a working environment in which JEA can succeed over the long term? Is the commitment I am making one I can follow through with? The only way we will maximize trust and credibility is by answering "yes" to those questions and by working every day to build our trust and credibility.

RESPECT FOR THE INDIVIDUAL

We all deserve to work in an environment where we are treated with dignity and respect.

JEA is committed to creating such an environment because it brings out the full potential in each of us, which, in turn, contributes directly to our business success. We cannot afford to let anyone's talents go to waste.

JEA is an equal employment employer and is committed to providing a workplace that is free of discrimination of all types from abusive, offensive or harassing behavior. Any employee who feels harassed or discriminated against should report the incident to his or her manager or to labor relations.



CREATE A CULTURE OF OPEN AND HONEST COMMUNICATION

At JEA everyone should feel comfortable to speak his or her mind, particularly with respect to ethics concerns.

Managers have a responsibility to create an open and supportive environment where employees feel comfortable raising such questions. We all benefit tremendously when employees exercise their power to prevent mistakes or wrongdoing by asking the right questions at the right times.

JEA will investigate all reported instances of questionable or unethical behavior. In every instance where improper behavior is found to have occurred, the company will take appropriate action. We will not tolerate retaliation against employees who raise genuine ethics concerns in good faith.Employees are encouraged, in the first instance, to address such issues with their managers or labor relations, as most problems can be resolved swiftly. If for any reason that is not possible or if an employee is not comfortable raising the issue with his or her manager or HR, then contact the JEA Ethics Officer or the JEA Ethics Hotline at **1-800-805-3569**, which is anonymous and accessible 24 hours a day.



Contact the JEA Ethics Hotline at 1-800-805-3569, which is anonymous and accessible 24 hours a day.



SET TONE AT THE TOP

Management has the added responsibility for demonstrating, through their actions, the importance of this Code.

In any business, ethical behavior does not simply happen; it is the product of clear and direct communication of behavioral expectations, modeled from the top and demonstrated by example. Again, ultimately our actions are what matters.

To make our Code work, managers must be responsible for promptly addressing ethical questions or concerns raised by employees and for taking the appropriate steps to deal with such issues. Managers should not consider employees' ethics concerns as threats or challenges to their authority, but rather as another encouraged form of business communication. At JEA, we want the ethics dialogue to become a natural part of daily work.



UPHOLD THE LAW

JEA's commitment to integrity begins with complying with laws, rules and regulations where we do business

Further, each of us must have an understanding of the company policies, laws, rules and regulations that apply to our specific roles. If we are unsure of whether a contemplated action is permitted by law or JEA policy, we should seek the advice from the resource expert. We are responsible for preventing violations of law and for speaking up if we see possible violations.

JEA's Code of Conduct is designed to help foster an ethical environment, deter unethical behavior, and cope with problems and ethical dilemmas. The Code of Conduct is defined as standards that are reasonably necessary to promote and establish ground rules within which the organization operates. This includes: 1) honest and ethical conduct, as well as the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; 2) full, fair, accurate, timely, and understandable disclosure of ethics issues; 3) compliance with applicable governmental rules and regulations; and 4) proper financial reporting. Please note that in addition to JEA requirements and policies, all of its officers and employees are subject to both the City of Jacksonville's Ethics Code as set forth in Chapter 602, Ordinance Code, and the State of Florida's Ethics Code as set forth in Chapter 112, Part III, and Florida Statutes.

AVOID CONFLICTS OF INTEREST

Conflicts of Interest

We must avoid any relationship or activity that might impair, or even appear to impair, our ability to make objective and fair decisions when performing our jobs. At times, we may be faced with situations where the business actions we take on behalf of JEA may conflict with our own personal or family interests. We owe a duty to JEA to advance its legitimate interests when the opportunity to do so arises. We must never use JEA property or information for personal gain or personally take for ourselves any opportunity that is discovered through our position with JEA.

Here are some other ways in which conflicts of interest could arise:

1. Being employed (you or a close family member) by, or acting as a consultant to, a competitor or potential competitor, supplier or contractor, regardless of the nature of the employment, while you are employed with JEA.
2. Hiring or supervising family members.
3. Owning or having a substantial interest in a competitor, supplier or contractor.
4. Having a personal interest, financial interest or potential gain in any JEA transaction.
5. Placing company business with a firm owned or controlled by a JEA employee or his or her family.
6. Accepting gifts, discounts, favors or services from a customer/potential customer, competitor or supplier, unless equally available to all JEA employees.



Determining whether a conflict of interest exists is not always easy to do. Employees with a conflict of interest question should seek advice from management. Before engaging in any activity, transaction or relationship that might give rise to a conflict of interest, employees must seek review from their managers or the Ethics Officer.

GIFTS, GRATUITIES AND BUSINESS COURTESIES

We should avoid any actions that create a perception that favorable treatment of outside entities by JEA was sought, received or given in exchange for personal business courtesies.

Business courtesies include gifts, gratuities, meals, refreshments, entertainment or other benefits from persons or companies with whom JEA does or may do business. We will neither give nor accept business courtesies that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law, regulation or policies of JEA or customers, or would cause embarrassment or reflect negatively on JEA's reputation.

ACCEPTING BUSINESS COURTESIES

Most business courtesies extended to us in the course of our employment are offered because of our positions at JEA.

We should not feel any entitlement to accept and keep a business courtesy. Although we may not use our position at JEA to obtain business courtesies, and we must never ask for them, we may accept unsolicited business courtesies that promote successful working relationships and good, will with the firms that JEA maintains or may establish a business relationship with.

Employees who award contracts or who can influence the allocation of business, who create specifications that result in the placement of business or who participate in negotiation of contracts must be particularly careful to avoid actions that create the appearance of favoritism or that may adversely affect the company's reputation for impartiality and fair dealing. The prudent course is to refuse a courtesy from a supplier when JEA is involved in choosing or reconfirming a supplier or under circumstances that would create an impression that offering courtesies is the way to obtain JEA business.



MEALS, REFRESHMENTS AND ENTERTAINMENT

We may accept occasional meals, refreshments, entertainment and similar business courtesies that are shared with the person who has offered them, provided that:

- They are not lavish or excessive.
- The courtesies are not frequent and do not reflect a pattern of frequent acceptance of courtesies from the same person or entity.
- The courtesy does not create the appearance of an attempt to influence business decisions, such as accepting courtesies or entertainment from a supplier whose contract is expiring in the near future.
- The employee accepting the business courtesy would not feel uncomfortable discussing the courtesy with his or her manager or co-worker or having the courtesies known by the public.



GIFTS

Employees may accept unsolicited gifts (other than money) valued under $100, that conform to reasonable ethical practices. Examples of this type of gift include:

- Flowers, fruit baskets and other modest presents that commemorate a special occasion.
- Gifts of nominal value, such as calendars, pens, mugs, caps and t-shirts (or other novelty, advertising or promotional items).

Generally, employees may not accept compensation, honoraria or money of any amount from entities with whom JEA does or may do business. Tangible gifts (including tickets to a sporting or entertainment event) that have a market value greater than $100 may not be accepted. Employees with questions about accepting business courtesies should speak to their managers or the Ethics Officer.

SET METRICS AND REPORT RESULTS ACCURATELY

Accurate Public Disclosures

We will make certain that all disclosures made in financial reports and public documents are full, fair, accurate, timely and understandable. This obligation applies to all employees, including all financial executives, with any responsibility for the preparation of such reports, including drafting, reviewing and signing or certifying the information contained therein. No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records.

CORPORATE RECORDKEEPING

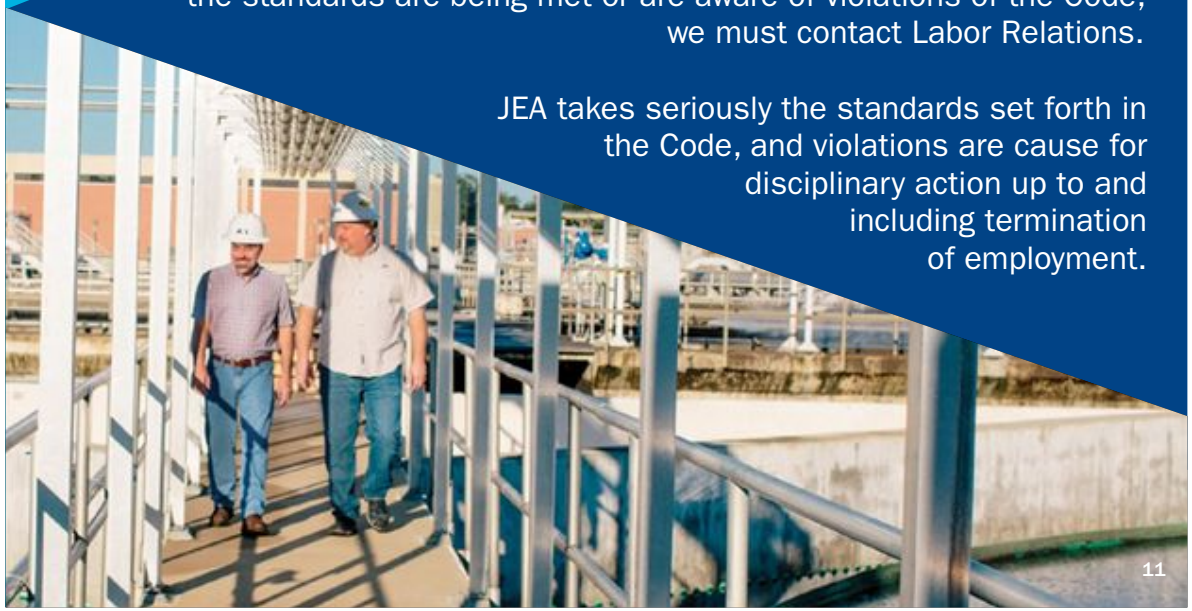
We create, retain and dispose of our company records as part of our normal course of business in compliance with all JEA policies and guidelines, as well as all regulatory and legal requirements.

All corporate records must be true, accurate and complete, and company data must be promptly and accurately entered in our books in accordance with JEA's and other applicable accounting principles. We must not improperly influence, manipulate or mislead any unauthorized audit, nor interfere with any auditor engaged to perform an internal independent audit of JEA books, records, processes or internal controls.

ACCOUNTABILITY

Each of us is responsible for knowing and adhering to the values and standards set forth in this Code and for raising questions if we are uncertain about company policy. If we are concerned whether the standards are being met or are aware of violations of the Code, we must contact Labor Relations.

JEA takes seriously the standards set forth in the Code, and violations are cause for disciplinary action up to and including termination of employment.



USE OF COMPANY RESOURCES

Company resources, including time, material, equipment and information, are provided for company business use.

Nonetheless, occasional personal use is permissible as long as it does not affect job performance or cause a disruption to the workplace. Employees and those who represent JEA are trusted to behave responsibly and use good judgment to conserve company resources. Managers are responsible for the resources assigned to their departments and are empowered to resolve issues concerning their proper use.

We will not use company equipment such as computers, copiers and fax machines in the conduct of an outside business or in support of any religious, political or other outside daily activity, except for company-requested support to nonprofit organizations. We will not solicit contributions nor distribute non-work related materials during work hours.

In order to protect the interests of JEA network and our fellow employees, JEA reserves the right to monitor or review all data and information contained on an employee's company-issued computer or electronic device, the use of the Internet or JEA's intranet. We will not tolerate the use of company resources to create, access, store, print, solicit or send any materials that are harassing, threatening, abusive, sexually explicit or otherwise offensive or inappropriate

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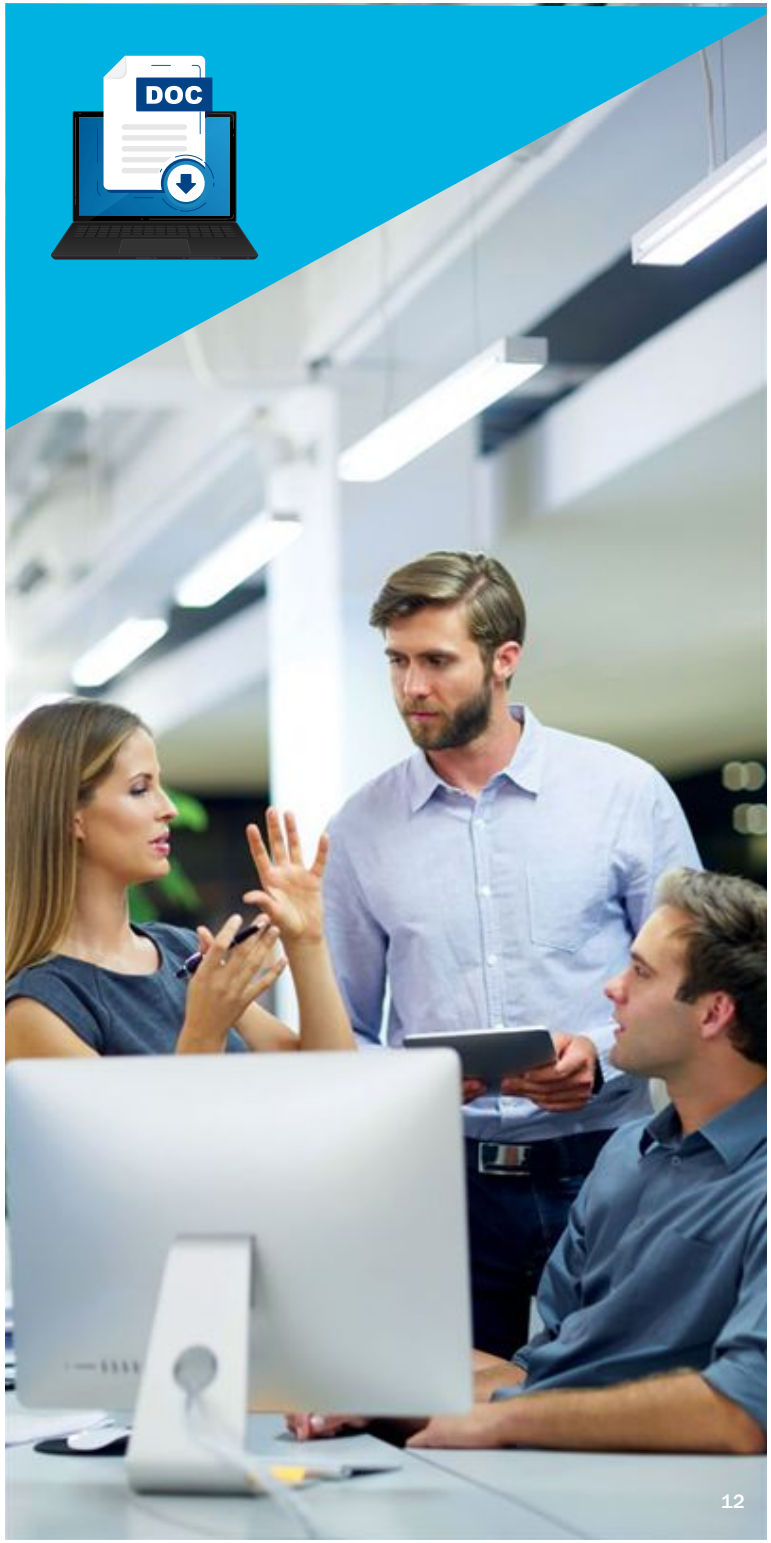
Questions about the proper use of company resources should be directed to your manager.



MEDIA INQUIRIES

JEA is a high-profile company in our community, and from time to time, reporters and other members of the media may approach employees.

In order to ensure that we speak with one voice and provide accurate information about the company, we should direct all media inquiries to Media Relations. No one may issue a press release without first consulting with the Media Relations or Customer & Community Engagement Director.

DO THE RIGHT THING

Several key questions can help identify situations that may be unethical, inappropriate or illegal. Ask yourself:

- Does what I am doing comply with the JEA guiding principles, Code of Conduct and company policies?
- Have I been asked to misrepresent information or deviate from normal procedure?
- Would I feel comfortable describing my decision at a staff meeting?
- How would it look if it made the headlines?
- Am I being loyal to my family, my company and myself?
- What would I tell my child to do?
- Is this the right thing to do?



INFORMATION AND RESOURCES

JEA Ethics Officer
Walette Stanford
ethicsofficer@jea.com
(904) 665-4282

A. POLICY STATEMENT

JEA is committed to ethical behavior and to reducing the risk of fraud; working together, all employees can mitigate this risk.

If an employee suspects an employee, vendor, or customer of fraud, the employee must report it. JEA is committed to investigating all suspected fraud and implementing corrective actions, up to and including termination of employment, cancellation of vendor contracts, and seeking legal recourse against anyone found guilty of fraud.

All employees and others who support the work of JEA are expected to ask questions, seek guidance, express concerns, and report any suspected violations of the established standards of business conduct.

JEA will not tolerate retaliation against employees who use the resources of the Ethics Program for reporting ethical concerns.

Successful execution of JEA's business plan cannot occur without integrity. JEA asks each person to execute their piece of the business with attention to every detail—especially the ethical implications of their own and their work group's actions. If an employee thinks certain activity is unethical, the employee must report it either to their manager, the Ethics Officer, or the Ethics Hotline. JEA commits to each person that JEA will respect the courage of people who point out existing or potential ethical problems, and that JEA will not tolerate retaliation against people who raise sincere ethical concerns.

JEA's Code of Conduct is designed to help foster an ethical environment, discourage unethical behavior, and cope with problems and ethical dilemmas. The Code of Conduct is defined as standards that are reasonably necessary to promote and establish ground rules within which the organization operates. This includes: 1) honest and ethical conduct, as well as the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; 2) full, fair, accurate, timely, and understandable disclosure of ethics issues; 3) compliance with applicable governmental rules and regulations; and 4) proper financial reporting. Please note that in addition to JEA requirements and policies, all of its officers and employees are subject to both the City of Jacksonville's Ethics Code as set forth in Chapter 602, Ordinance Code, and the State of Florida's Ethics Code as set forth in Chapter 112, Part III, and Florida Statutes.

ASSIGNMENT OF RESPONSIBILITY:

The Ethics Officer is responsible for the maintenance of these guidelines and the Code of Conduct.

All employees shall comply with the Code of Conduct and these guidelines, including assisting in reducing the risk of fraud. All employees shall take Ethics training annually.



B. OUR SHARED EXPECTATIONS

The Code of Conduct

These guidelines are designed to help employees recognize and deal with ethical issues in their work. It is a guide to help employees whenever they have a question about ethics or if they are faced with an ethical dilemma.

The Code of Conduct and shows us how to navigate those confusing situations and respond with the utmost integrity when dealing with fellow employees, customers, shareholders, vendors, contractors, and other business partners. By following our Code when interacting with these valued stakeholders, we maintain our reputation for integrity.

In addition, our Code serves as a guide to ethical business conduct. It sets forth the behaviors expected of us, helps us to make ethical decisions and shows us how we can identify potential misconduct. In the event that we do witness misconduct, our Code shows us where to go with our questions and concerns. It is important that we each read and follow our Code. In doing so, we do our part to ensure the success of our Company.

The business of JEA shall be conducted fairly, impartially, in an ethical and proper manner, and in full compliance with all applicable laws and regulations.

Integrity must underlie all relationships, including those with customers, vendors, communities and among employees. The highest standards of ethical conduct are required of JEA employees in the performance of their company responsibilities. Employees will not engage in conduct or activities that may raise questions as to the company's honesty, impartiality, and reputation, or cause embarrassment to the company.

The JEA Code of Conduct, as well as the City of Jacksonville's Ethics Code and the State of Florida is Ethics Code, outlines expected behaviors for all JEA employees. Failure to comply with JEA's Code of Conduct may result in disciplinary action, up to and including dismissal. JEA's management has the responsibility to establish processes, policies, and procedures that encourage and support ethical behavior within the organization.

All JEA employees shall:

- **Observe that fair dealing is the foundation for all of our transactions and interactions.**
- **Do not engage in any activity that might create a conflict of interest for the company or for you as an individual.**
- **Do not take advantage of your JEA position to seek personal gain through the inappropriate use of JEA information or by abuse of your position.**
- **Protect all company, customer, and vendor assets and use them only for appropriate, company-approved activities.**
- **Protect all customer and employee confidential information.**
- **Comply with, without exception, all applicable laws, rules, regulations, policies/procedures, and the JEA Charter.**
- **Comply with the State of Florida's Ethics Code as set forth in Chapter 112, Part III, and Florida Statutes.**
- **Comply with the City of Jacksonville's Ethics Code as set forth in Chapter 602, Ordinance Code.**
- **Seek guidance from the Ethics Officer if you are not sure if a contemplated action is ethical.**
- **Report behavior believed to be fraudulent, knowing that JEA will not tolerate retaliation against employees who raise sincere concerns.**
- **Promptly report any suspected illegal or unethical conduct by employees or vendors to management or other appropriate authorities,**

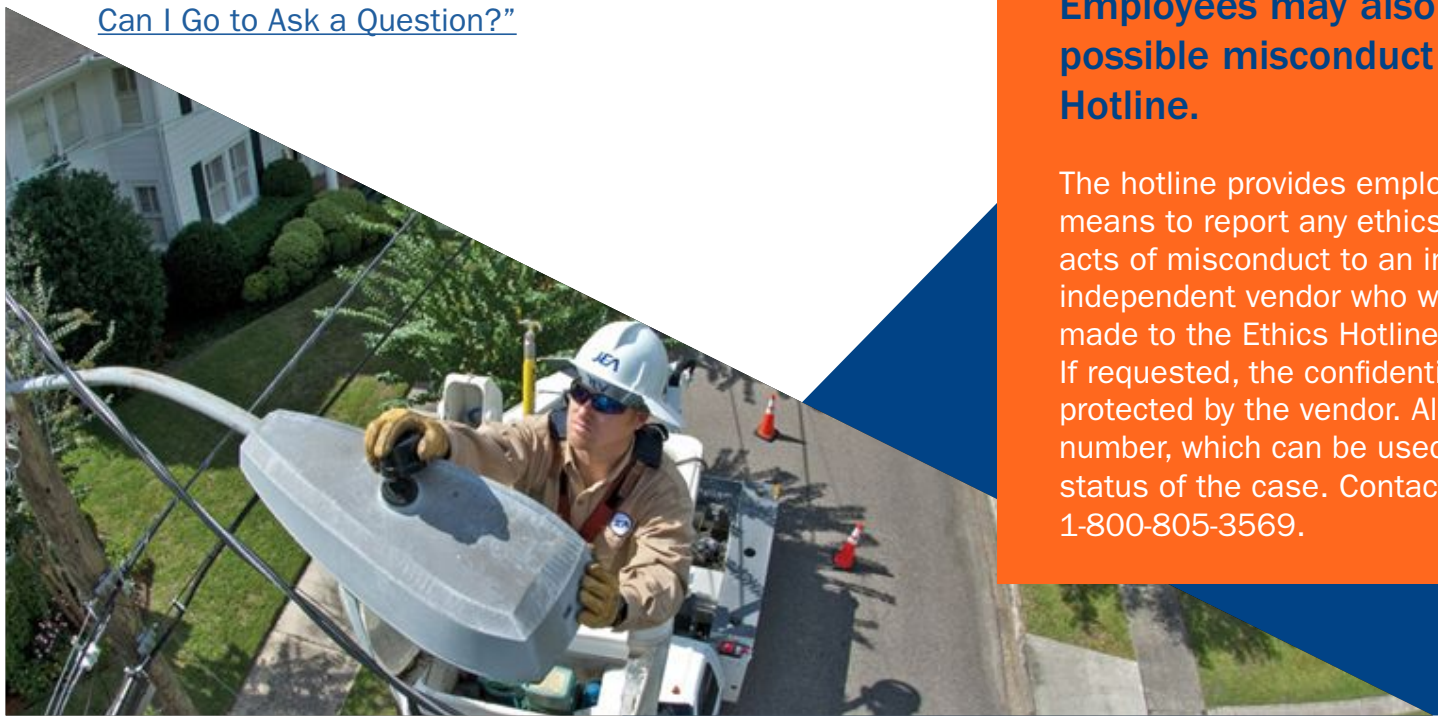
or:

- **If confidentiality is a concern, promptly report such conduct to the JEA Ethics Hotline: 800-805-3569.**
- **Promptly report any suspected illegal or unethical conduct by customers to Customer Relationship "Risk Assurance," by calling 904-665-6000.**

WHO MUST FOLLOW OUR CODE?

Our Code applies and will be circulated to the Board of Directors, all officers and employees. In addition, we expect our contractors, vendors and other business partners to share our values and uphold similar standards.

This means that each of us must follow our Code as well as Company policies and the law. In some cases, upholding our Code means performing our jobs at a higher standard than the law requires. If you have any doubts about whether a business decision or action is lawful or appropriate, you should seek guidance by following the steps set out in the section titled "Where Can I Go to Ask a Question?"



JEA ETHICS OFFICER

JEA's Ethics Officer is a JEA employee who serves as the agency's ethics resource.

This officer has access to top management and is versed in JEA values and the JEA Ethical Conduct Policy. This officer is responsible for advising JEA employees on matters of ethical concern and for helping them to resolve ethical dilemmas. This designated officer's telephone number is listed on the JEA Business Ethics page on The Grid.

THE JEA ETHICS HOTLINE

Employees may also report concerns about possible misconduct to the JEA Ethics Hotline.

The hotline provides employees with a confidential means to report any ethics/policy violations, and other acts of misconduct to an independent source. An independent vendor who will record and track all calls made to the Ethics Hotline manages the Ethics Hotline. If requested, the confidentiality of the caller will be protected by the vendor. All calls will be assigned a case number, which can be used by the caller to assess the status of the case. Contact the JEA Ethics Hotline at 1-800-805-3569.

THE JEA BUSINESS ETHICS HOME PAGE

The Ethics home page has useful information about JEA Ethics Program, and other related policies and procedures.

Included are the JEA Ethics Program documents, a listing of the Ethics Representatives, and the Ethics Hotline number.

WILL I BE RETALIATED AGAINST FOR MAKING A REPORT?

As part of our commitment to promoting a positive and ethical workplace, we do not tolerate retaliation against someone for reporting a concern in good faith or for participating in an investigation of a report.

If you suspect that you have experienced or witnessed an act of retaliation, you should report your concern promptly to any of the resources listed in the "Where Can I Go to Make a Report?" section of this Code. Making a report in "good faith" means that you provide all the information you have and you report honestly, regardless of whether the report turns out to be true. Those who make a report that is not in good faith will be subject to disciplinary action. We cannot maintain a positive environment when others are being treated contrarily to our Code.

WHAT ARE THE ADDITIONAL RESPONSIBILITIES FOR COMPANY MANAGEMENT?

Employees in management positions are considered our ethical leaders.

As such, these leaders have additional responsibilities that go beyond those we all share. If you are a manager or supervisor, you are expected to lead by example and serve as an ethical role model for others. You must be familiar with our Code so that you can effectively communicate its guidelines to those who report to you. In addition, you have an obligation to create a positive work environment in which employees feel comfortable coming to you with questions or concerns.

Part of being an ethical leader means never ignoring unethical behavior or misconduct. If an employee comes to you with a concern, you have a responsibility to address the issue appropriately and report the incident if required by the Reporting of Improprieties Policy. Never retaliate against anyone who reports in good faith a concern about actual or suspected misconduct. Managers and supervisors who retaliate or allow retaliation to occur will be subject to disciplinary action.

C. TRAINING

Employees are required to complete online Employee Business Ethics Training annually.

As part of this training, each employee shall affirm that he/she will comply with the JEA Code of Conduct. Results from the training shall become part of the employee's official record, and may be subject to audit.

Each manager is responsible for ensuring that all employees under their supervision receive ethics training annually.

WHERE CAN I GO TO ASK A QUESTION?

At times, we may face situations in which the right choice is unclear.

If you are ever unsure about a business action or decision, you should ask yourself the following questions:

- Does it comply with the Code and Company policy?
- Is it the right thing to do?
- Would it uphold the Company's reputation?
- Would I feel comfortable if it was reported in the news or to someone I respect?

If the answer to any of these questions is "no," do not proceed. If the answer is not clear, seek guidance from your manager and/or Ethics Officer or Legal Department on how to properly proceed. It is never okay to ignore our Code or Company policy for a business need.

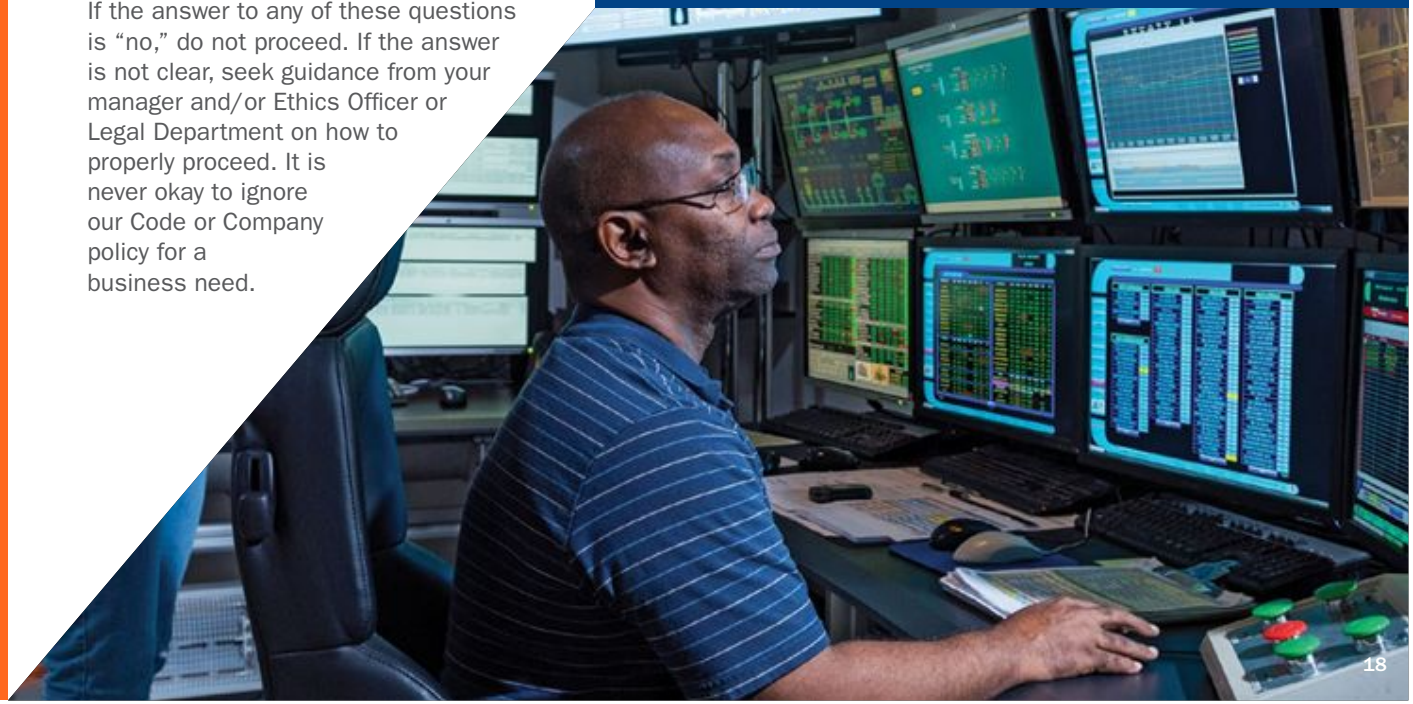
WHERE CAN I GO TO MAKE A REPORT?

Concerns or questionable behavior must be reported to either:

- **Your Manager, Director or Department Head**
- **Ethics Officer**
- **Our Ethics Hotline**



Our hotline is monitored by a third party provider and is available 24/7. You can reach the hotline by calling 1-800-805-3569. The toll free line is anonymous.



HOW DOES OUR COMPANY INVESTIGATE REPORTS?

The Audit Services Department will review reports received via the hotline forwarded by management.

Prompt and thorough investigations will be conducted when appropriate. Any information you provide will be considered confidential to the maximum extent possible while allowing for adequate resolution of the issue. If asked to participate in an investigation of a report, it is your responsibility to cooperate.



WHAT ARE THE CONSEQUENCES FOR CODE VIOLATIONS?

Violations of our Code, Company policies, regulations and the law are taken very seriously.

Such violations may have consequences not only for the individuals in question, but also for our Company. On an individual level, this may lead to disciplinary action, up to and including termination. Violations by an individual may also subject our Company to civil or criminal liability.

D. FINANCIAL REPORTING

Financial reporting is the principal means by which companies communicate their performance.

JEA's customers, rating agencies, board members, and other users of financial reports rightly expect that the information they receive will be accurate, timely, complete, and accessible. JEA expects all of its personnel to take this responsibility seriously and to provide prompt and accurate answers to requests related to the Company's public disclosure requirements.

The responsibility for the accuracy of financial reporting applies to all levels of management at JEA. It is therefore critical that the members of JEA's management team, including the Chief Executive Officer (CEO), all members of the Senior Leadership Team (SLT), and JEA's Financial Officers (Chief Financial Officer (CFO), Directors of Accounting and Treasury Services), or other JEA officers serving in a finance, accounting, treasury, tax, or investment role, understand their obligations and responsibilities under the Code of Conduct.

The purpose of this Code of Conduct is to deter wrongdoing and promote honest, ethical conduct, compliance with all pertinent regulations, and accurate financial reporting.

Accordingly, JEA's management team, and any staff engaged in any respect with financial reporting, is required to:

- Engage in and promote honest and ethical conduct, including the ethical handling of actua or apparent conflicts of interest in personal and professional relationships.
- Avoid conflicts of interest, and the appearance of conflicts of interest, as well as disclose any material transaction or relationship that reasonably could be expected to give rise to such a conflict.
- Produce full, fair, accurate, timely and understandable disclosure in reports and documents that JEA files with, or submits to regulators, and in other public communications made by the Company.
- Comply with applicable governmental laws, rules and regulations, as well as the rules and regulations of self-regulatory organizations.
- Promptly report any possible violation of this Code of Conduct. If you wish to maintain anonymity, you may call **JEA's Ethics Hotline 800-805-3569**.

JEA's management team and staff is strictly prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate, or mislead JEA's independent auditors for the purpose of rendering the Company's financial statements misleading or inaccurate.



E. CREATING POSITIVE WORK ENVIRONMENTS

To maintain harmony in our diverse workplace, we must make sure it is free from unlawful acts of discrimination.

This means that each of our employment decisions must be based solely on merit, not on any legally protected traits. Such traits include—but are not limited to—age, gender, race, ethnicity, sexual orientation, veteran status and disability. We must never make any business-related decisions with regard to these or other factors protected by law.

We must also work to ensure that our workplace is free from harassment. "Harassment" generally includes any form of unwelcome conduct towards another person that has the purpose or effect of creating an intimidating, hostile or offensive work environment for that person. Keep in mind that, while the definition of harassment may vary in the locations where we do business, our Company will not tolerate any form of harassing behavior.

Maintaining a diverse workforce promotes an open, tolerant, and positive work environment where everyone's different talents and strengths are utilized. Our Company encourages such diversity and expects that we treat each other in a respectful, professional, and friendly manner.

You are encouraged to report any harassment or discrimination concerns immediately.

Reports will be investigated and corrective actions issued as appropriate. You will not face retaliation for making a report in good faith.

MAINTAINING SAFE, HEALTHY WORKPLACES

It is important that we work together to create a safe and healthy work environment.

Doing so enables us to protect each other and provide safe, quality services to our guests. As part of our responsibility to conduct our work in the safest possible manner, we comply with all health and safety laws and regulations relevant to our jobs. We also follow all safety instructions and procedures put in place by our Company. If you know of or suspect any unsafe situations or conditions, alert your supervisor immediately.

To ensure the safety of our workplace, we must all be free from the influence of alcohol, drugs and improperly used prescription medicine when conducting business on our Company's behalf. In addition, the possession, use, sale, offering or distribution of illegal drugs or other controlled substances on Company premises or while conducting Company business is prohibited. The only exception occurs when you consume alcohol in moderation at business dinners or authorized Company events. Violations of this policy can pose safety hazards and will be regarded as serious misconduct.

Our commitment to workplace safety also means that we do not want any of our employees to witness a violent or potentially violent situation. If you do, report the situation to your supervisor or local authorities.

F. ENVIRONMENTAL COMPLIANCE

JEA must comply with various environmental laws, regulations, and ordinances at the federal, state, and local level government rules to ensure safe, efficient, and environmentally sound management, twenty-four hours a day, and seven days a week.

JEA has in place an environmental management system and a strategy to ensure compliance with all existing and emerging environmental requirements.

JEA complies with numerous stringent environmental requirements, which govern its operations to ensure the protection of air quality, groundwater, surface waters, soils, wildlife, human health, land usage, wetlands, and other natural resources. JEA has the necessary environmental permits and approvals to construct, operate and maintain all of its facilities and infrastructure. JEA is regulated by agencies such as the Environmental Protection Agency, Florida Department of Environmental Protection, St. Johns River Water Management District, City of Jacksonville Environmental and Compliance Department, US Army Corps of Engineers, and US Fish and Wildlife Services.

As such, it is the responsibility of all JEA employees and contractors to protect the environment and to comply with all applicable environmental laws and regulations. It is JEA's goal to fully comply with all environmental laws and regulations. Should a non-compliant event occur, it is JEA's responsibility to report such an event to the appropriate agency using the required reporting procedures. JEA, along with its employees and contractors, should never knowingly violate any environmental permit requirement, law, or regulation.

If an employee suspects any type of activity that may not comply with environmental regulations, the employee should call the **JEA's Ethics Hotline** anytime at **800-805-3569** to make an anonymous report.

JEA has an environmental policy, which states:

"JEA is committed to meeting our customers' energy, water and sewer needs in a manner that is environmentally, socially and economically sustainable. We remain committed to comply with all applicable environmental laws and regulations and dedicated to continually improving the environmental performance of our facilities and operations. JEA will continue to demonstrate environmental leadership by promoting conservation and pollution prevention programs while undertaking specific initiatives that exceed the requirements of targeted environmental laws and regulations. It is our corporate responsibility to protect and sustain the natural resources of the communities we serve."



G. OUR COMMITMENT TO OUR COMPANY

Identifying and Resolving Conflicts of Interest

Our success relies on our ability to make unbiased and ethical business decisions.

It is our responsibility to avoid situations where our personal interests may make it difficult to perform our work objectively on behalf of our Company. These situations are sometimes referred to as “conflicts of interest.”

If you know or suspect that you are involved in a conflict of interest situation, you should immediately disclose the situation to your manager or Ethics Officer. Remember, we must be sure to avoid even the appearance of bias.

Offering or receiving gifts, trips without a business purpose, meals, and tickets to events or other valuable items are often a customary aspect of developing good working relationships with our customers, vendors and other business partners. To avoid the appearance of bias, however, we must follow specific guidelines when offering or receiving gifts from persons or companies that are doing or seeking to do business with our Company. Note that gifts and entertainment provided to government officials are subject to additional safeguards.



H. ETHICAL BUSINESS CONDUCT

The Ethics Program applies to all employees of JEA.

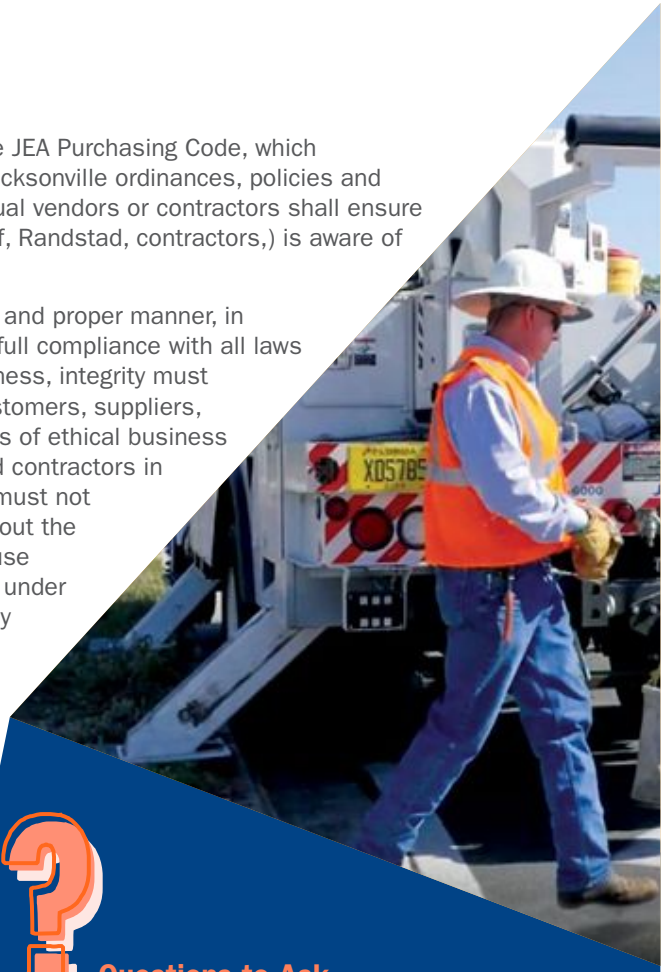
An employee is defined as anyone who receives a JEA paycheck/direct deposit, or is an Officer of the Organization.

All other people associated with JEA will be governed by the JEA Purchasing Code, which states that bidders "shall comply with all JEA and City of Jacksonville ordinances, policies and procedures regarding business ethics". Accordingly, individual vendors or contractors shall ensure their staff that is assigned to work at JEA, (e.g., Robert Half, Randstad, contractors,) is aware of JEA's ethics guidelines.

JEA will conduct its business fairly, impartially, in an ethical and proper manner, in accordance with JEA's Values and Code of Conduct, and in full compliance with all laws and regulations. In the course of conducting company business, integrity must underlie all company relationships, including those with customers, suppliers, communities, and among employees. The highest standards of ethical business conduct and compliance are required of JEA employees and contractors in performance of their company responsibilities. Employees must not engage in conduct or activities that may raise questions about the company's honesty, impartiality, reputation or otherwise cause embarrassment to the company. Conduct that is prohibited under JEA policy or does not comply with laws and regulations may not be accomplished on an employee's behalf by anyone outside the company.

All employees shall abide by the JEA Code of Conduct and the Ethical Conduct Guidelines.

JEA will administer ethics and compliance programs to promote its commitment to integrity and values as set forth in the JEA's Values and Code of Conduct and to ensure compliance with laws, rules, and regulations. Managers are responsible for supporting implementation of ethics and business conduct programs, and monitoring compliance of the company's values and ethical business conduct guidelines through such programs. Managers are responsible for creating an open and honest environment in which employees feel comfortable bringing issues forward. Retaliation against employees who raise sincere concerns will not be tolerated.



Questions to Ask

To determine if they are supporting the JEA's Ethics Program, employees should ask themselves:

- Have I contacted my manager or the Ethics Officer regarding concerns about ethical issues?
- Have I completed the ethics training programs that are required as part of my employment or affiliation with JEA?
- As a manager, do I provide an environment where employees feel they can discuss issues openly and without fear of retaliation?

I. GIVING AND RECEIVING GIFTS

Florida Statute:

112.313 Standards of conduct for public officers, employees of agencies, and local government attorneys.—(1) DEFINITION.—As used in this section, unless the context otherwise requires, the term "public officer" includes any person elected or appointed to hold office in any agency, including any person serving on an advisory body.

(2) SOLICITATION OR ACCEPTANCE OF GIFTS.—No public officer, employee of an agency, local government attorney, or candidate for nomination or election shall solicit or accept anything of value to the recipient, including a gift, loan, reward, promise of future employment, favor, or service, based upon any understanding that the vote, official action, or judgment of the public officer, employee, local government attorney, or candidate would be influenced thereby.

Gifts to or from anyone doing or seeking to do business with our Company may be offered or accepted as long as they are:

- Infrequent occurrences between the giver and recipient;
- Not solicited;
- Valued at no more than $100 USD in any given year between those involved; and
- Not in the form of cash or checks.

If you receive a gift from anyone doing or seeking to do business with our Company that does not meet these guidelines, you must notify your Department Head promptly. In general, gifts that exceed these guidelines must be returned to the sender. If you feel it would be impractical to do so, or that doing so would harm your relationship with the gift giver, the situation may be resolved as follows:

- The gift may be handed over to the Ethics Officer so that it can be donated to charity; or
- The employee may retain the gift so long as the employee makes a donation to a charity supported by the Company in an amount equal to the value of the gift less $100 USD.

What if I need to return a gift?



When returning inappropriate or unacceptable gifts to the sender, it is important to explain our Company's position. Doing so helps us maintain a good business relationship with the sender, and helps prevent similar instances from occurring in the future. Here are some common answers you can provide when declining a gift that exceeds our threshold:

- "I appreciate the gesture, but our Company doesn't allow us to accept such expensive gifts."
- "This is a wonderful gift, but unfortunately, it's against Company policy for me to accept it."
- "Thank you for the lovely gift, but I have to tell you that it's against Company policy for me to accept. Something like this could give the impression that we're biased, and that could hurt us both."

Note: A sample return letter can be obtained from the Ethics officer or on the Ethics page of The Grid.

J. SECONDARY EMPLOYMENT

We should avoid any outside employment that may hinder our ability to do our best work for our Company.

This includes doing work for an organization that competes with our Company or any employment that would imply sponsorship or support by our Company.

You should also be careful not to engage in any form of outside employment that could affect our Company's reputation. Any outside job activity that may involve a business that competes, does business with, or seeks to do business with our Company requires the prior written approval of our Company's Ethics Officer.

In the event that you are involved in outside employment, you must be sure never to use Company resources, property or time to conduct any outside work. For example, you should not use any Company logo or letterhead for purposes unrelated to our Company's business. Likewise, you should not ask other employees to conduct non-Company business for you. During business hours, you are expected to devote your time to Company-related work.

All employees shall disclose their secondary employment to their manager and the Ethics officer, review the policy, and complete a secondary employment form for required approval.

It is also forbidden to wear a JEA uniform or clothing with the JEA logo while working for another employer, while self-employed, or at political rallies or events.

It is unlawful for any JEA employee who ends their employment, through either termination or retirement, to be hired by a vendor under contract to JEA to work on an existing project in which they participated personally & substantially during the time of their employment at JEA.

Specific details regarding other employment can be found in the City of Jacksonville Ethics Code as set forth in Chapter 602, *Ordinance Code*.



K. PROPER USE OF COMPANY, CUSTOMER, AND SUPPLIER RESOURCES

Company resources, including JEA time, material, equipment, and information, are provided for company business use.

Employees are trusted to behave responsibly and use good judgment to conserve company resources.

Employees will only use JEA equipment for the direct performance of JEA business, duties, or functions. We are accountable for the careful use of our Company's property. It is our job and personal responsibility to protect all physical assets from theft, damage, loss and misuse. Such assets include Company facilities, equipment, vehicles, funds and network and computer systems. In addition, personal use of our Company's telephones, computers and other equipment must comply with Company policies.

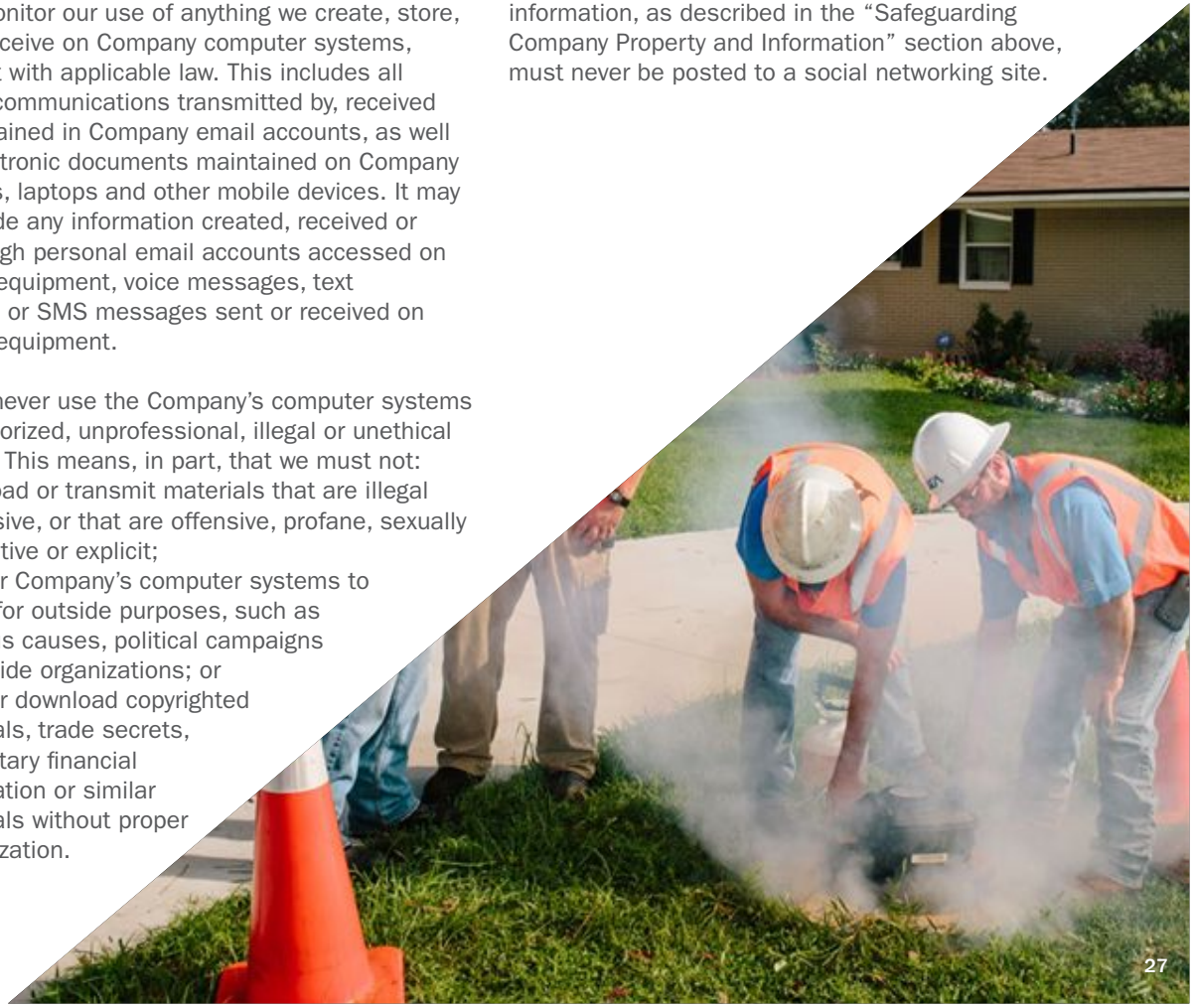
Occasional, limited personal use of these systems is permitted. However, our Company reserves the right to monitor our use of anything we create, store, send or receive on Company computer systems, consistent with applicable law. This includes all data and communications transmitted by, received by or contained in Company email accounts, as well as all electronic documents maintained on Company computers, laptops and other mobile devices. It may also include any information created, received or sent through personal email accounts accessed on Company equipment, voice messages, text messages or SMS messages sent or received on Company equipment.

We must never use the Company's computer systems for unauthorized, unprofessional, illegal or unethical purposes. This means, in part, that we must not:

- Download or transmit materials that are illegal or abusive, or that are offensive, profane, sexually suggestive or explicit;
- Use our Company's computer systems to solicit for outside purposes, such as religious causes, political campaigns or outside organizations; or
- Send or download copyrighted materials, trade secrets, proprietary financial information or similar materials without proper authorization.

It is the responsibility of each of us to keep Company computer systems secure. In addition, we must always take care when drafting emails. Remember that electronic messages can be altered and forwarded without your permission or knowledge. Exercise caution when discussing confidential information in public places or open spaces.

The use of social networking sites may serve a legitimate business purpose; however, proper authorization from a Department Head is required before business-related information may be posted to a social networking site. Proprietary or confidential information, as described in the "Safeguarding Company Property and Information" section above, must never be posted to a social networking site.



L. DOCUMENT RETENTION

Each of us has a responsibility to know and follow our records management policies, procedures, and retention schedule.

These policies are in place to govern how to manage and how long we should retain Company documents, as well as how and when to discard them.

We must also know and follow the guidelines set forth in our policy, procedures, and retention schedule before destroying any Company documents. If you are unsure whether you should maintain or destroy a particular document, you should consult with your supervisor or Legal Department.

You may be notified that documents in your control may be required in connection with a lawsuit or government investigation (sometimes referred to as a "legal hold"). If you receive such notice, you must preserve (and never alter, conceal or destroy) all documents that could possibly be relevant as stipulated in the legal hold. Those documents must be retained until your Legal Department advises that the legal hold have been lifted. If you are unsure whether a document is relevant, contact your Legal Department immediately.



JEA
21 West Church Street
Jacksonville, FL 32202

ethicsofficer@jea.com

Ethics Office: 904-665-4282
Hotline: 1-800-805-3569



	ORGANIZATIONAL POLICY & PROCEDURE:	Code of Ethics		
	Corporate Policy Ref:	N/A		
	Version Effective Date:	6/1/2020	**Version:**	1

Purpose

To outline the expected behavior of a public employee.

Overview

JEA is a public utility, operated for the benefit of the citizens of Jacksonville. This is done by following the law, conducting business with integrity and putting the needs of the JEA customer above personal interests. It is every employee's duty to act solely in the best interests of Jacksonville citizens, thereby earning their trust. To be clear, JEA employees must continually work to serve the interests of the citizens of Jacksonville. JEA is never to be operated for the private benefit or financial gain of one or more individuals or employees.

Policy

All JEA employees are expected to use good judgement and must adhere to highest ethical standards which are designed to remove even the appearance or perception of unethical behavior. These standards of ethical business conduct are required of employees in the performance of their responsibilities to JEA. The JEA Code of Ethics policy is supplemental to Chapter 602 of Jacksonville Ethics Code, as well as the State of Florida Statutes, Chapter 112, Code of Ethics for Public Officers and Employees.

Procedure

Each employee will act with honesty and adhere to the highest standards of moral and ethical values, and principles through our personal and professional behavior. You will demonstrate your understanding of these values and principles and uphold them in every action to sustain a culture based upon ethical conduct. You will accept shared leadership in a democratic spirit, and subject yourselves to the highest standards of public trust. You will hold yourselves accountable for your words and your actions. Employees will not engage in conduct or activity that may raise questions as to JEA's honesty, impartiality, reputation or otherwise cause embarrassment to JEA.

Employee Commitment

As an employee of JEA, I will ensure that:

- I will not engage in any activity that might create a conflict of interest for me or JEA.
- I will not take advantage of my JEA position to seek personal gain.
- I will observe fair dealing in all of my transactions and interactions.
- I will protect all JEA, customer and supplier assets and use them only for appropriate JEA approved activities.
- Without exception, I will comply with all applicable laws, rules and regulations.
- I will promptly report any illegal or unethical conduct to management or other appropriate authorities (i.e., Ethics Hotline, Office of Inspector General, Ethics Office, Security, and Human Resources).

- I accept responsibility to ask questions and seek guidance if I have questions regarding the Code of Ethics Policy and report suspected violations of the JEA Code of Conduct.

All employees have the ability to come forward with any issues that they perceive to be contrary to JEA's policies without fear of retribution, retaliation or any other adverse actions. JEA is committed to fostering and maintaining a culture that is ethical and free of retaliation for reporting ethical issues, thus JEA has adopted a ZERO Tolerance stance against any form of retaliation and/or adverse action against anyone who makes a report or comes forward with an issue. Reports of retaliation will be fully investigated and handled according to the ZERO tolerance stance and other JEA policies, up to and including termination.

Acknowledgement

My electronic acknowledgement indicates that I have read the Code of Ethics and will abide by it. I will speak up, even if just an anonymous complaint, if I see something, I will say something; and I commit to the highest level of public service granted to me by the citizens of Jacksonville.

APPROVED BY:	Paul E. McElroy, Interim CEO & Managing Director, 6/1/2020
ORIGINAL EFFECTIVE DATE:	6/1/2020
REVISED DATE(S):	N/A
KEYWORD(S):	Ethics, Ethical, Professional Standards, Retaliation
LINKS/ATTACHMENTS:	N/A

INTER-OFFICE MEMORANDUM
December 2, 2020

SUBJECT:	**ENTERPRISE RISK MANAGEMENT AND COMPLIANCE POLICY**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
JEA shall implement an Enterprise Risk Management and Compliance framework to provide a systematic and effective approach to managing the compliance requirements, risks and opportunities inherent in a municipal energy, water and wastewater utility.

The Enterprise Risk Management and Compliance Policy was originally approved by the Board of Directors in April 2007, with a subsequent review in April 2009. Additional updates have since been reviewed and approved by management's Enterprise Compliance and Risk Committee (ECRC).

DISCUSSION:
In the years since, management has recognized that the original Policy's approach of using multiple subordinate risk committees has had limited success. In this updated Policy, management instead proposes a greater reliance on a Risk Working Committee (RWC) that employs the Three Lines of Defense methodology. This would entail a collaboration of the first line, Operational Management; the second line, Enterprise Risk Management; and the third line, Internal Audit. This focused approach would provide more detailed analyses of the individual risks and their mitigations, as well as discussing the optimal validation processes to be conducted by both Enterprise Risk Management and Internal Audit. The ECRC would continue in its oversight role, based on the results achieved by the RWC.

RECOMMENDATION:
Management recommends that the Finance and Audit Committee approves the updated Enterprise Risk Management and Compliance Policy.

_____
Jay C. Stowe, Managing Director/CEO

JCS/SVT

	ORGANIZATIONAL POLICY & PROCEDURE:		**Enterprise Risk Management and Compliance Policy**
	Corporate Policy Ref:		

Enterprise Risk Management and Compliance Policy

	ORGANIZATIONAL POLICY & PROCEDURE:		Enterprise Risk Management and Compliance Policy
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I. POLICY STATEMENT

JEA shall implement an Enterprise Risk Management and Compliance framework to provide a systematic and effective approach to managing the compliance requirements, risks and opportunities inherent in a municipal energy, water and wastewater utility. Compliance and risk management are not stand-alone initiatives. They will be integrated with JEA's corporate processes to add value to decision making, facilitate prioritization and enable management to achieve its objectives.

Risk and compliance personnel have access to JEA activities, records, property and employees as is necessary to achieve the objectives established in this and subordinate compliance and risk management policies and procedures.

This policy is subject to Florida's public records and meeting laws (Chapters 286 and 119 of the Florida Statutes).

II. KEY OBJECTIVES, PRINCIPLES & FRAMEWORK

This policy will provide the framework under which responsibility will be assigned for compliance and risk management functions to provide education and advisory services to assist business leaders to achieve compliance with applicable laws and regulations, and to manage risk at all levels of the organization.

A. Key Objectives

The key objectives of this policy are to:

- Articulate JEA's compliance and risk management philosophy and objectives, as well as the process used to ensure effective management of compliance and risk.
- Provide better assurance to stakeholders that barriers/risks to meeting JEA's compliance, strategic, operational and project objectives will be identified.
- Establish the governance structure for compliance to applicable federal, state and local laws, rules and regulations.
- Clearly delineate the roles and responsibilities of the groups and individuals responsible for implementing the compliance and risk programs.
- Ensure that appropriate responses are determined, executed and evaluated company-wide for corporate compliance issues and risks.
- Provide a rigorous basis for confident decision-making and planning.
- Provide the means to communicate the effectiveness of compliance and risk management activities.
- Provide a consistent compliance and risk management framework through which compliance objectives and risks will be identified, documented, assessed, responded to and monitored, with assigned accountability and responsibility.

B. Principles

JEA will adhere to the principle that compliance and risk management are essential elements in the framework for good corporate governance and an integral part of good management practice.

This policy does not relieve management of any of its assigned responsibilities. Ownership of compliance and risks belongs to the business units responsible for the decisions and processes associated with the business activities and risk events. In view of this, management will seek to:

- Proactively manage compliance requirements for reliability, environmental, labor and all other areas applicable to the business. JEA will meet or exceed all requirements required by applicable laws or regulations.
- Proactively manage risks to employees, finances, assets, programs, projects, property, reputation and interests, both internally and externally. Risks will be mitigated as appropriate for the level of risk involved.
- Determine its tolerance for assuming risk both at the corporate and at the process/project level.
- Balance the costs and benefits of mitigating risks with the frequency and impact levels of the risk event.
- Ensure that compliance issues and risks are systematically managed at every organizational level for which the authority and resources to take action are available.

C. Framework

JEA's risk management and compliance framework is based on best practices, such as the Committee of Sponsoring Organizations (COSO) of the Treadway Commission's Enterprise Risk Management Integrated Framework, the Project Management Institute's (PMI) framework for managing the risk of project implementation, and Insitute of Internal Auditors (IIA) standards and recommendations.

The ultimate responsibility for ensuring compliance to applicable laws and regulations, as well as for identifying and managing the risks inherent in operating an electric, water and wastewater utility business, rests with the Chief Executive Officer (CEO). However, the CEO may delegate responsibility for managing risk mitigation efforts to the Chief Compliance Officer (CCO) to verify that appropriate resources and expertise are focused on that risk area. This responsibility may be delegated in one of two ways:

1. The CCO may delegate a specific area of risk to an officer of the company, who may assign specific responsibilities within the organizational structure of JEA.
2. For compliance issues and risks that are corporate wide or cross-functional, the CCO may determine that a committee structure will best ensure adequate management of compliance issues and risks. To ensure adherence to compliance and risk management processes and inclusion of compliance and risk issues in decision making, the oversight of these areas will be conducted through an Enterprise Compliance and Risk Committee (ECRC), as well as additional compliance and risk committees, such as the Risk Working and Compliance Oversight Committees, to monitor risk at a more detailed level.

Activities by these business units or committees include, but are not necessarily limited to:

- Providing oversight to ensure that compliance and risk policies and procedures are effectively executed.
- Providing compliance and risk advisory services to management and business units on key decisions, processes and projects, and guidance on best practices around compliance and risk management.
- Providing periodic reporting of key compliance and risk issues and exposures.
- Working with the ERM and Internal Audit functions to identify, assess, respond to and track compliance issues and risks in order to comply with best practices in maintaining a strong control environment.

For high-visibility areas of risk, the CEO may request that the Board of Directors approve a subordinate policy to specifically address that area of risk. The areas of risk where policies are approved by the Board of Directors are:

Electric Compliance
In the conduct of its energy business, JEA is required to comply with various federal and state rules, regulations, and standards (Rules and Standards) regarding such things as design, maintenance and operation of the energy systems, disclosure of certain information, behavior of employees or agents, and reporting of specific events. To ensure compliance with the Rules and Standards, JEA has developed an Energy Compliance Management program and associated Energy Compliance Management policy.

Debt and Investment Management
The Debt and Investment Management program facilitates the management, control and oversight of JEA's debt and investment function, facilitating ongoing access to the capital markets necessary to the funding of future capital projects. The policy sets forth parameters and provides guidance regarding capital structure, credit ratings, liquidity risk, compliance with tax regulations, and management of floating interest rate risk and management of hedging instruments. The status of liquidity risk is reported each quarter to the Finance & Audit Committee of JEA's Board.

Energy Commodities
The purpose of the Energy Commodities risk program is to develop and implement strategies to manage the risk that JEA incurs due to the consumption of fuels, environmental credits and other commodities used to fulfill its requirement to provide electric power in its service territory. This program also monitors and reports on the effectiveness of those strategies in mitigating risk.

The Fuel and Purchased Power Committee will provide oversight and reporting in order to ensure the risks involved with the procurement of the physical commodities and the management of fuels price risk are monitored, and that the procedures for managing these risks are adhered to.

III. ASSIGNMENT of RESPONSIBILITY

A. Board of Directors

The Board approves JEA's policy statements on compliance and risk, and also the organization's philosophy on the general level of risk that the company is willing to accept (risk appetite) in pursuit of its mission as stated in its annual budget presentation. Board members will be informed about compliance and risk management processes. JEA senior management will make the Board aware of JEA's significant compliance requirements and risk exposures. The Board's responsibilities (t*hese responsibilities may be delegated, in part, to the Finance & Audit Committee of the Board*) are as follows:

- Approve this policy and its amendments.
- Monitor the compliance process.
- Be aware of overall compliance requirements by:
    - Reviewing management presentations of how they are implementing compliance policies and procedures to confirm that management has assumed responsibility for identifying and meeting the requirements set forth by legislative and regulatory bodies applicable to JEA.
    - Reviewing any summary reports provided by JEA senior management.
- Monitor JEA's process to identify, assess, and manage those significant risks that could prevent JEA from achieving its business objectives by:

- Reviewing management presentations of how they are implementing the policies and any related procedures with respect to risk assessment and risk management to confirm that management has assumed responsibility for identifying and managing the business and financial risks.
- Reviewing management presentations describing JEA's major credit, market, liquidity, commodity, insurable and operational risk exposures, and the steps management has taken to monitor and control such exposures.
- Reviewing any summary results and reports provided by the ECRC.

B. Managing Director & Chief Executive Officer (CEO)

The CEO has ultimate ownership responsibility for Enterprise Risk Management and Compliance, but can delegate management of the program to the Chief Compliance Officer (CCO). The CEO must have an understanding of the corporate compliance issues and risks; how the regulatory requirements are changing over time; how those changes affect JEA; how JEA is meeting those obligations; how the overall risk profile of JEA is changing; the extent of the exposure or opportunity that results; how the risks are being managed; and who is directly responsible and accountable for managing the risks identified. To achieve this, the CEO, or the delegate, will lead the effort to:

- Develop JEA's compliance and risk management philosophy and risk tolerance.
- Communicate as necessary with the Board and/or the Finance & Audit Committee on significant compliance issues and risks, and ensure that the Board and/or the Finance & Audit Committee receive the necessary information to fulfill its responsibilities as stated above.
- Incorporate compliance and risk into the strategic planning process.
- Ensure the presence of a positive internal control environment by promoting the development of a culture that supports effective compliance and risk management, encourages prudent risk-taking, and encourages staff ownership for managing compliance and risks within their area of responsibility.
- Delegate responsibility for specific areas of compliance or risk to officers of the company or the ECRC as appropriate.
- Lead the ECRC to facilitate integrating compliance and risk management into major programs, processes and functions.

C. VP/Chief Compliance Officer (CCO)

The VP/Chief Compliance (& Risk) Officer (CCO) provides the overall leadership, vision and direction for the Enterprise Risk Management (ERM) program, which assesses whether the organization is adequately managing its risks, including compliance with applicable regulations and legal requirements. Specifically, the CCO will:

- Provide a Compliance Oversight framework, including the Compliance Oversight Committee (COC) that verifies regulatory compliance.
- Facilitate a culture of risk awareness, compliance and readiness within the organization through communications and training programs, and risk/compliance based performance measures and incentives.
- Bring a big-picture perspective to ERM and compliance through the establishment of an integrated risk management framework covering all aspects of risks across the organization.
- Keep management apprised of industry standards.

- Meet, at least quarterly, with the CEO to discuss JEA's compliance and risk profile, exposure and control gaps.
- Oversee the development, maintenance and updating of the risk management framework including:
    - Risk management and compliance policies
    - Risk tolerances
    - Aggregated and detailed risk reporting in line with approved risk tolerances
    - Risk integration and relationships between risks
    - Risk and compliance metrics and reports, including key risk indicators, and early warning indicators
- Advise senior management on risk issues in the decision-making and resource (capital) allocation processes.
- Support and oversee development and implementation of analytical and data management systems and processes to support the ERM program and a Compliance Oversight framework.
- Oversee the assessment of the business groups' level of expertise and capacity for implementing effective risk mitigation plans.

D. Manager, Enterprise Risk Management

In conjunction with the CCO, the Manager of Enterprise Risk Management shall assist management by analyzing and assessing JEA activities, and offering recommendations and information regarding the effectiveness of compliance and risk management across the organization, and shall:

- Oversee JEA's Enterprise Risk Management program.
- Assess the effectiveness of compliance and risk management as part of JEA's risk-based audit approach.
- Participate on the ECRC.
- Meet, at least quarterly, with the CEO to discuss JEA's compliance and risk profile, exposure and control gaps.
- Report periodically to the Board and/or the Finance & Audit Committee on risks, controls, and compliance audit issues.
- Serves as the subject matter expert for the risk management process at JEA.
- Advises the business on best practices of risk management.
- Facilitates the implementation of risk management processes.
- Monitors and reports on various risk exposures of the organization, specifically assigned by the ECRC, CEO and/or the CCO to a risk committee or department.

E. Operational Management

In order to better manage compliance issues and risk, the CEO may delegate the responsibility for specific areas of risk to management within the company. These responsibilities will include:

- Participation in designated Risk Committees (see Section IV) as necessary.
- Work with their management teams to establish effective processes to ensure compliance or effective risk management in their areas.
- Monitor and report on compliance issues, risks, risk exposures, and on the progress of mitigation plans to enhance compliance or mitigate risk.
- Monitor and report on adherence with compliance and risk procedures developed by the committee or department.

- Provide expertise to the Risk Working Committee (RWC) regarding their specific compliance or risk area.
- Provide an annual review of policies and procedures for which they are responsible.

F. JEA Employees

All employees and managers at JEA are responsible for complying with applicable local, state and federal laws and regulations and for providing input to established risk management processes, such as the identification and assessment of risk events that may affect the achievement of their business unit's objectives. Managers will ensure that compliance and risk information is current, and be responsible for the self-testing and documentation of their controls to provide assurance that compliance requirements are met and risks are appropriately mitigated.

Employees who are aware of violations of corporate compliance and risk, or of policies or procedures, shall notify the Director, Audit Services, or the Manager, Enterprise Risk Management, and the officer of the company or chair of the committee responsible for that area of compliance or risk. The employee may also choose to call the JEA Ethics Hotline (800-805-3569) to report violations.

IV. RISK COMMITTEES

The following indicates the active committees for oversight of the many compliance and risk areas, as assigned by the ECRC, CEO, and/or the CCO.

A. Enterprise Compliance and Risk Committee (ECRC)

An Enterprise Compliance and Risk Committee (ECRC) will be established to oversee the incorporation of risk management into the major programs, corporate processes and functions of JEA. The ECRC will consist of, at a minimum, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Legal Officer (CLO), Vice President/General Manager Electric Systems, Vice President/General Manager Water Wastewater Systems, Vice President/Chief Human Resources Officer, Vice President/Chief Supply Chain Officer, Vice President/Chief Customer Officer, Vice President/Chief Information Officer, Vice President/Chief Customer Officer, Vice President/Chief Compliance Officer, Vice President/Chief Environmental Services Officer, and the Manager, Enterprise Risk Management. This committee:

- Oversees the implementation and monitoring of the compliance and risk policies and procedures (see Section V for the respective areas of risk focus).
- Approve procedures for the management of compliance and risk throughout the company.
- Periodically review and update JEA's risk profile, compliance and risk management strategies and policies.
- Receive regular reports from the Risk Working and Compliance Oversight Committees.

B. **Risk Working Committee (RWC) -** This committee is based on the "3 Lines of Defense" strategy, which is considered industry best practices. The strategy is based on coordinated efforts of Operational Management (1st line of defense), ERM (2nd line of defense), and Internal Audit (3rd line of defense), The committee reports directly to the ECRC and consists of the VP level risk owners, or their delegates,

the CCO, ERM staff, and an Internal Audit representative, usually the Director. The primary responsibilities of the committee are:

- Identify and assess new and potential emerging risks (at the corporate and Business Unit level) that can negatively impact JEA's operations, reliability, finance, custiomer services, regulatory compliance, and reputation.
- Assess and mitigate risks associated with major projects, initiatives and or decisions that can negatively impact JEA.
- Assess the impact and likelihood of current Top Corporate Risks (TCR); assess preparedness levels if the risk event occurs; assess adequacy of current mitigations, and identify additional mitigations to reduce the impact and/or likelihood of the risk event.
- Identify and develop as needed Key Risk and Process indicators (KRIs/KPIs) to verify current mitigations/controls are effective.
- Discuss the ability and means for Internal Audit to test and validate established risk mitigations, KRIs and KPIs.
- Verify that all open mitigation efforts are completed timely and working as Intended.
- Report regularly to the ECRC on the status of the TCR and operational risks mitigation efforts and effectiveness of controls, as well as any emerging risks.

C. Compliance Oversight Committee (COC)

- Oversee the Company's implementation of a compliance program to respond to specific regulatory risks not otherwise addressed by the Top Corporate Risks, including the Fair and Accurate Credit Transactions Act (FACTA Red Flags), Payment Card Industry Data Security Standards (PCI-DSS), and the Health Insurance Portability and Accountability Act (HIPAA).
- The Committee will consist of the Chief Compliance Officer (CCO), Chief Customer Officer (CCO), Chief Human Resources Officer (CHRO), and Chief Information Officer (CIO). The Director of CIP Compliance will serve as an advisor to the Committee, and the Manager of Enterprise Risk Management will also participate. The Director of Audit Services will serve as an independent observer.

V. ENTERPRISE COMPLIANCE & RISK COMMITTEE (ECRC) MEMBERS & AREAS OF RISK FOCUS

A. Managing Director & Chief Executive Officer (CEO) **(see page 6)**

B. Chief Financial Officer (CFO)

- Accounting Standards and Regulatory Requirements
- Debt and Investment Management
- Liquidity Risk – Reported on quarterly to F&AC
- Cash Management
- Budget Ordinances
- Insurable Risk
- Electric and Water/Wastewater infrastructure, resource, and planning risk
- Potential future regulatory requirements

C. Chief Legal Officer (CLO)

- Advises on legal/regulatory matters
- Advises on any current/potential litigation risks

D. Vice President/Chief Information Officer

- Information security regulatory compliance
- Management of risks related to the JEA technology portfolio (applications and infrastructure)
- Business Continuity/Disaster Recovery Technology Risk
- Lead transformation initiatives
- Facilitation ideas generation
- Supporting business units in new product and service initiatives

E. Vice President/Chief Human Resources Officer

- EEO compliance
- Labor laws
- HIPPA and other privacy statutes
- OSHA compliance
- Workforce Management Risk
- Payroll/Benefits/Pension Risks

F. Vice President/Chief Supply Chain Officer

- Supply Chain Risk (Purchasing, Inventory, Accounts Payable)
- Business Continuity/Disaster Recovery Operating Risk
- Property Risk (Fleet, Facilities)
- Real Estate Acquisitions

G. Vice President/Chief Customer Officer

- Residential and Commercial Customer Relationships Risk
- Billing Risk
- Customer Fraud Risk
- Brand Management/Reputational Risk

H. Vice President/Chief Compliance Officer

- See pages 6-7 for ERM responsibilities
- Compliance Oversight
- NERC, FERC Energy Reliability
- Attend Quarterly Risk Management meeting with the COO
- Critical Infrastructure Protection (CIP) Risk for both physical and systems access.
- Management of risks to property, information, services and personnel from theft, violence, sabotage, acts of terrorism or any situation with the potential to endanger the well-being of JEA employees and facilities

I. Vice President/General Manager, Water/Wastewater Systems

- Operating and Maintenance Risk
- Regulatory Compliance at local, state, and federal levels
- Potential future regulatory compliance
- Manages technology risk for certain applications not supported by Technology Services

J. Vice President/General Manager, Electric Systems

- Operating and Maintenance Risk
- Fuel Management Risk
- Byproducts Risk
- Regulatory compliance at local, state, and federal levels
- Potential future regulatory compliance
- Manages technology risk for certain applications not supported by Technology Services

K. Vice President/Chief Environmental Services Officer

- Environmental regulatory compliance for Water/Wastewater and Electric at local, state, and federal levels
- Assess future environmental regulations

L. Manager, Enterprise Risk Management

- In conjunction with the CCO, ECRC, risk committees and risk owners, assist in coordinating efforts to identify, assess and mitigate Top Corporate and business unit operational Risks.
- Participate in risk committees, usually as facilitator.

VI. TYPES OF RISK DEFINITIONS

The following provides a definition of the various types of risk that may be subject to monitoring.

1. **Information Technology (IT)** - The dependability, accuracy, and effectiveness of IT applications and infrastructure and the adequacy of system development and maintenance may not be sufficient to support the organization's reliance on technology and may result in financial losses to the company.
2. **Environmental** - May fail to comply with all current and future federal and state environmental regulations, resulting in fines, damaged relationships with regulatory bodies, negative publicity, and potentially harmful exposure of the public or area wildlife to hazardous conditions. JEA may fail to achieve minimum standards as stated in corporate goals, resulting in reduced trust among stakeholders.
3. **Project** - Projects may not meet expected and approved cost, schedule, functionality, environmental, or quality objectives, resulting in inefficient use of capital and reduced ability to meet corporate goals.
4. **Credit/Default** – Retail and commercial customers', counterparties, or vendors' financial strength may not be sufficiently evaluated, controlled and monitored to prevent excessive losses through non-payment or failure to perform.
5. **Compliance** - Policies and processes may not be adequate to mitigate the risk of violating state or federal statutes or regulations, resulting in investigations, legal action, fines, or litigation (including both civil and/or criminal, class action suits, etc.). Particular areas of interest may include environmental, FERC, privacy laws (e.g., HIPAA), banking/credit card (e.g., FACTA), and labor issues.
6. **Financial** – May leverage the company too heavily, increasing the risk of losing equity and/or being unable to meet debt servicing commitments. May not have adequate cash flow to meet financial obligations, resulting in damaged relations with stakeholders, downgrading of credit ratings or inability to maintain operations.
7. **Liquidity** – The potential that a company will be unable to meet its financial obligations as they become due because of an inability to liquidate assets, obtain adequate funding, or unwind/offset specific exposures.

8. **Operations** – May fail to maintain effective, efficient operations of the company's assets, or fail to recover adequately from a disruption, emergency, failure, or disaster resulting in financial losses and reduced customer satisfaction.
9. **Reputational/Legal** – May engage in activities which when made public will adversely affect JEA's relationship with one or more of its stakeholders or result in unwanted legal liabilities.
10. **Reporting** – May fail to provide accurate reporting, either internally or externally, resulting in damage to stakeholder relationships, legal/regulatory liabilities, or poor decision-making.

Signed: Jay Stowe
Title Managing Director / Chief Executive Officer

_____

Signed: Steve Tuten
Title Interim Chief Compliance Officer

_____

Origination Date: 4/17/2007

Revised Date: ` See Below

Revision History

Revision #	Date	Description	Revised By	Approval
0	4/17/2007	New Policy	ERM	BOD
1	4/21/2009	Review	ERM	BOD
2	4/26/2010	Minor changes	ERM	ECRC
3	1/28/13	Updated to reflect organizational changes	ERM	ECRC
4	11/28/14	Updated to reflect the establishment of the Compliance Oversight Committee	ERM	ECRC
5	3/27/17	Updated to include the Information Security Compliance Committee, and inclusion of the Chief Legal Officer.	ERM	ECRC
6	8/20/2018	Updated to include new org chart and template	ERM	ECRC
7	4/15/2019	Updated to reflect organizational changes	ERM	ECRC
8	9/1/2020 & 11/16/2020	Updated to reflect organizational changes, including Policy name change.	ERM	FAC

INTER-OFFICE MEMORANDUM
December 2, 2020

SUBJECT:	**AUDIT SERVICES - QUARTERLY AUDIT SERVICES UPDATE**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
The Quarterly Audit Services Update provides the JEA Board of Directors with information on the current activities of the three groups within Audit Services: (1) Forensic Audit & Investigations; (2) Enterprise Risk Management; and (3) Internal Audit. The Forensic Audit & Investigations Group conducts internal investigations of confidential reports into JEA's Hotline (HL) and from other sources. JEA's Enterprise Risk Management (ERM) program identifies, assesses, measures, monitors and actively manages risk. The Internal Audit Group reviews internal control processes and ensures that departments maintain compliance with operating procedures and regulations.

DISCUSSION:
This update will provide an assessment of how JEA is managing risk and monitoring controls to reduce and/or prevent adverse impact to its business operations.

RECOMMENDATION:
No action required, as this update is for information only.

_____
Jay C. Stowe, Managing Director/CEO

JCS/SVT

Audit Services Quarterly Report

December 2020



Audit Services Groups

- Forensic Audit & Investigations (FAI) – pp. 3-8
- Enterprise Risk Management (ERM) – pp. 9-10
- Internal Audit – pp. 11-17

December 2020

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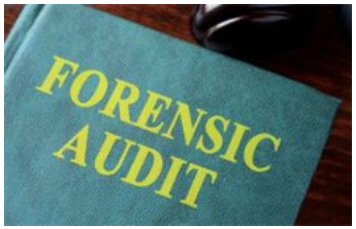
Forensic Audit & Investigations (FAI)



FAI Highlights



- ✓ FAI is currently conducting a recruitment for two Senior Forensic Auditors. The vacancies are due to employee retirements, so FAI currently has one employee.
- ✓ Our Hotline (HL) system is independently hosted by Navex Global, a best-in-class software solution. We are in the process of upgrading AlertLine, the Navex legacy system, to EthicsPoint, a cloud-based solution. The projected completion date is during the First Quarter of 2021.

Investigation Case Statistics – Q4 FY20

Open Cases 6/30/2020	Cases Opened Q3 FY20	Cases Closed Q3 FY20	Open Cases 9/30/2020
15	4	10	9

Categories For Cases Opened During Q3 FY20	
Discrimination / Harassment	2
General Inquiries	1
Regulatory/Environmental	1
Total	**4**

Summary of Closed Cases – Q4 FY20

Reporting Source	Allegation	Investigation Results
EHL	JEA-19-11-0001 – Two employees (one female, one male) were socializing and spending time together on company time as well as on lunch breaks.	We confirmed the two employees socialized and spent time together, but it was determined not to be out of the ordinary. Fraternization is not prohibited within JEA unless there is evidence of a conflict of interest. Since the lines of reporting for these employees differ and there has been no compromise to their productivity, no conflict of interest was found. Thus, the personal interaction between the two employees was not in violation of JEA's Code of Conduct.
EHL	JEA-19-11-0002 – A Manager treats some employees unfavorably. Recently, an incident occurred with a JEA vehicle; one employee received counseling by the Manager, and the other employee did not.	Management addressed the situation with the Supervisor. He did not believe there was any malicious intent in the way the Supervisor addressed the employees. Because there was a perception of a violation of JEA's Code of Conduct, feedback was provided to Supervisor on how to handle future issues.
EHL	JEA-19-11-0003 – A customer did not receive a call-back to her written inquiry. The commercial customer chose a non-traditional channel to report a high water consumption issue. The customer also inquired about the commercial account adjustment policy of one credit being allowed every five years.	Once the caller was directed to the appropriate department, the customer's water consumption issue was resolved in a timely manner. It was determined the deposit would be returned, as the customer was not eligible for a usage credit at the time. The credit policy was explained to the customer and she was provided information on how to obtain a Sensus meter reading device for monitoring water usage. The customer was satisfied with the resolution of the issue.

Summary of Closed Cases – Q4 FY20

Reporting Source	Allegation	Investigation Results
EHL	JEA-20-02-0003 – An employee serving on the Interview Committee for a Manager position was best friends with someone interviewing for the position.	Based on the interviews and assessment results, the Interview Committee selected whom they collectively thought was the most qualified candidate for the position. No evidence was found to support the allegation that the employee got the job because he was friends with the Interview Committee member.
EHL	JEA-20-03-0001 – An employee posted a Facebook video encouraging African Americans to contact him and he would walk the potential applicants through the recruitment process. The caller believed this may have been a violation of JEA's Social Media Policy.	There was no evidence to support the claim of a violation of JEA's Social Media policy.
EHL	JEA-20-03-0002 – A Contract employee filed a complaint with JEA Labor Relations against a JEA Manager, which resulted in their termination.	It was determined the caller worked for First Coast Security (FCS), and the termination was a result of conduct issues, not a result of retaliation, as claimed. The matter was reviewed by Labor Relations and JEA Management, who cleared the Manager of any wrongdoing. The caller was directed to reach out to FCS's HR Department with any further issues, being a FCS employee.
EHL	JEA-20-05-0003 – An employee was rehired after retiring in order to get double payment; one from the services provided as a contractor, and the other from the employee's retirement benefits.	It was determined that the employee returned to work after presenting his retirement letter. This arrangement is not restricted by the City's Ordinance Code, and is allowed per JEA policy and the City's Pension Office. Employees who retire are allowed to be hired again, and because the employee works for a temporary agency, he is allowed to receive his pension along with his staffing agency paycheck. It was determined that the department has four positions, two of which are vacant. Using this retiree as a part-time contractor is helping JEA fill a critical need until a replacement is found. No violations were found as a result of this investigation.

Summary of Closed Cases – Q4 FY20

Reporting Source	Allegation	Investigation Results
EHL	JEA-20-06-0001 – A Director was promoted to an Interim Chief position. The Interim Chief was considering promoting a friend over better-qualified employees, which would be a violation of JEA's Nepotism Policy.	The claim is not supported by the testimony and evidence in this matter. At this time, no promotional changes have been made within the department. In addition, there has not been any violation of JEA's Nepotism Policy. Any future decisions regarding promotions would be made by the permanent Chief, with counsel from the Chief Human Resources Officer, Director of Employee Services, and the area's Human Resources Business Partner.
EHL	JEA-20-06-0002 – An employee alleged that a Priority 1 eligibility list was extended to allow for a family member to be promoted.	The allegation that the related employee was at the top of the Team Lead test list was confirmed. This was as a result of the natural progression of individuals moving off the list to fill vacant Team Lead positions. The caller alleged the relative extended the Team Lead test list in order to allow the employee to be the next Team Lead. The list was extended, not by the relative, but by the Director. This has since been reversed and the list will expire on November 6, 2020.
EHL	JEA-20-08-0002 – Managers harassed an employee for several years and the employee was terminated because of his medical condition. HR sent protected medical information to the employee's former supervisor. A Foreman posted racial comments on Facebook and a co-worker disclosed protected medical information to employees and contractors.	The issues raised in the complaint have been, and continue to be, appropriately handled and addressed. The claims of harassment, the employee's termination, HR sending protected information to the Supervisor, inappropriate Facebook postings by an employee, and the disclosure of HIPAA-protected information to employees and contractors by an employee, were found to be without merit.

Enterprise Risk Management (ERM)



ERM Highlights

- Completed a successful recruitment for a Senior ERM Analyst, with her anticipated start date in early December. The new Senior Analyst's primary responsibilities will include conducting business unit-level risk assessments, identifying and advocating greater use of Key Risk/Key Process Indicators (KRI/KPI).
- JEA's updated Enterprise Risk Management and Compliance Policy is presented today for the Finance & Audit Committee's review and approval.
- Currently assessing the benefit of using a consulting group (Gartner) to assist in conducting the assessment and identifying additional enhancements to ERM processes. JEA already has a contractual relationship with Gartner, so ERM may be able to leverage it.
- A long-term consideration is an automated Governance, Risk and Control (GRC) application, to streamline and enhance risk management processes, assessment and reporting functionalities.
- There are currently 42 Top Corporate Risks in our Risk Inventory.

Internal Audit



Internal Audit Highlights



- ✓ The Internal Audit team successfully completed the FY20 audit plan, as amended by the Finance and Audit Committee, on August 2020.
- ✓ Internal Audit issued its first-ever "Outstanding" audit report to the Air and Lab Permitting Compliance business unit.
- ✓ The JEA team's third and final year of leading the TEA audit is underway, with testing to be substantially completed and documented by December 2020.
- ✓ Audit is working with Procurement Services to update specifications to the RFP for Internal Audit's Quality Assessment Review (recommended every five years).

Summary of Completed Audits for Q4

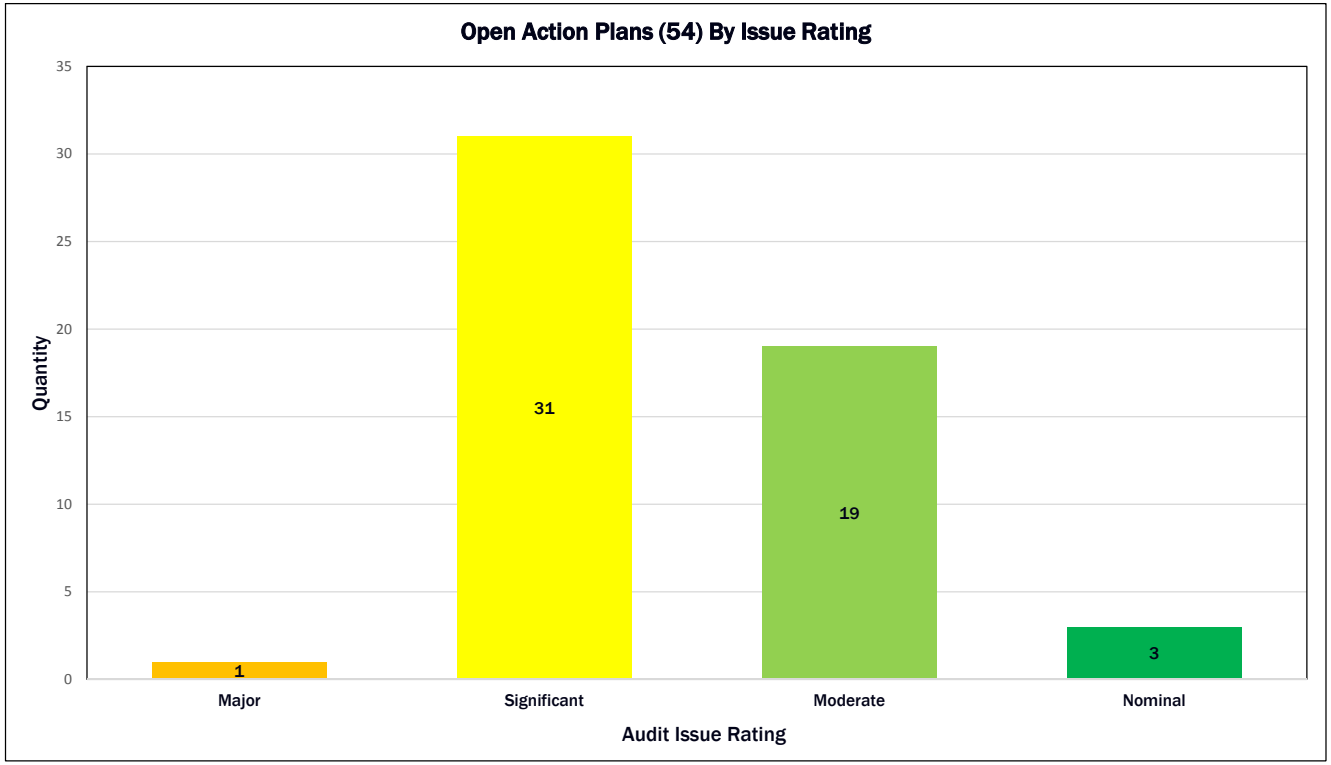
Audit Name	Report Rating	# of Issues	Description of Significant or Greater Issue(s)
Air & Lab Permitting & Compliance	**Outstanding**	1	An opportunity for improvement include prioritizing the CEMS Server Replacement Project.
WWW Planning & Development	**Excellent**	1	No significant issues were identified.
Energy Response	**Excellent**	3	No significant issues were identified.
Risk Management Services	**Excellent**	3	No significant issues were identified.
Software Licensing Governance	**Satisfactory**	8	Opportunities for improvement include: • Licensing Reconciliations; • Documentation and Knowledge Sharing; and • License Tracking
Personnel Out Process (POP) Follow-Up	**Satisfactory**	4	Opportunities for improvement include: • Termination of Employees System Notification; and • Contractor Termination Process
Northside Generating Station	**Satisfactory**	6	An opportunity for improvement include the process for completing work orders.

FY21 Audit Calendar

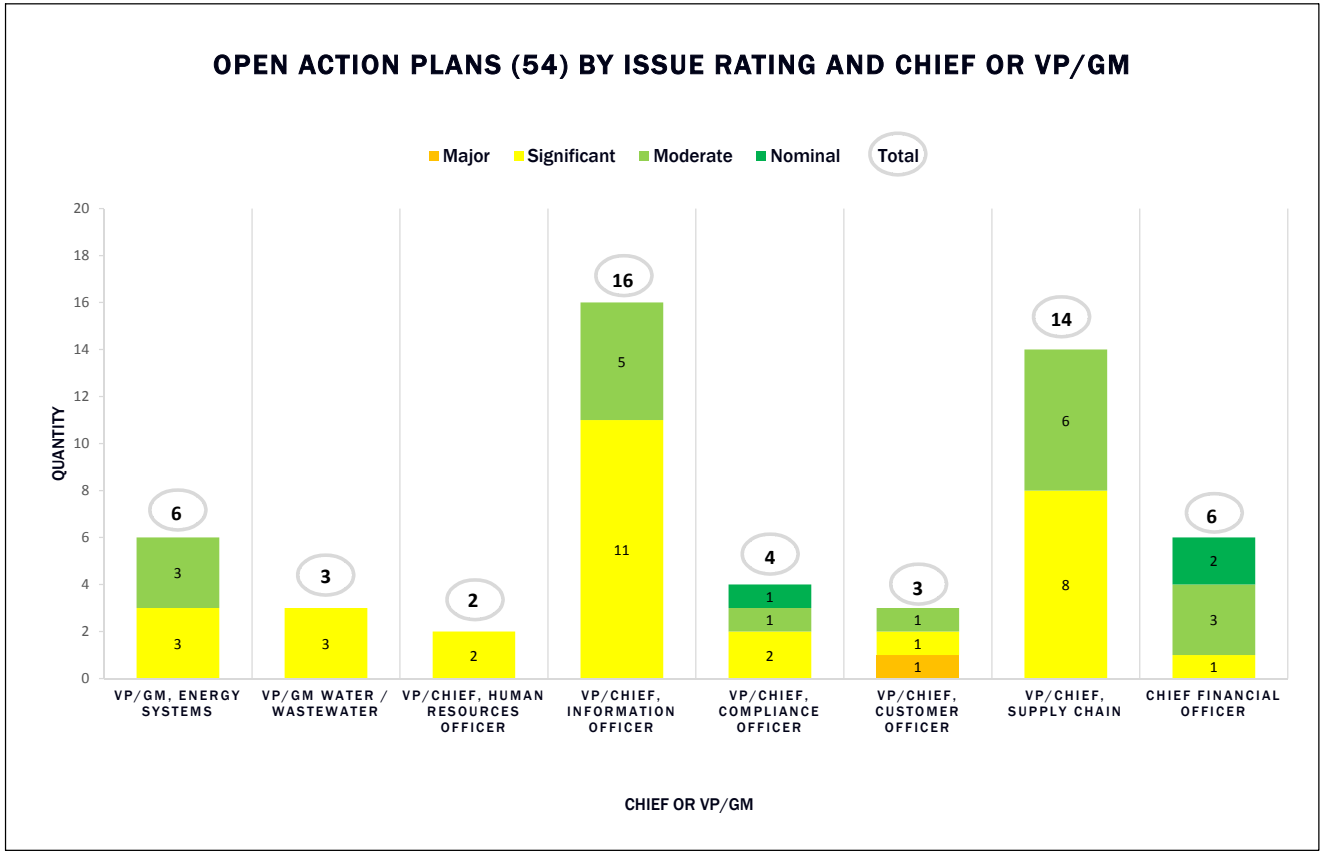
	1Q (Oct – Dec)		2Q (Jan – Mar)		3Q (Apr – Jun)		4Q (Jul – Sept)	
Internal Audits	W/WW Project Engineering & Construction	●	Safety & Health Services	●	W/WW Asset Management & Performance	●	Fleet Services	●
	Customer & Community Engagement	●	Identity & Access Management	●	Vogtle Follow-Up	●	eAM Asset Management Follow-Up	●
	Investment Recovery Operations	●	Fuel Management Services	●	Cloud Computing	●	Receivables & Collections	●
			Treasury Cash & Investments	●	Procurement & Contracts	●	IT Staffing	●
			JEA Culture	●				
Special Projects	Cyber Program Assessment	●			FY 2022 Annual Risk Assessments	●		
	TEA Audit	●			Green-e Agreed-Upon Procedures Engagement	●		
	JEA Performance Pay Audit	✖						

Not Started	In Progress	Cancelled	Report in Draft	Final Report Issued
●	●	✖	✓	✓

Open Audit and Investigations Report Issues



Open Audit and Investigations Report Issues



Open Audit and Investigations Report Issues – Major Rating

VP/Chief	Director / (Audit Name)	Issue Observation	Action Plan	Current Due Date	Action Plan Status Comments
VP/GM, Customer	Director, Customer Field & Meter Services	Audit noted a lack of sewer flow meter standards, accurate count of current sewer flow meters and controls over customer installed meters.	Four phased approach to creating standards, counting meters and monitoring/documenting customer installed meters.	2/1/21	Meter Operations has completed the 1st phase of the sewer-flow improvement plan. The 2nd phase (Update Sewer-Flow Meter Requirements / Standards) is highly dependent on which 2-way AMI system JEA choses to adopt going forward.

INTER-OFFICE MEMORANDUM
December 1, 2020

SUBJECT:	**WATER/WASTEWATER CAPACITY FEES**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
To align with one of the elements of the pricing policy, JEA conducts a cost of service study at a minimum of every five years to support that the rates charged by class are based on cost. The Water and Sewer Cost of Service Study was conducted by Stantec and was completed in fiscal year 2019 based upon the FY2018 budget and FY2016 billing data for allocation purposes. In August 2020 Finance and Audit Committee, staff prepared an overview of cost of service related to capacity fees and connection fees.

DISCUSSION:
The results of the water and sewer system cost of service study show that JEA's revenues for the water and sewer systems, on a combined basis, are adequate to recover the System revenue requirements. There are findings JEA revisited this year that may require board action:

- **Plant Capacity Fees & Line Extension Growth Capacity Charges** are paid by customers connecting to the system to recover the cost of constructing and expansion of the water and sewer system capacity based upon the maximum quantities of water and sewer permitted by the customers. Costs to build new capacity and install new connections are significantly greater than the current annual Capacity Fee and Charges collected. Recommended adjustments over a three year phase-in period will move closer to the incremental cost of service.

- **Meter Tap and Set Fees** are paid by customers to recover costs related to metered services. Cost of the meter and tap materials and labor to install new metered service are greater than the current annual Meter Tap and Set Fees.

- **Volume Charges** are tiered for Water consumption at 10" meters and larger and Irrigation consumption greater than 14 kgals. Adjusting price signals encourages customers to promote efficient use of the limited water supply allocated to JEA.

Changes to these charges and fees will require a public rate hearing which will be scheduled with other considerations and administrative elements of JEA's rate tariff. The FY2022 Budget assumptions will be developed for the March Finance and Audit Committee meeting, where proposed adjustments to these charges and fees will be incorporated in the assumptions.

FINANCIAL IMPACT:
FY20 had $20 million of Capacity Fees collected from 7,500 Residential, 3000 Reclaimed / Irrigation, and 500 Commercial connections, along with $13 million of line extension growth capacity charges. An increase in Capacity Fee charges of $1,000 in three successive years for a typical Residential connection will result in an additional annual revenues for cost recovery of approximately $40 million after the third year of increases, if the recent annual growth of equivalent residential connections (ERCs) continue in FY22-FY24.

RECOMMENDATION:
Staff recommends that the Finance & Audit Committee consider the following:

1) Increase capacity fees based on the cost of service
2) Increase the10" and greater metered service volume rate to equal the commercial rate
3) Increase irrigation price signals
4) Information regarding JEA economic development programs

_____
Jay C. Stowe, Managing Director/CEO

JCS/BRJ/JEC

Water and Sewer Capacity Fees

December 11, 2020

Agenda

1. Background
2. Timeline Review
3. Cost of Service
4. Benchmarks
5. Proposed Fees
6. Other Water Items
7. Economic Development
8. Next Steps

Background

Water & Sewer Cost Of Service Study

JEA conducts a cost of service study every five years to support that the rates charged by class are based on cost. The most recent study was conducted by Stantec and completed in Fiscal Year 2019 based upon Fiscal Year 2018 Budget.



Capacity Fees

JEA engaged Stantec in 2020 to develop an updated analysis of capacity fees, with a focus on calculating incremental cost.

There are three primary approaches to the calculation of capacity charges:

***Buy-In Method** - This approach determines the capacity charges solely based on the existing utility system assets.*

***Combined/Hybrid Cost Method -** This approach is used when there is some excess capacity in the current system, but additional capacity to expand the system is needed as reflected in each system's significant CIP*

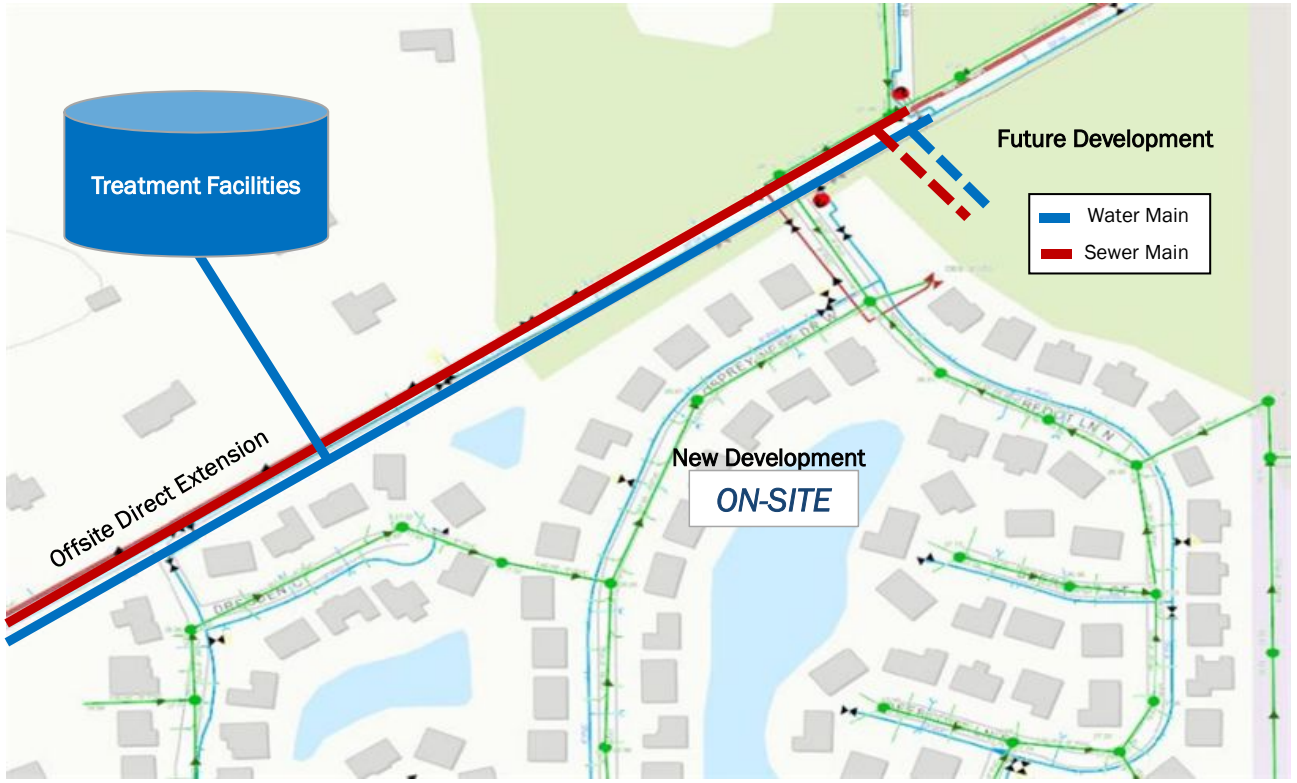
***Incremental/Marginal Cost Method** – This approach is to use the portion of each system's multi-year capital improvement program (CIP) associated with the provision of additional system capacity by functional system component as the cost basis for the capacity fee calculation.*

- $30 million revenues per year of $500 million, collected through plant capacity fees and line extension growth capacity charges.
- The current five-year $1.5 billion CIP is included in the incremental methodology, which increases the costs to be recovered from capacity fees. Future alternative water supply costs and potential environmental regulatory requirements such as zero discharge will increase future cost recovery.

Water/Wastewater Cost Recovery Structure

How is Expansion Funded?
CAPACITY FEES

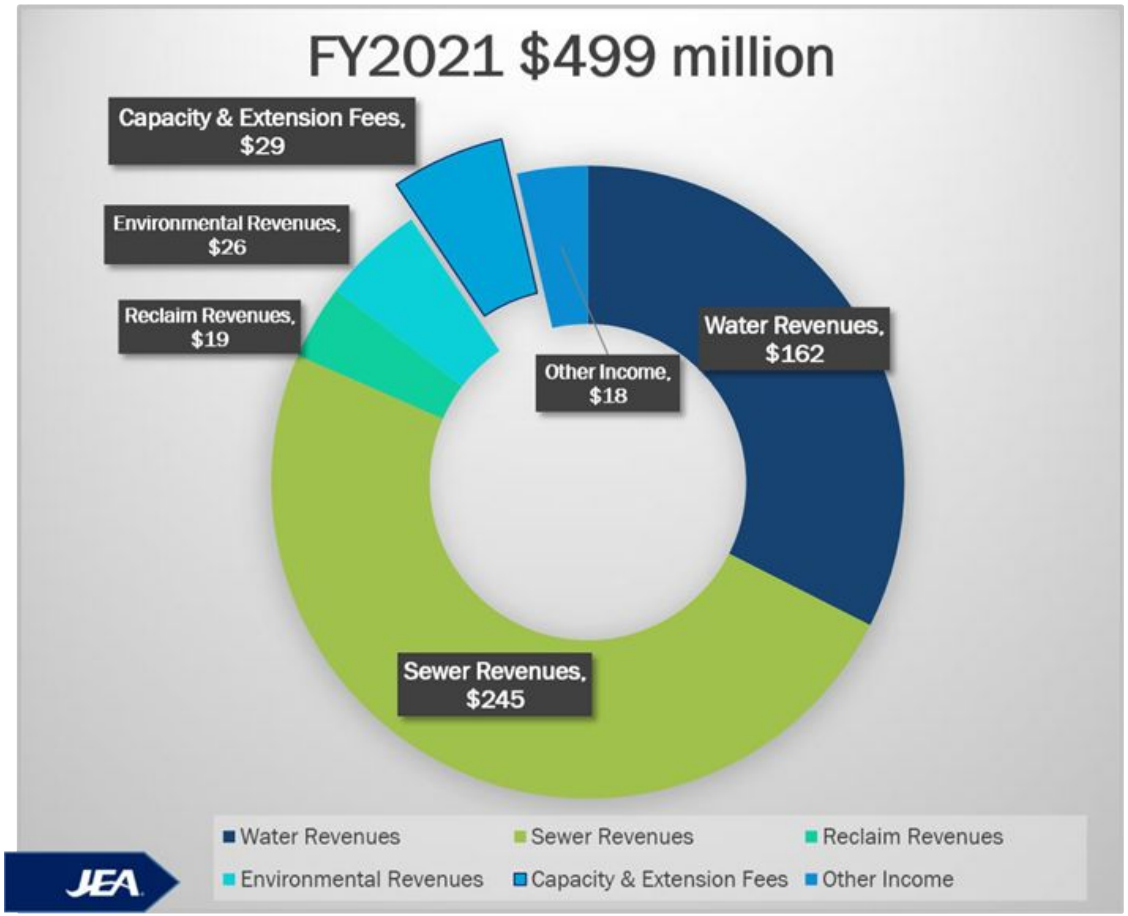
- **Treatment Facilities:**
  JEA through <u>Plant Capacity Fees</u>
- **Off-Site Joint Use**
  JEA through <u>Line Extension Growth Capacity Charges</u>
- **Off-Site Direct Extension**
  Developer
- **On-Site**
  Developer



Capacity Fees and Charges: One-time fees paid by builders or customers connecting to the system to recover the cost of capacity expansion.

<u>Note</u>
Electric System off-site infrastructure is recovered through the monthly bill

Water and Sewer FY21 Forecast
Revenue Components



FY21 Capacity Fees: $29 million

$18M Plant Capacity Fees

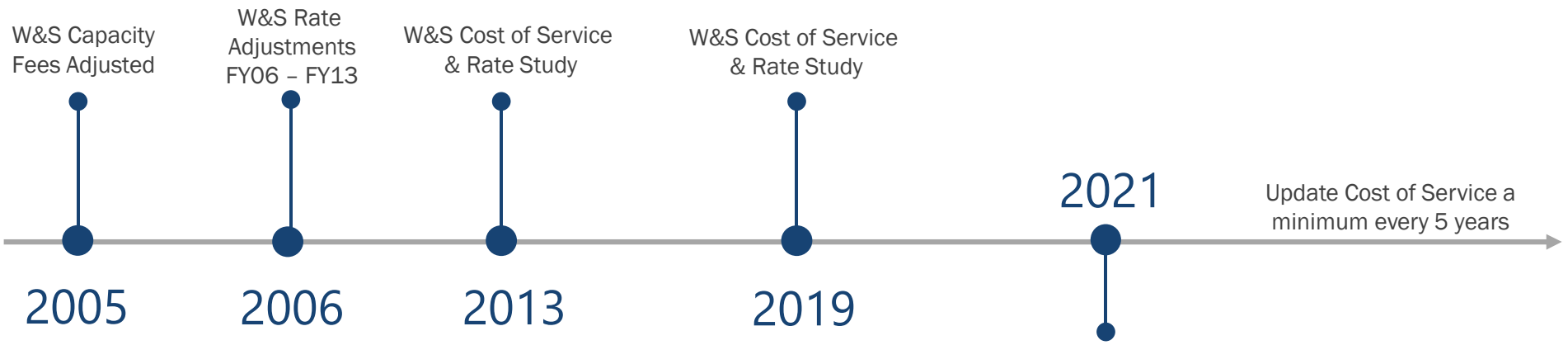
$11M Line Extension Growth Capacity Charges

Customer Growth since 2015

12% Water | 14% Sewer | 189% Reuse

FY20 Number of Accounts	Water	Sewer	Reclaimed
Residential	299,872	266,460	-
Commercial and Industrial	26,190	18,644	-
Irrigation	37,535	-	17,031
Totals	**363,597**	**285,104**	**17,031**

Timeline Review



- **August F&A** - Capacity Fee Cost of Service Overview
- **December F&A** – Receive feedback and direction:
  1. Increase capacity fees based on cost of service
  2. Update price signals for high volume usage
  3. Stakeholder communication
- **March F&A** - Committee action for Board consideration:
  1. FY22 Budget Assumptions
  2. Potential call for a Public Rate Hearing
- **April Board of Directors** – Consider a call for a Public Rate Hearing
- **May/June Board of Directors**
  1. Potential Public Rate Hearing
  2. FY22 Budget Finalized

Current Pricing - Water and Sewer Rate Document

Plant Capacity Fees

1) Treatment plants and capacity expansion
2) Treatment plant configuration
3) Wastewater master pump stations and force mains directly upstream of the wastewater plant

Residential	Water w/o reclaimed	Water	Reclaimed	Sewer
Gallons per Day ¾" Meter	350	350	350	350
Dollars per Gallon	$0.97	$0.97	$0.97	$3.64
Subtotals	$340	**$340**	**$340**	**$1,274**
Water & Sewer Total	**$1,614**	**$1,954**		

Note: Potable water irrigation considered the same as reclaimed
New single-family installations commonly include reclaimed service

Line Extension Growth Capacity Charge

1) Water mains greater than or equal to 10" in diameter
2) Water re-pump stations
3) Remote storage facilities
4) Force mains greater than or equal to 10" in diameter
5) Interceptor (trunk) gravity lines

Residential	Water	Sewer	Total
¾" Meter	$917	$778	**$1,695**

Total Capacity Fees Due for a typical residential customer:

without Reclaimed	with Reclaimed
$3,309	$3,649

Cost of Service Methodologies

Residential ¾" Service

	Current	Hybrid	Incremental
Plant Capacity Fees	$1,954	$2,184	$5,864
	JEA Water and Sewer Rate Document	FY 2018 Stantec Cost of Service Report with JEA $1.1 billion CIP	CY 2020 Stantec Capacity Fee Memo with JEA $1.5 billion CIP
+ Line Extension Growth Capacity Charge			$1,695
= Total Capacity Fees & Charges	$3,649	$3,879	$7,559

Potential IWRP cost ranges exceed FY20 Incremental cost

- All charges and fees reflect residential water & sewer services with reclaimed
- Hybrid based on max day water flows, current and incremental based on annual average day flows (AADF)

Cost of Service Incremental Methodology

The cost to build new capacity and install new connections are significantly greater than previous investments which warrants the selection of the incremental methodology.

Stantec's updated cost of service analysis of capacity fees was based on 2020 Water and Sewer Expansion Capital Improvement Projects with detailed data analysis of daily customer usage information from JEA's advanced metering infrastructure to calculate current estimated cost.

Current Plant Capacity Fees

Residential	Water w/o reclaimed	Water	Reclaimed	Sewer
Gallons per day ¾" meter	350	350	350	350
	x			
Dollars per gallon	$0.97	$0.97	$0.97	$3.64
	=			
Subtotals	$340	**$340**	**$340**	**$1,274**
Water & Sewer Total	**$1,614**	**$1,954**		

VS.

Plant Capacity Cost

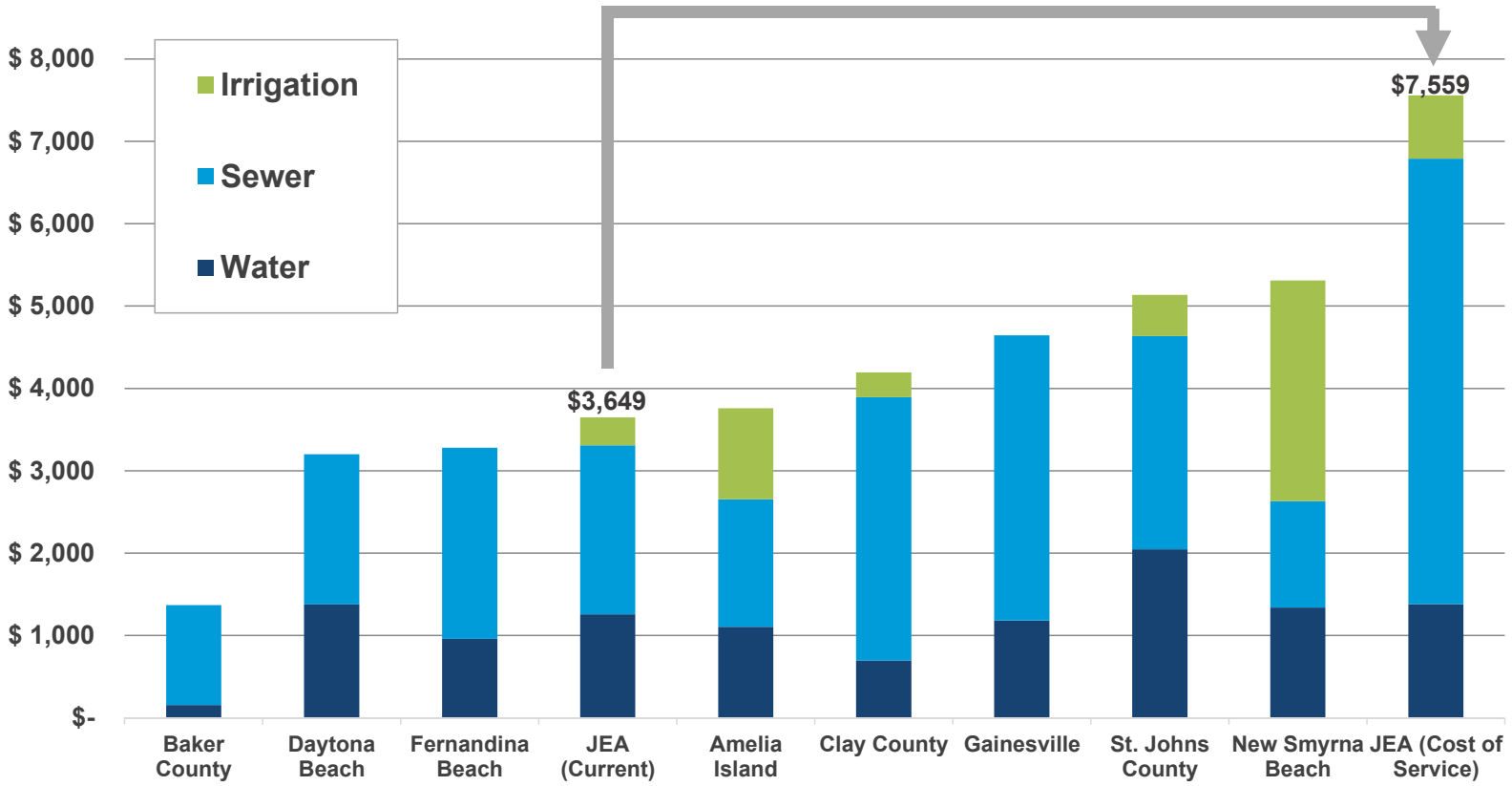
Water w/o reclaimed	Water	Reclaimed	Sewer	
200	120	200	200	gpd
x				
$3.85	$3.85	$3.85	$23.16	$/gal
=				
$340	**$462**	**$770**	**$4,632**	$ total
$5,402	**$5,864**			

Proposed phase-in $3,000 of the $3,910 variance over 3 years

Stantec 2020 Capacity Fee Memo utilized FY16 meter data results of 119 gpd for water 202 gpd for reclaimed

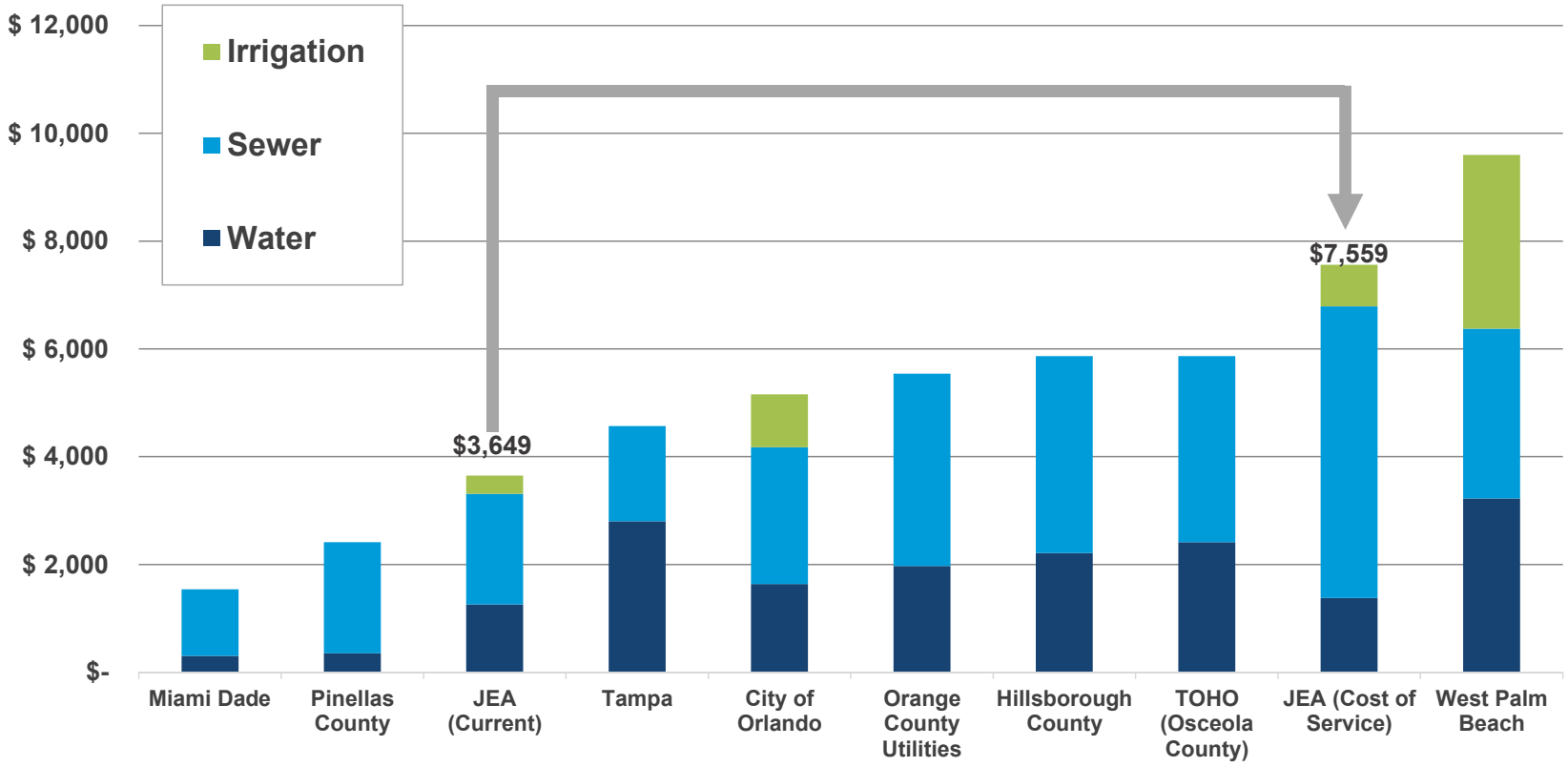
BENCHMARKS

Local Agencies Combined Capacity Fees



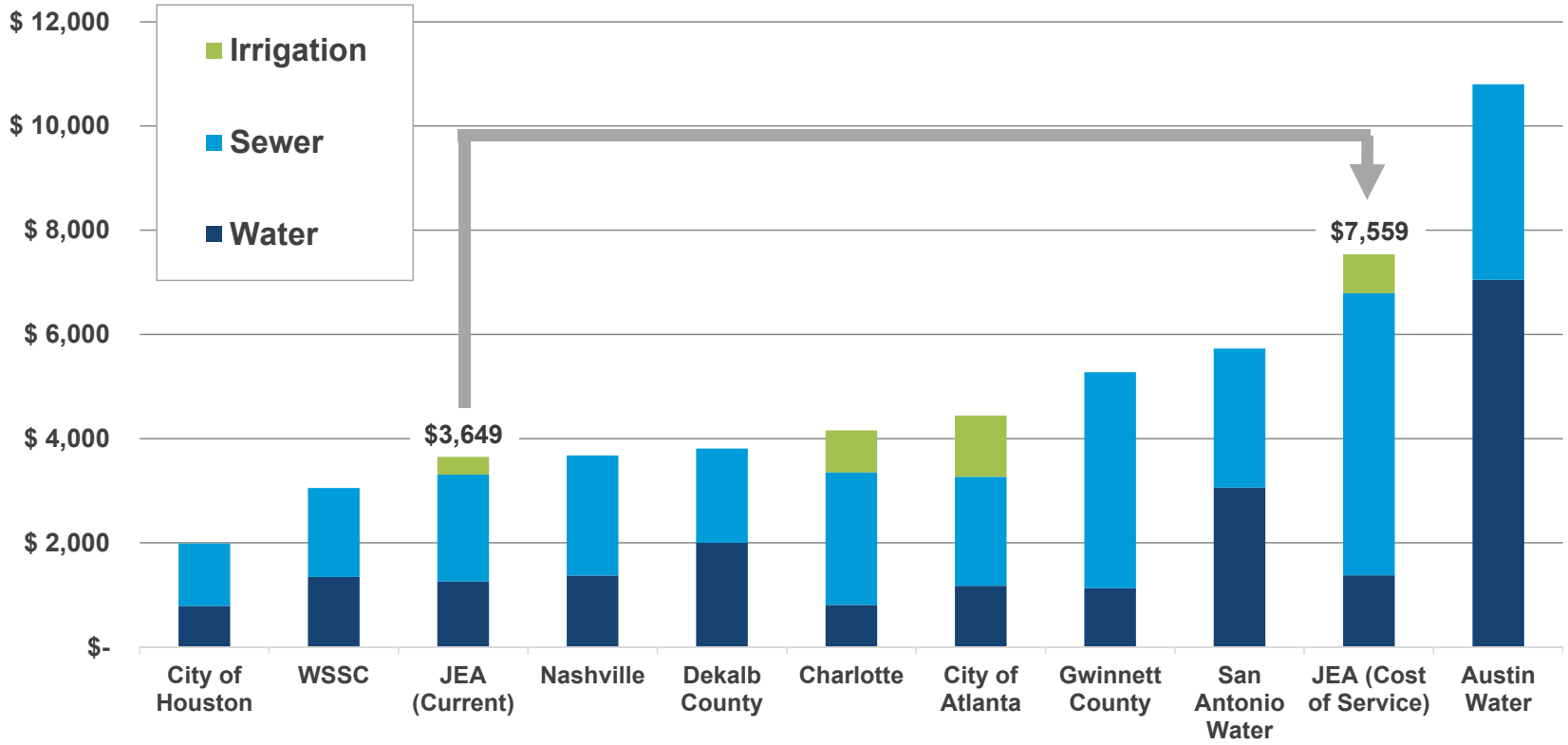
BENCHMARKS

Florida Peers Combined Capacity Fees



BENCHMARKS

National Peers Combined Capacity Fees



Proposed Fees: Phased-in over 3 Years

❑ Adjust Gallons per Day (Level of Service)

Based on JEA meter data, adjust the equivalent residential units from 350 GPD to 200 GPD for Water, Sewer, & Reclaimed

❑ Adjust Plant Capacity Fee

Recommend a gradual implementation to recover the fully allocated costs of plant capacity needs

Line Extension Growth Capacity Charges

No adjustments at this time. Staff will evaluate pricing and make recommendations in the future

Proposed Plant Capacity Fees

Residential	Water w/o reclaimed	Water	Reclaimed	Sewer
Gallons per Day ¾" Meter	200	120	200	200
Dollars per Gallon	$3.85	$3.85	$3.85	$18.61
Subtotals	$770	$462	$770	$3,722
Water & Sewer Total	**$2,465**	**$4,954**		

Line Extension Growth Capacity Charge

Residential	Water	Sewer	Total
¾" Meter	$917	$778	$1,695

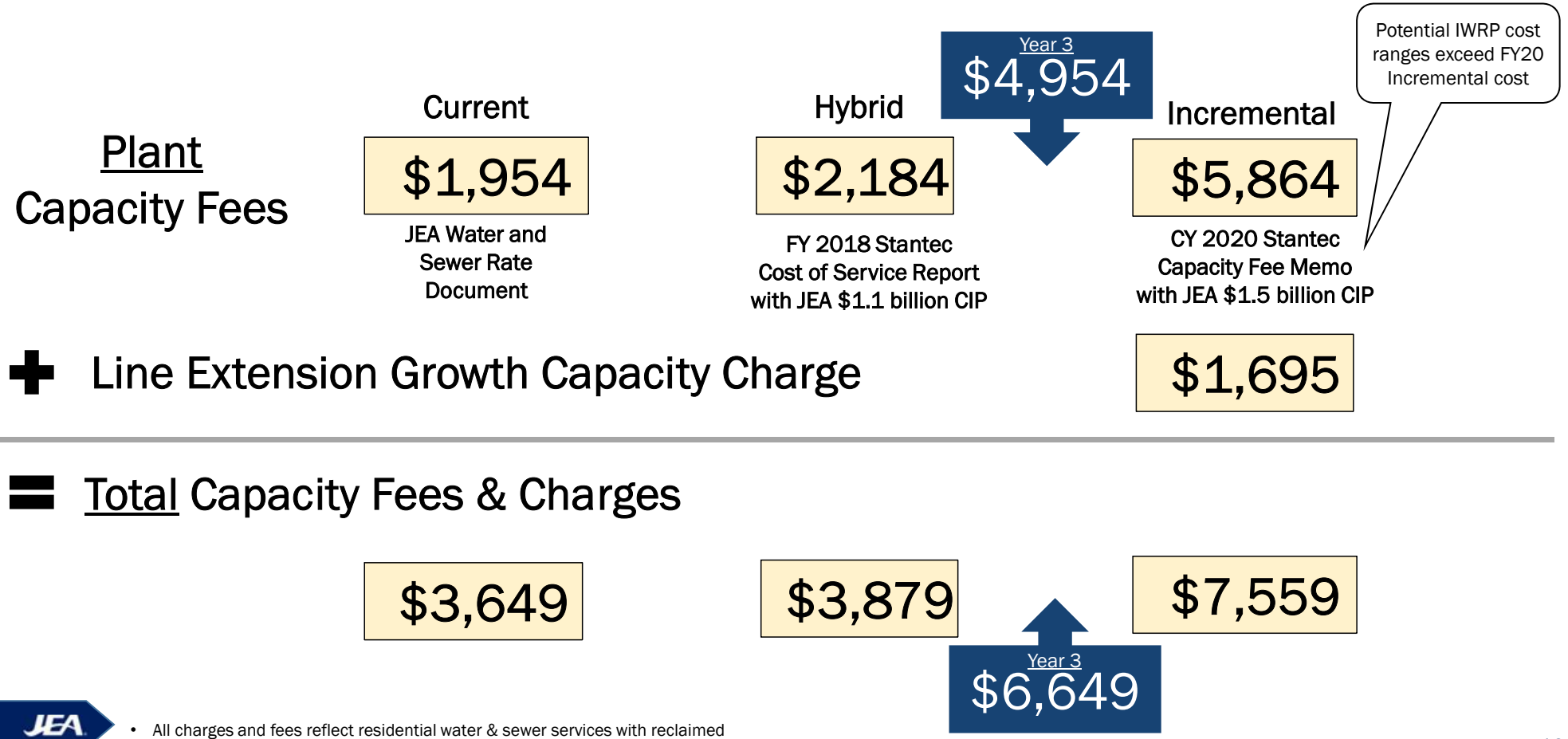
Proposed Total Capacity Fees for a typical residential customer with reclaimed service

from $3,649 to $6,649

$3,000

Cost of Service Methodologies

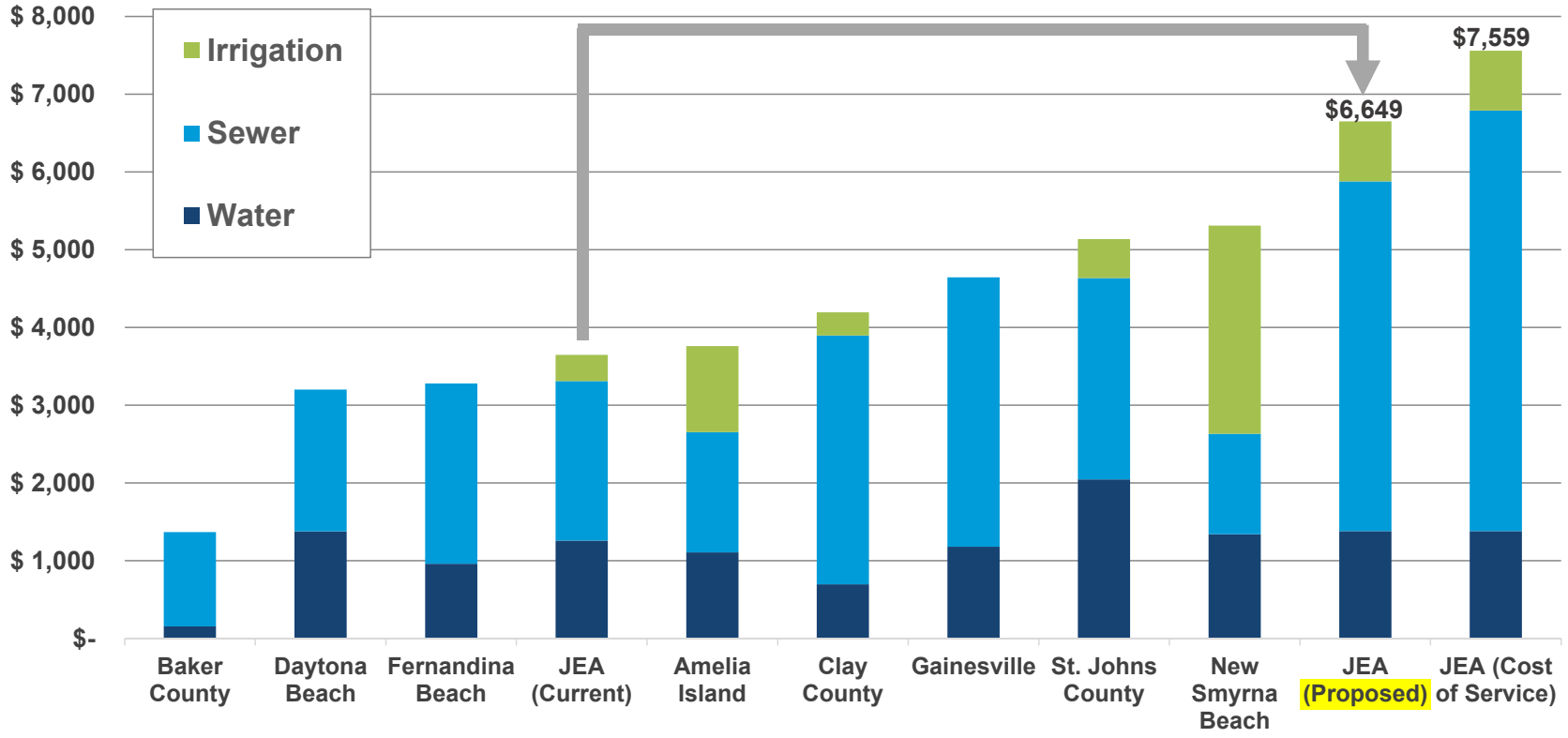
Residential ¾" Service



- All charges and fees reflect residential water & sewer services with reclaimed
- Hybrid based on max day water flows, current and incremental based on annual average day flows (AADF)

Proposed Fees: 3rd Year

Local Agencies Combined Capacity Fees



OTHER W&S ITEMS

Tap and Meter Fees

How are customers connected to the system?

Meter and Tap Fees are paid by customers connecting to the system to recover the cost of the meter and tap materials and labor to sufficiently serve the maximum quantities of water and sewer permitted by the customers. The associate costs includes, but not limited to, meters, modules, cable, piping and outdoor casing.

For ¾ inch Water Meter & 1" Tap			
Meter & Tap Components	**Current Fee**		**Cost**
Meter			$105
Module			$130
Cable			$10
Labor			$55
Set Estimate Total	**$202.33**		**$300**
Lid & Box			$60
Other Materials			$140
Site Rehabilitation			$550
Labor & Equipment			$610
Tap Estimate Total	**$610**		**$1,360**
Meter & Tap Total	**$812.33**		**$1,660**
	Variance		**$848**

- In the past year, approximately 10,000 "pre-pave" meter sets were installed by JEA where the developer previously installed the water service line and meter box. These 10,000 new meter installs were under- collected by approximately $100 each.
- Additionally, approximately 800 taps were installed by JEA with an estimated $700 under-collection of costs.
- JEA is under-collecting an approximately **$1.6M annually on ¾" meter sets and taps alone.**

Staff recommends all metered services be priced to recover all meter tap and set cost.

For example: 1" Metered Service Set Fee goes from $224 to $325 & Tap Fee from $ $610 to $1,360

OTHER W&S ITEMS

Water Rates

Large Commercial

Water rates for 10” meters and larger

JEA currently allows commercial water users with a 10” meter or larger access to a discounted water usage rate. Based on the current rate structure, this large meter rate of **$1.24** represents a **$.25** discount below the standard Commercial rate of **$1.49** per thousand gallons used.

This pricing structure is not supported by the cost of service, as these larger meters demonstrate greater peaking activity than those smaller than 10”.

Staff proposes setting all commercial volume charges equal, as is supported by the cost of service.

There are currently 53 customers that have a 10” water meter and 3 Customers with a 12” meter. **Over $400,000 impact without the discount**

Irrigation Rates

JEA charges irrigation volume on a tiered basis to encourage conservation. Currently the threshold for higher pricing is at 14 kgals per month.

Staff proposes conducting a benchmark analysis of peer utilities to adjust the higher tier pricing to further encourage the efficient use of our aquifer water.

ECONOMIC DEVELOPMENT

Electric Rate Options

JEA currently offers two programs created to encourage economic development in the area

1. Economic Development Program applies to new or existing customers whose new demand or incremental demand is a minimum of 300 kW at a single site, and the customer employs an additional work force of at least 15 full-time employees in the JEA service area. Customer will receive a discount on energy, demand, and environmental charges. Discounts may extend over a six year period with a declining discount schedule. Qualified customers locating in a Load Density Improvement area will receive a higher discount than the Economic Development Program Discount.

Year	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%

*Year 1 can be extended as outlined in General Provisions (g) below

2. Economic Stimulus Rider applies to customers in the General Service Large Demand rate class whose new load is not previously served by JEA with a new Metered Demand of 1,000 kW or more. This rate rider would allow JEA to negotiate rates in certain limited controlled circumstances, for new customers to JEA's service area, given:
   - 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
   - Documentation demonstrating to JEA's satisfaction that there is a viable lower cost alternative in another locale to the customer's taking electric service from JEA.

JEA offers specific large commercial electric pricing for customers that operate with exceptional efficiency. Data centers are typically some of the most efficient electric loads and can take advantage the High Load Factor rate.

This rate provides three tiers of energy pricing that declines as load factor increases:

Energy Charge:
For the first 350 kWh per kW of Ratcheted Demand: 2.456 cent per kWh
For the next 200 kWh per kW of Ratcheted Demand: 1.362 cent per kWh
For all energy above 550 kWh per kW of Ratcheted Demand: 0.695 cent per kWh

A large commercial customer with a high load factor pays around 7 cents per kWh in total before taxes and fees:

	JEA IND40HLF	
KW (monthly)	3,000	5,000
MWh (Annual)	22,339	37,231
Load Factor	85.0%	85.0%
$/MWh - Before Taxes & Fees	**$ 69.23**	**$ 69.16**
$/MWh - Taxes & Fees	$ 13.63	$ 13.46
$/MWh - Utility Bill After Taxes & Fees	$ 82.86	$ 82.62

7 cents per kWh equals $70/MWh

Next Steps

Staff recommends the Finance & Audit Committee consider the information presented to provide feedback and direction:

Proposed Water & Sewer Adjustments with the FY2022 Budget

- ❑ Plant Capacity Fee
- ❑ Tap & Meter Fee
- ❑ Other Water Items
  - Water Volume Charge for 10” meters and larger
  - Irrigation Volume Charge for 2nd Tier

Other Items

- ❑ Economic Development Discussion – for information only
- ❑ Stakeholder Communication
- ❑ Alignment of Potential Future Public Rate Hearing Items with the FY2022 Budget Timeline

INTER-OFFICE MEMORANDUM
November 30, 2020

SUBJECT:	**ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND QUARTERLY REPORT**
FROM:	Jay C. Stowe, Managing Director and CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
At the May 7, 2012 Finance and Audit Committee meeting, JEA staff presented schedules reflecting historical and projected activity in JEA's Electric System and Water and Sewer System unrestricted and restricted fund balances. Many of these reserves are required under the respective System's bond resolutions or under Board approved policies such as Pricing Policy or Debt Management Policy. JEA staff also stated that these schedules would be provided to the JEA Board on a quarterly basis beginning August 2012.

DISCUSSION:
Attached are the reserve fund schedules referenced above for the period ending September 30, 2020.

RECOMMENDATION:
No action required; provided for information only.

_____
Jay C. Stowe, Managing Director and CEO

JCS/BJR/JEO/THM



Quarterly Reserve Report

For the Fourth Quarter Ending September 2020



Electric System and Water & Sewer System Reserve and Fund Balances (1)

For the Years Ending September 30
(In Thousands of Dollars)

Electric System

	Actual Fiscal Year 2018	Actual Fiscal Year 2019	Actual Fiscal Year 2020	Projected Fiscal Year 2021	Detail Page #
Unrestricted					
Operations/Revenue Fund	$ 85,459	$ 34,587	$ 47,449	$ 48,671	
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	3
• Employee health insurance	8,139	11,210	10,890	11,930	4
Rate Stabilization					
• Fuel	74,376	47,152	73,347	88,177	5
• DSM/conservation	3,470	4,363	5,423	5,832	6
• Environmental	42,163	25,632	21,818	13,637	7
• Debt Management	29,884	29,884	-	-	8
• Non-Fuel Purchased Power	53,493	56,870	36,326	-	9
Environmental	16,818	16,568	16,568	15,068	10
Customer Deposits	44,242	44,242	43,641	43,601	11
Total Unrestricted	368,044	280,508	265,462	236,915	
Days of Cash on Hand (2)	218	146	183	146	
Days of Liquidity (3)	316	308	359	309	
Restricted					
Debt Service Funds (Sinking Funds)	159,656	145,520	82,525	79,581	12
Debt Service Reserve Funds	60,582	60,582	50,993	50,993	13
Renewal and Replacement Funds/OCO	189,922	81,964	137,643	110,455	14
Environmental Fund [Capital Projects]	-	-	301	-	15
Construction Funds	-	203	311	-	16
Total Restricted	410,160	288,269	271,773	241,029	
Total Electric System	$ 778,204	$ 568,777	$ 537,235	$ 477,944	

Water and Wastewater System

Unrestricted					
Operations/Revenue Fund	$ 43,461	$ 17,934	$ 26,719	$ 20,841	
Rate Stabilization					
• Debt Management	14,209	14,209	-	-	17
• Environmental	12,914	15,687	23,372	18,783	18
Customer Deposit	15,616	16,289	16,926	17,869	19
Total Unrestricted	86,200	64,119	67,018	57,493	
Days of Cash on Hand (2)	434	186	176	144	
Days of Liquidity (3)	527	334	353	300	
Restricted					
Debt Service Funds (Sinking Funds)	81,242	80,775	41,660	32,609	20
Debt Service Reserve Funds	102,850	63,441	58,228	58,664	21
Renewal and Replacement Funds	141,415	48,796	38,131	31,429	22
Environmental Fund [Capital Projects]	1,159	1,891	649	-	23
Construction Funds	284	28,968	25,541	23,874	24
Total Restricted	326,950	223,871	164,209	146,576	
Total Water & Sewer System	$ 413,150	$ 287,990	$ 231,227	$ 204,069	

(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.
(2) Days of Cash on Hand includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses net of Depreciation.
(3) Days of Liquidity includes R&R Fund in the cash balances, and includes the Contribution to the City of Jacksonville General Fund with the Operating Expenses, net of Depreciation. Revolving credit facility is allocated between Electric and Water & Sewer Systems based on their portion of the Operating Expenses, net of Depreciation.

Funds Established Per the Bond Resolutions

Fund/Account Description	Electric System	Water and Sewer System
Revenue Fund	Net Revenues (i.e. Revenues minus Cost of Operation and Maintenance), pledged to bondholders, balance available for any lawful purpose after other required payments under the bond resolution have been made.	Pledged to bondholders; balance available for any lawful purpose after other required payments under the bond resolution have been made, however, revenues representing impact fees may only be used to finance costs of expanding the system or on the debt service on bonds issued for such expansion purposes.
Rate Stabilization Fund	Not pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; able to transfer to any other fund or account established under the resolution or use to redeem Bonds.
Subordinated Rate Stabilization Fund	Pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; available for any lawful purpose.
Debt Service Account	Pledged to bondholders; used to pay debt service on bonds.	Pledged to bondholders; used to pay debt service on bonds.
Debt Service Reserve Account	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.
Renewal and Replacement Fund	Not pledged to bondholders but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions) .	Pledged to bondholders; but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions).
Construction Fund	Pledged to bondholders; applied to the payment of costs of the system.	Pledged to bondholders; applied to the payment of costs of the system.
Subordinated Construction Fund	Pledged to bondholders; applied to the payment of costs of the system	Pledged to bondholders; applied to the payment of costs of the system
Construction Fund - Construction Reserve Account	Pledged to bondholders; applied to fund downgraded reserve fund sureties.	Pledged to bondholders; applied to fund downgraded debt service reserve fund sureties.
General Reserve Fund	Not pledged to bondholders; available for any lawful purpose.	n/a

Regardless of whether the Funds/Accounts are designated as pledged, in the event that monies in the Debt Service Account are insufficient to pay debt service on the bonds, pursuant to the respective bond resolutions, amounts in the various Funds/Accounts are required to be transferred to the respective Debt Service Accounts and used to pay debt service.

Electric System Self Insurance - Property

For the Fourth Quarter Ending September 30, 2020

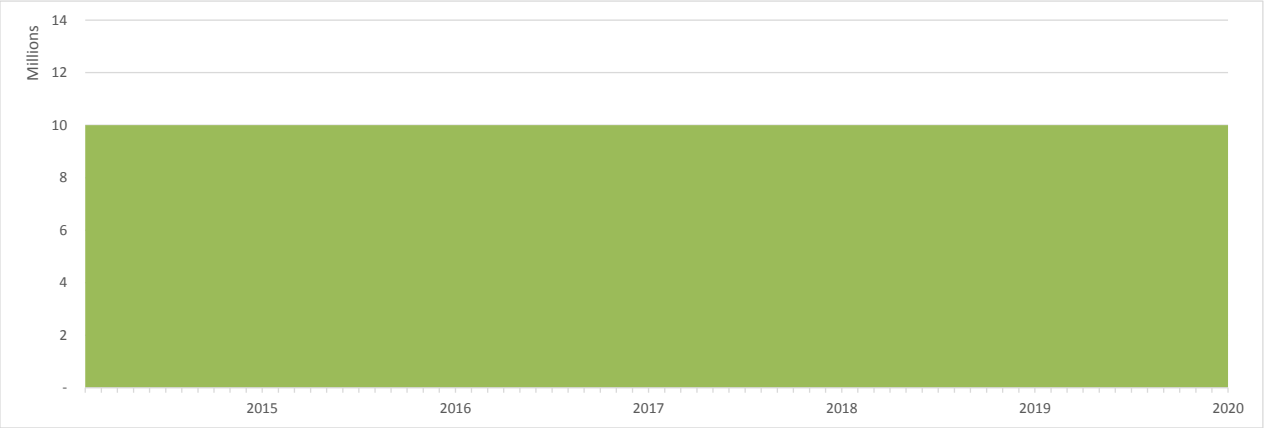
Definitions and Goals

JEA's self-insurance fund is for catastrophic damage to JEA's electric lines (transmission and distribution) caused by the perils of hurricanes, tornadoes, and ice storms. This fund was established in October, 1992, as an alternative to JEA's procurement of commercial property insurance.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals					
Ending Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Additions:					
Contributions	-	-	-	-	
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals					
Sub-total	$ -	$ -	$ -	$ -	$ -
Ending balance	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000



Observations

- Reserve/Fund Authorization: Budget Appropriation.

Electric System Self Insurance - Employee Health Insurance

For the Fourth Quarter Ending September 30, 2020

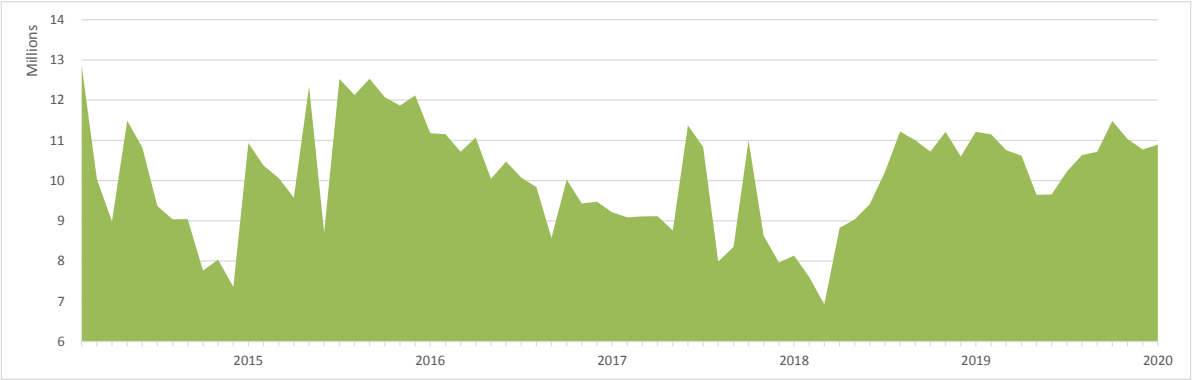
Definitions and Goals

This reserve fund is a requirement under Florida Statute 112.08 that requires self insured government plans to have enough money in a reserve fund to cover the Incurred But Not Reimbursed (IBNR) claims and a 60 day surplus of claims. The IBNR claims are claims that would still need to be paid if the company went back to a fully insured plan or dropped coverage all together. An actuary calculates this amount annually.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 11,486	$ 11,210	$ 10,890	$ 11,930	$ 9,996
Additions:					
Employee Contributions	1,632	6,534	7,000	7,140	7,283
Retiree & Other Contributions	1,430	6,914	7,831	7,831	7,988
Employer Contributions	4,685	18,900	19,278	17,200	19,236
Sub-total	$ 7,747	$ 32,348	$ 34,109	$ 32,171	$ 34,507
Withdrawals:					
Payments for Claims	7,695	30,387	30,647	31,683	30,906
Actuary & Other Payments	648	2,281	2,422	2,422	2,495
Sub-total	$ 8,343	$ 32,668	$ 33,069	$ 34,105	$ 33,401
Ending Balance	$ 10,890	$ 10,890	$ 11,930	$ 9,996	$ 11,102

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 10,749	$ 10,937	$ 11,179	$ 9,214	$ 8,138
Additions:					
Employee Contributions	5,447	5,460	5,862	6,158	6,423
Retiree & Other Contributions	5,141	5,694	6,443	7,273	8,270
Employer Contributions	22,220	24,231	19,004	18,378	20,662
Sub-total	$ 32,808	$ 35,385	$ 31,309	$ 31,809	$ 35,355
Withdrawals:					
Payments for Claims	30,408	32,946	30,994	30,933	29,860
Actuary & Other Payments	2,212	2,197	2,280	1,952	2,423
Sub-total	$ 32,620	$ 35,143	$ 33,274	$ 32,885	$ 32,283
Ending balance	$ 10,937	$ 11,179	$ 9,214	$ 8,138	$ 11,210



Maximum Balance:	12,860	Average Balance:	10,101
Minimum Balance:	6,922		

Observations

- Self Insurance for Employee Health Insurance began in July 2009.

Electric System Rate Stabilization - Fuel Management

For the Fourth Quarter Ending September 30, 2020

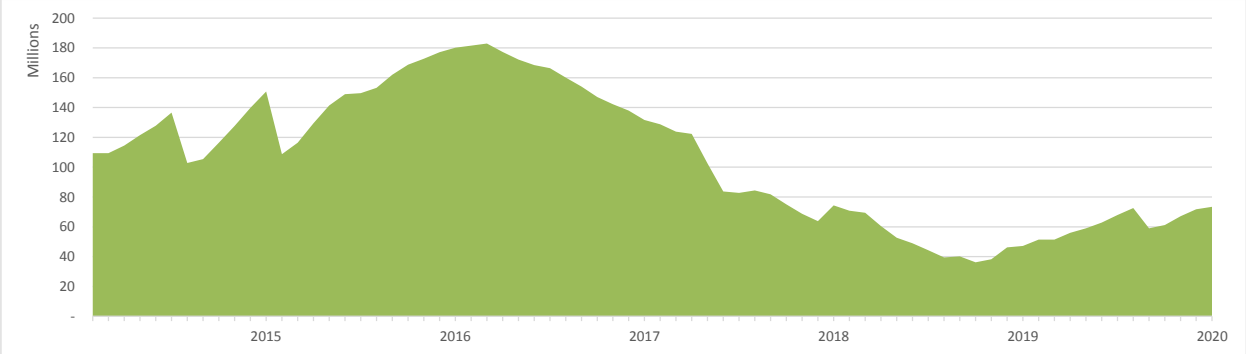
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Established pursuant to the section VII and Section IX of the Pricing Policy, the Fuel Reserve target is 15% of the greater of (i) the maximum fiscal year fuel cost in the preceding five fiscal years or (ii) the projected fiscal year fuel cost. Withdrawals from the Rate Stabilization Fund for fuel stabilization are limited to the following purposes: (a) to reduce the variable fuel rate charge to the customers for a determined period of time; (b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues; (c) to be rebated back to the customers as a credit against the electric bill; and/or (d) to reimburse the costs associated with any energy risk management activities.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 61,198	$ 47,152	$ 73,347	$ 88,177	$ 88,271
Additions:					
Contributions	16,840	44,553	14,830	94	
Sub-total	$ 16,840	$ 44,553	$ 14,830	$ 94	$ -
Withdrawals:					
Withdrawals	4,691	18,358		0	9,984
Sub-total	$ 4,691	$ 18,358	$ -	$ -	$ 9,984
Ending Balance	$ 73,347	$ 73,347	$ 88,177	$ 88,271	$ 78,287

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 105,457	$ 150,742	$ 180,115	$ 131,716	$ 74,376
Additions:					
Contributions	95,224	85,979	2,845		11,597
Sub-total	$ 95,224	$ 85,979	$ 2,845	$ -	$ 11,597
Withdrawals:					
Withdrawals			51,244	57,340	38,821
Fuel Rebate Credit	49,939	56,606			
Sub-total	$ 49,939	$ 56,606	$ 51,244	$ 57,340	$ 38,821
Ending balance	$ 150,742	$ 180,115	$ 131,716	$ 74,376	$ 47,152



Maximum Balance:	182,960	Average Balance:	106,001
Minimum Balance:	36,191		

Observations

- Actual and historical numbers reflect fuel recovery contributions and withdrawls on a gross basis. Forecast and projected numbers reflected on a net basis. The fuel recovery charge ended 12/31/11.

Electric System Rate Stabilization - Demand Side Management (DSM)

For the Fourth Quarter Ending September 30, 2020

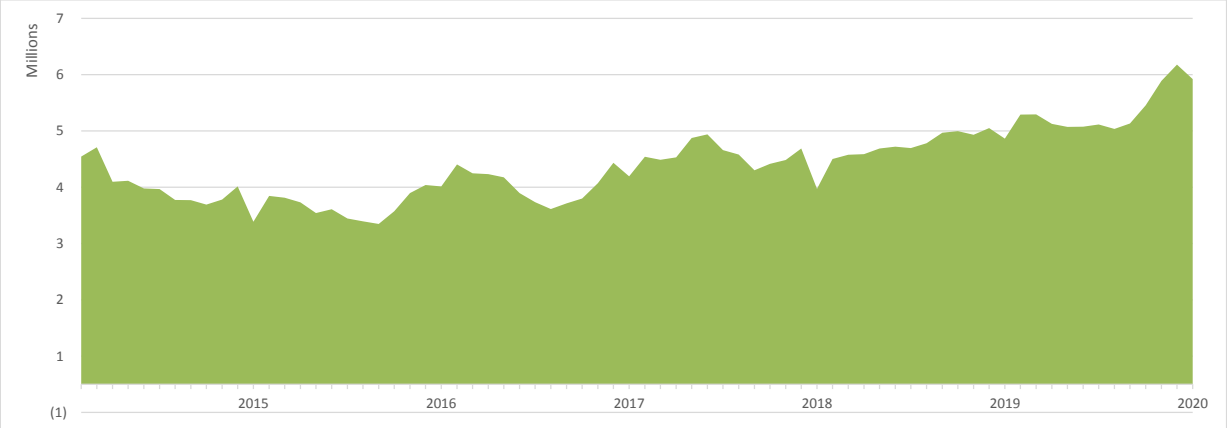
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Pursuant to section VII of the Pricing Policy, $0.50 per 1,000 kWh plus $0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly. These revenue sources are to fund demand side management and conservation programs.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 4,955	$ 4,363	$ 5,423	$ 5,832	$ 6,295
Additions:					
Contributions	2,355	6,969	6,496	6,732	6,732
Sub-total	$ 2,355	$ 6,969	$ 6,496	$ 6,732	$ 6,732
Withdrawals:					
Withdrawals	1,887	5,909	6,087	6,269	6,457
Sub-total	$ 1,887	$ 5,909	$ 6,087	$ 6,269	$ 6,457
Ending Balance	$ 5,423	$ 5,423	$ 5,832	$ 6,295	$ 6,570

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 3,570	$ 2,886	$ 3,515	$ 3,695	$ 3,470
Additions:					
Contributions	7,059	7,232	6,685	7,088	7,042
Sub-total	$ 7,059	$ 7,232	$ 6,685	$ 7,088	$ 7,042
Withdrawals:					
Withdrawals	7,743	6,603	6,505	7,313	6,149
Sub-total	$ 7,743	$ 6,603	$ 6,505	$ 7,313	$ 6,149
Ending balance	$ 2,886	$ 3,515	$ 3,695	$ 3,470	$ 4,363



Maximum Balance:	5,678	Average Balance:	3,903
Minimum Balance:	2,848		

Observations

- Rate Stabilization Fund for Demand Side Management began in April 2009.

Electric System Rate Stabilization - Environmental

For the Fourth Quarter Ending September 30, 2020

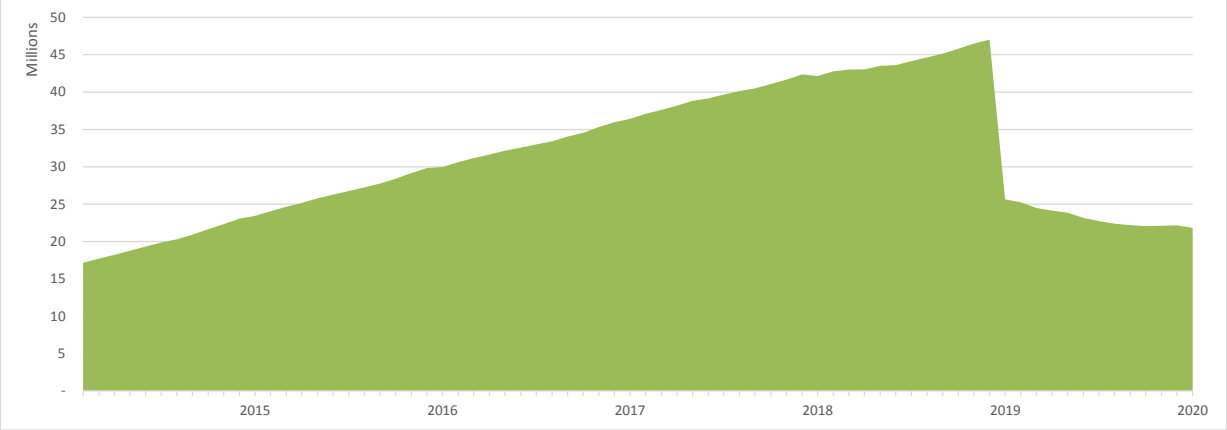
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to this fund began in fiscal year 2010 for amounts representing the Electric System Environmental Charge ($0.62 per 1000 kWh). Withdrawals from this reserve will represent payments for regulatory initiatives such as the premium cost of renewable energy generation which is considered available for JEA's capacity plans.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 22,048	$ 25,632	$ 21,819	$ 13,637	$ 13,991
Additions:					
Contributions	2,231	7,469	7,320	7,320	7,320
Sub-total	$ 2,231	$ 7,469	$ 7,320	$ 7,320	$ 7,320
Withdrawals:					
Withdrawals	2,461	11,282	15,502	6,966	7,005
Ending Balance	$ 21,819	$ 21,819	$ 13,637	$ 13,991	$ 14,306

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 16,639	$ 23,430	$ 29,975	$ 36,417	$ 42,163
Additions:					
Contributions	7,586	7,700	7,384	7,572	7,578
Sub-total	$ 7,586	$ 7,700	$ 7,384	$ 7,572	$ 7,578
Withdrawals:					
Withdrawals	795	1,155	942	1,827	24,109
Sub-total	$ 795	$ 1,155	$ 942	$ 1,827	$ 24,109
Ending balance	$ 23,430	$ 29,975	$ 36,417	$ 42,163	$ 25,632



Maximum Balance:	47,018	Average Balance:	31,083
Minimum Balance:	17,155		

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Electric System Rate Stabilization - Debt Management

For the Fourth Quarter Ending September 30, 2020

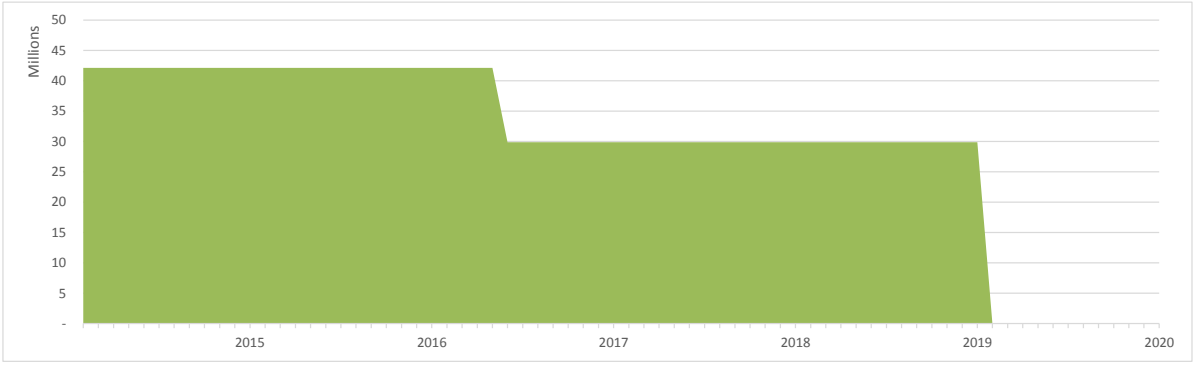
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve 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. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for 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. Funds used in October 2019 for defeasance of debt.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ -	$ 29,884	$ -	$ -	$ -
Additions:					
Contributions	-	-			27,000
Sub-total	$ -	$ -	$ -	$ -	$ 27,000
Withdrawals:					
Withdrawals	-	29,884	-		
Sub-total	$ -	$ 29,884	$ -	$ -	$ -
Ending Balance	$ -	$ -	$ -	$ -	$ 27,000

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 42,126	$ 42,126	$ 42,126	$ 29,884	$ 29,884
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals			12,242		
Sub-total	$ -	$ -	$ 12,242	$ -	$ -
Ending balance	$ 42,126	$ 42,126	$ 29,884	$ 29,884	$ 29,884



Maximum Balance:	42,126	Average Balance:	29,664
Minimum Balance:	-		

Observations

- Rate Stabilization Fund for Debt Management began in May 2009. Funds used for defeasances in October 2019.

Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Fourth Quarter Ending September 30, 2020

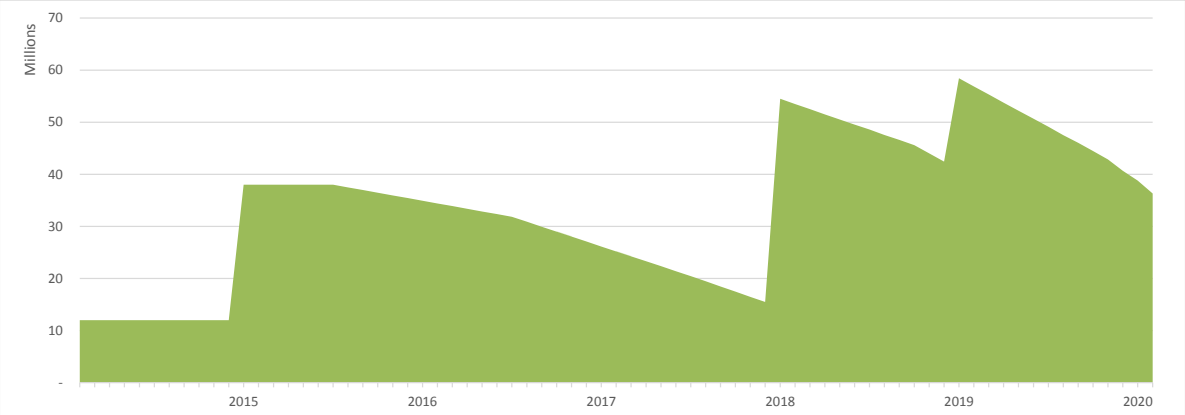
Definitions and Goals

The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to the Rate Stabilization Fund for Non-Fuel Purchased Power Stabilization during the fiscal year are made with the approval of the CEO or CFO, provided such deposits are not in excess of JEA's total operating budget for the current fiscal year. Withdrawals from the Rate Stabilization Fund for Non-Fuel Purchased Power are to reimburse the costs associated with any non-fuel purchased power activities. Withdrawals can be made as necessary during the fiscal year and requires the approval of the CEO or the CFO.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 42,836	$ 56,870	$ 36,326	$ -	$ -
Additions:					
Contributions	-	-			
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals	6,510	20,544	36,326		
Ending Balance	$ 36,326	$ 36,326	$ -	$ -	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 12,000	$ 38,000	$ 34,400	$ 25,189	$ 53,493
Additions:					
Contributions	26,000			40,000	17,566
Sub-total	$ 26,000	$ -	$ -	$ 40,000	$ 17,566
Withdrawals:					
Withdrawals		3,600	9,211	11,696	14,189
Sub-total	$ -	$ 3,600	$ 9,211	$ 11,696	$ 14,189
Ending balance	$ 38,000	$ 34,400	$ 25,189	$ 53,493	$ 56,870



Maximum Balance:	58,436	Average Balance:	34,126
Minimum Balance:	12,000		

Observations

- The Non-Fuel Purchased Power Rate Stabiliation Fund began in FY 2014.

Electric System Environmental Reserve

For the Fourth Quarter Ending September 30, 2020

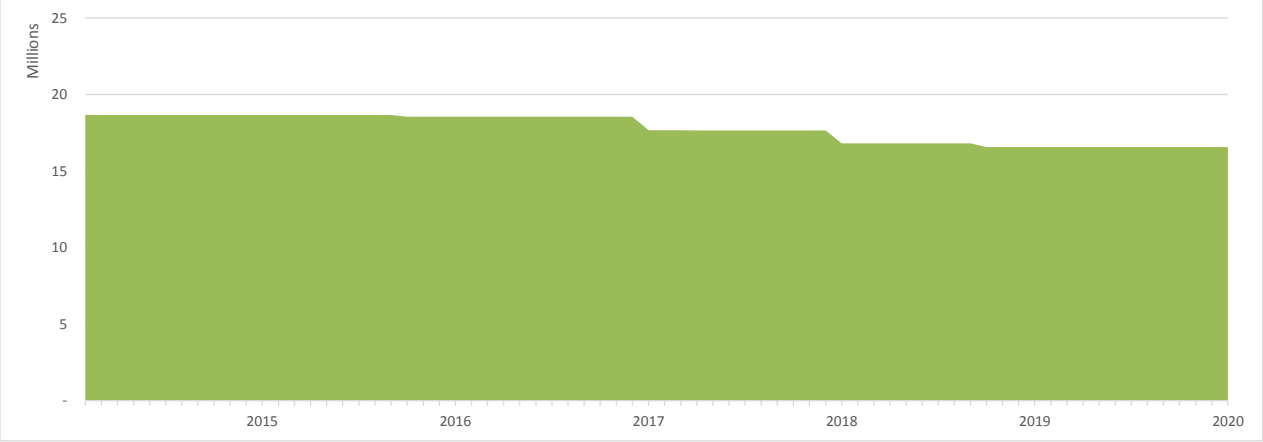
Definitions and Goals

This reserve represents the initial amounts collected from the Electric System Environmental Charge and will be deposited until the balance in this reserve equals the balance in the environmental liability account. Withdrawals from this account will represent payments for these liabilities.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 16,568	$ 16,568	$ 16,568	$ 15,068	$ 14,568
Additions:					
Contributions		-			
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals		-	1,500	500	5,000
Ending Balance	$ 16,568	$ 16,568	$ 15,068	$ 14,568	$ 9,568

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 18,662	$ 18,662	$ 18,556	$ 17,672	$ 16,818
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals		106	884	854	250
Sub-total	$ -	$ 106	$ 884	$ 854	$ 250
Ending balance	$ 18,662	$ 18,556	$ 17,672	$ 16,818	$ 16,568



Maximum Balance:	18,662	Average Balance:	17,775
Minimum Balance:	16,568		

Observations

- The Environmental Reserve began in FY 2008.

Electric System Customer Deposits

For the Fourth Quarter Ending September 30, 2020

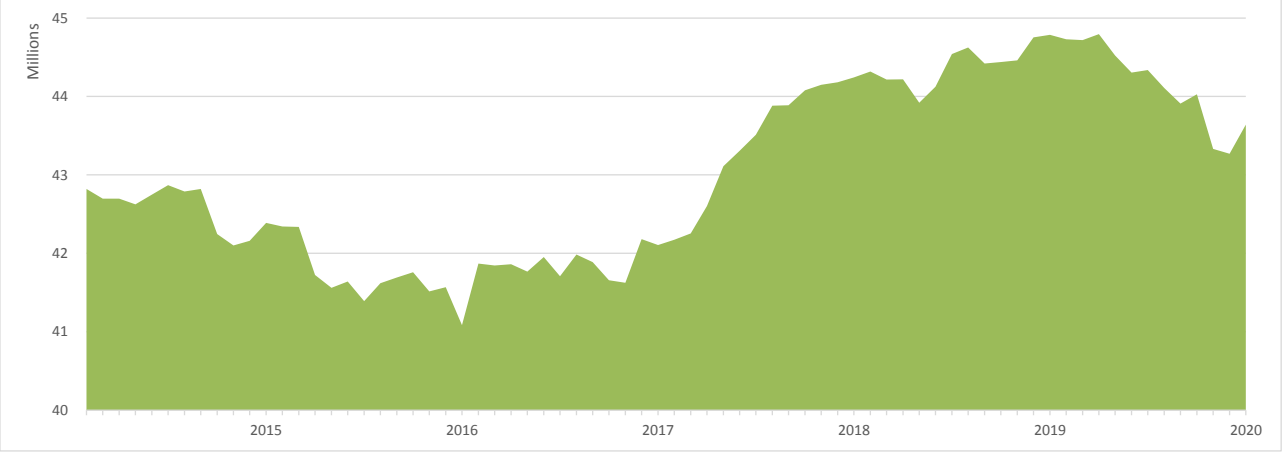
Definitions and Goals

Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 44,027	$ 44,785	$ 43,641	$ 43,601	$ 43,560
Additions:					
Net Customer Activity	370	596	1,074	1,074	1,074
Sub-total	$ 370	$ 596	$ 1,074	$ 1,074	$ 1,074
Withdrawals:					
Net Customer Activity	756	1,740	1,115	1,115	1,115
Ending Balance	$ 43,641	$ 43,641	$ 43,601	$ 43,560	$ 43,520

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 42,688	$ 42,389	$ 41,084	$ 42,105	$ 44,242
Additions:					
Net Customer Activity			1,021	2,137	543
Sub-total	$ -	$ -	$ 1,021	$ 2,137	$ 543
Withdrawals:					
Net Customer Activity	299	1,305			
Sub-total	$ 299	$ 1,305	$ -	$ -	$ -
Ending balance	$ 42,389	$ 41,084	$ 42,105	$ 44,242	$ 44,785



Maximum Balance:	44,795	Average Balance:	43,022
Minimum Balance:	41,084		

Observations

Electric System Debt Service Sinking Fund

For the Fourth Quarter Ending September 30, 2020

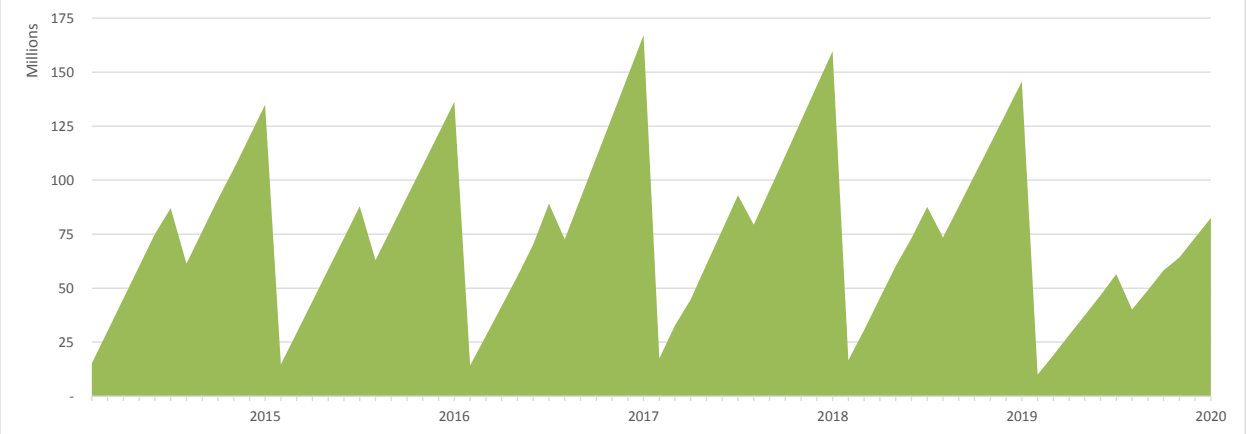
Definitions and Goals

JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 58,183	$ 145,520	$ 82,525	$ 79,581	$ 64,909
Additions:					
Revenue Fund Deposits	28,035	116,826	107,574	105,926	76,005
Sub-total	$ 28,035	$ 116,826	$ 107,574	$ 105,926	$ 76,005
Withdrawals:					
Principal and Int Payments	3,693	179,821	110,518	120,598	104,784
Sub-total	$ 3,693	$ 179,821	$ 110,518	$ 120,598	$ 104,784
Ending Balance	$ 82,525	$ 82,525	$ 79,581	$ 64,909	$ 36,130

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 120,458	$ 134,927	$ 136,232	$ 167,087	$ 159,656
Additions:					
Revenue Fund Deposits	181,006	177,847	209,450	201,359	186,135
Sub-total	$ 181,006	$ 177,847	$ 209,450	$ 201,359	$ 186,135
Withdrawals:					
Principal and Int Payments	166,537	176,542	178,595	208,790	200,271
Sub-total	$ 166,537	$ 176,542	$ 178,595	$ 208,790	$ 200,271
Ending balance	$ 134,927	$ 136,232	$ 167,087	$ 159,656	$ 145,520



Maximum Balance:	167,087	Average Balance:	75,042
Minimum Balance:	9,945		

Observations

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- This report does not include any Scherer debt service sinking funds.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on October 1st of the following fiscal year).
- Projections are based on the debt outstanding as of September 30, 2020.

Electric System Debt Service Reserve Account

For the Fourth Quarter Ending September 30, 2020

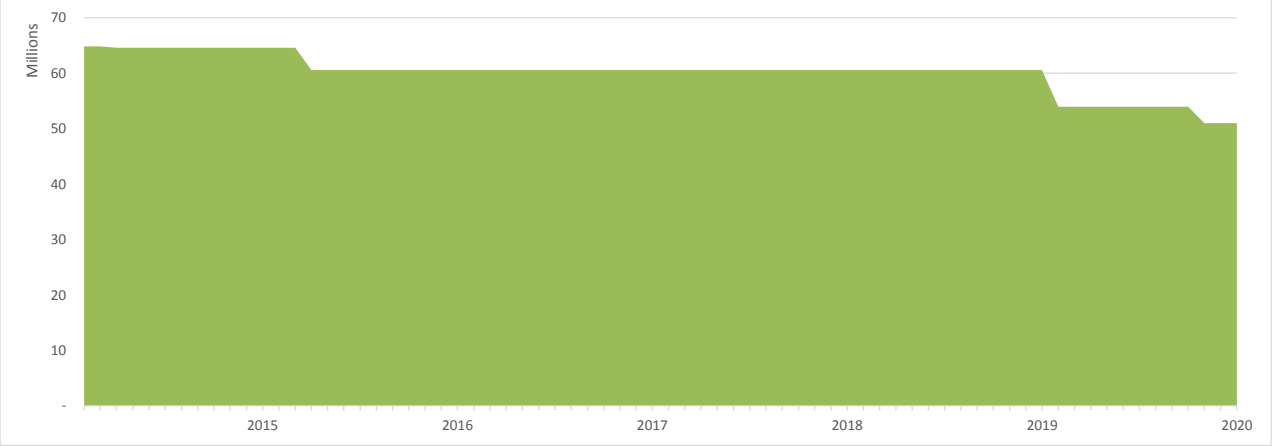
Definitions and Goals

This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 53,949	$ 60,582	$ 50,993	$ 50,993	$ 50,993
Additions:					
Proceeds from Bonds					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Release to Refunding Defeasance	2,956	2,956			
Release for STAR Plan Defeasance		6,633			
Ending Balance	$ 50,993	$ 50,993	$ 50,993	$ 50,993	$ 50,993

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 64,841	$ 64,595	$ 60,582	$ 60,582	$ 60,582
Additions:					
Proceeds from Bonds					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Release to Revenue Fund	246	4,013			
Sub-total	$ 246	$ 4,013	$ -	$ -	$ -
Ending balance	$ 64,595	$ 60,582	$ 60,582	$ 60,582	$ 60,582



Maximum Balance:	64,841	Average Balance:	60,140
Minimum Balance:	50,993		

Observations

- This report does not include any Scherer debt service reserves.

Electric System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fourth Quarter Ending September 30, 2020

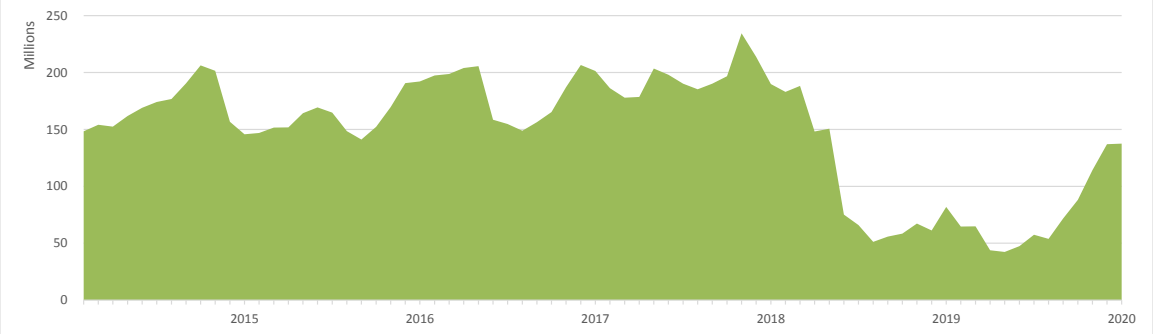
Definitions and Goals

Pursuant to the bond resolution and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures known as Operating Capital Outlay. This amount is calculated separately from the R&R deposit and may be allocated for use between capacity or non-capacity related expenditures based on the most beneficial economic and tax related financing structure incorporating the use of internal and bond funding.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 88,138	$ 81,964	$ 137,643	$ 110,455	$ 105,100
Additions:					
R&R/OCO Contribution	99,798	272,441	253,962	201,696	174,562
Transfers betw Capital Fds					
Other	-	8,290	5,450	6,705	6,706
Sub-total	$ 99,798	$ 280,731	$ 259,412	$ 208,401	$ 181,268
Withdrawals:					
Capital Expenditures	50,293	206,415	186,461	213,756	184,563
Transfers betw Capital Fds					
Debt Defeasance	-	18,637	100,139		41,455
Other					
Sub-total	$ 50,293	$ 225,052	$ 286,600	$ 213,756	$ 226,018
Ending Balance	$ 137,643	$ 137,643	$ 110,455	$ 105,100	$ 60,350

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 146,910	$ 145,711	$ 192,179	$ 201,368	$ 189,922
Additions:					
R&R/OCO Contribution	110,351	200,692	196,589	148,105	197,623
Loans betw Capital Fds					
Other	970	3,744	5,074	35,675	39,521
Sub-total	$ 111,321	$ 204,436	$ 201,663	$ 183,780	$ 237,144
Withdrawals:					
Capital Expenditures	112,483	157,201	113,987	181,263	275,042
Transfers/loans b/w Capital Fds	37	765	37,200		
Debt Defeasance					70,000
Other		2	41,287	13,963	60
Sub-total	$ 112,520	$ 157,968	$ 192,474	$ 195,226	$ 345,102
Ending balance	$ 145,711	$ 192,179	$ 201,368	$ 189,922	$ 81,964



Maximum Balance:	234,504	Average Balance:	147,542
Minimum Balance:	42,396		

Observations

- Other includes Sale of Property and miscellaneous billings.

Electric System Environmental Fund - Capital Projects

For the Fourth Quarter Ending September 30, 2020

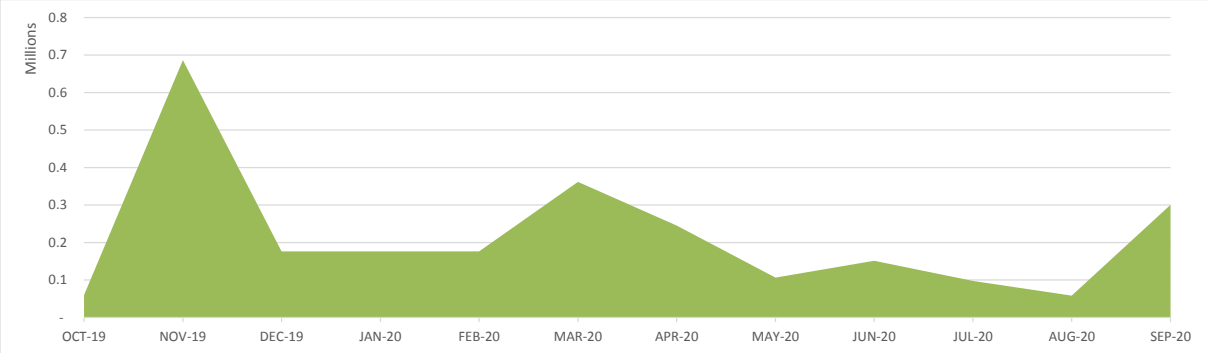
Definitions and Goals

The Environmental Charge will be applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs. The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve, as specified in the Pricing Policy for specific environmental and regulatory programs. This fund represents the amounts collected from the Electric System Environmental Charge and used on expenditures for capital projects.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 361	$ -	$ 151	$ -	$ -
Additions:					
Environmental Contributions	772	3,032	8,572		
Transfers betw Capital Fds					
Other					
Sub-total	$ 772	$ 3,032	$ 8,572	$ -	$ -
Withdrawals:					
Capital Expenditures	982	2,881	8,723	-	
Transfers betw Capital Fds					
Other					
Sub-total	$ 982	$ 2,881	$ 8,723	$ -	$ -
Ending Balance	$ 151	$ 151	$ -	$ -	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ -	$ -	$ -	$ -	$ -
Additions:					
Bond Proceeds					
Loans betw Capital Fds					
Other					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Capital Expenditures					
Transfers/loans b/w Capital Fds					
Other					
Sub-total	$ -	$ -	$ -	$ -	$ -
Ending balance	$ -	$ -	$ -	$ -	$ -



Maximum Balance:	686	Average Balance:	308
Minimum Balance:	60		

Observations

- The Environmental Construction Fund began in October 2019.

Electric System Construction / Bond Fund

For the Fourth Quarter Ending September 30, 2020

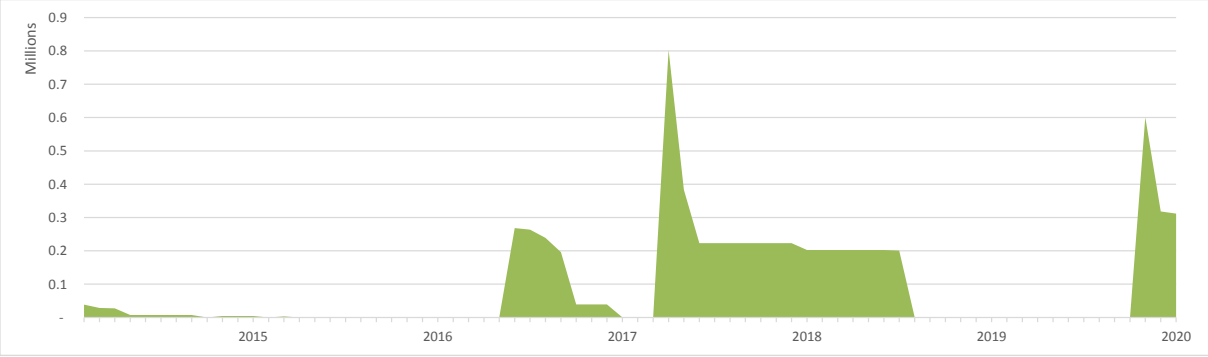
Definitions and Goals

JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Electric System. The senior construction fund is limited to the costs of additions, extension and improvements relating to non-generation capital expenditures. The subordinated construction fund is used for capital projects relating to all categories of capital expenditures but primarily targeted to fund generation capital expenditures.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ -	$ -	$ 312	$ -	$ -
Additions:					
Bond Proceeds	601	601			
Loans betw Capital Fds					
Other					
Sub-total	$ 601	$ 601	$ -	$ -	$ -
Withdrawals:					
Transfers betw Capital Fds					
Other	289	289	312		
Sub-total	$ 289	$ 289	$ 312	$ -	$ -
Ending Balance	$ 312	$ 312	$ -	$ -	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 42	$ 4	$ -	$ -	$ 203
Additions:					
Bond Proceeds			429	805	
Loans betw Capital Fds					
Other	37	2			
Sub-total	$ 37	$ 2	$ 429	$ 805	$ -
Withdrawals:					
Capital Expenditures	75	6			
Transfers/loans b/w Capital Fds					201
Other			429	602	2
Sub-total	$ 75	$ 6	$ 429	$ 602	$ 203
Ending balance	$ 4	$ -	$ -	$ 203	$ -



Maximum Balance:	803	Average Balance:	92
Minimum Balance:	-		

Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs.

Water and Sewer System Rate Stabilization - Debt Management

For the Fourth Quarter Ending September 30, 2020

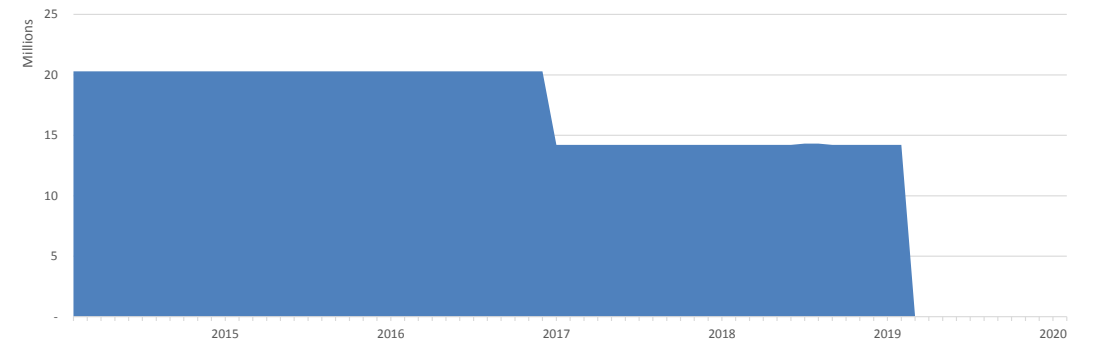
Definitions and Goals

The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund ("RSF") in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this RSF for the purpose of managing JEA's debt portfolio. Deposits to this reserve 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. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for 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.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ -	$ 14,209	$ -	$ -	$ -
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals	-	14,209	-	-	-
Sub-total	$ -	$ 14,209	$ -	$ -	$ -
Ending Balance	$ -	$ -	$ -	$ -	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 20,290	$ 20,290	$ 20,290	$ 14,209	$ 14,209
Additions:					
Contributions					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Withdrawals			6,081		
Sub-total	$ -	$ -	$ 6,081	$ -	$ -
Ending balance	$ 20,290	$ 20,290	$ 14,209	$ 14,209	$ 14,209



Maximum Balance:	20,290	Average Balance:	14,716
Minimum Balance:	-		

Observations

- Contributions began in June 2009. Funds used for defeasances in October 2019.

Water & Sewer System Rate Stabilization - Environmental

For the Fourth Quarter Ending September 30, 2020

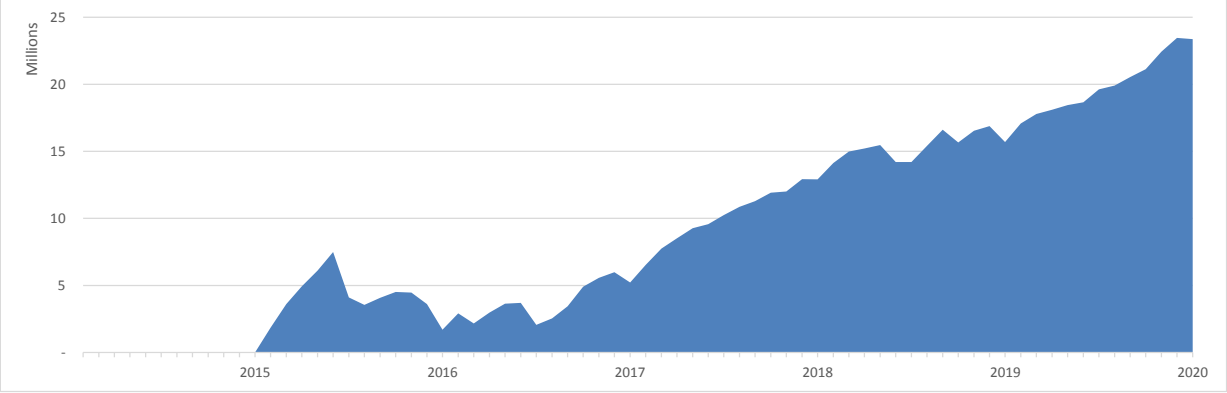
Definitions and Goals

The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as debt management and regulatory requirements or initiatives.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 21,125	$ 15,687	$ 23,372	$ 18,783	$ 5,113
Additions:					
Contributions	6,634	25,676	26,455	26,409	26,931
Sub-total	$ 6,634	$ 25,676	$ 26,455	$ 26,409	$ 26,931
Withdrawals:					
Withdrawals	4,386	17,991	31,044	40,079	33,264
COJ Septic Tank Agreement			-		
Sub-total	$ 4,386	$ 17,991	$ 31,044	$ 40,079	$ 33,264
Ending Balance	$ 23,372	$ 23,372	$ 18,783	$ 5,113	$ (1,220)

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ -	$ -	$ 1,699	$ 5,214	$ 12,914
Additions:					
Contributions		23,635	24,362	23,829	25,099
Sub-total	$ -	$ 23,635	$ 24,362	$ 23,829	$ 25,099
Withdrawals:					
Withdrawals		21,936	20,847	16,129	22,326
Sub-total	$ -	$ 21,936	$ 20,847	$ 16,129	$ 22,326
Ending balance	$ -	$ 1,699	$ 5,214	$ 12,914	$ 15,687



Maximum Balance:	23,461	Average Balance:	10,740
Minimum Balance:	1,699		

Observations

- Rate Stabilization Fund for Environmental began in June 2010.

Water and Sewer System Customer Deposits

For the Fourth Quarter Ending September 30, 2020

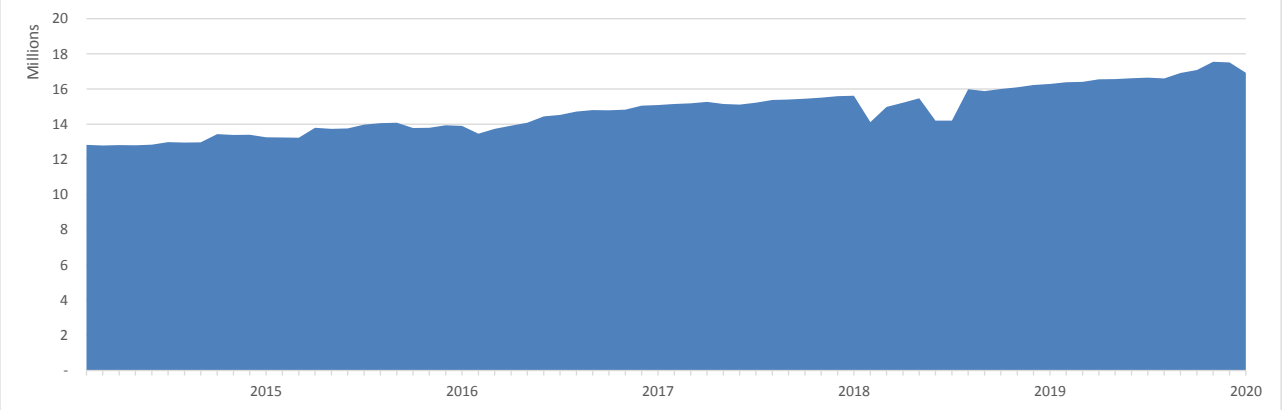
Definitions and Goals

Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 17,079	$ 16,289	$ 16,926	$ 17,869	$ 18,105
Additions:					
Allocated from Electric	470	1,260	943	236	239
Sub-total	$ 470	$ 1,260	$ 943	$ 236	$ 239
Withdrawals:					
Allocated from Electric	623	623			
Sub-total	$ 623	$ 623	$ -	$ -	$ -
Ending Balance	$ 16,926	$ 16,926	$ 17,869	$ 18,105	$ 18,344

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 12,787	$ 13,255	$ 13,910	$ 15,086	$ 15,616
Additions:					
Allocated from Electric	468	655	1,176	530	673
Sub-total	$ 468	$ 655	$ 1,176	$ 530	$ 673
Withdrawals:					
Allocated from Electric					
Sub-total	$ -	$ -	$ -	$ -	$ -
Ending balance	$ 13,255	$ 13,910	$ 15,086	$ 15,616	$ 16,289



Maximum Balance:	17,549	Average Balance:	14,540
Minimum Balance:	12,619		

Observations

Water and Sewer System Debt Service Sinking Fund

For the Fourth Quarter Ending September 30, 2020

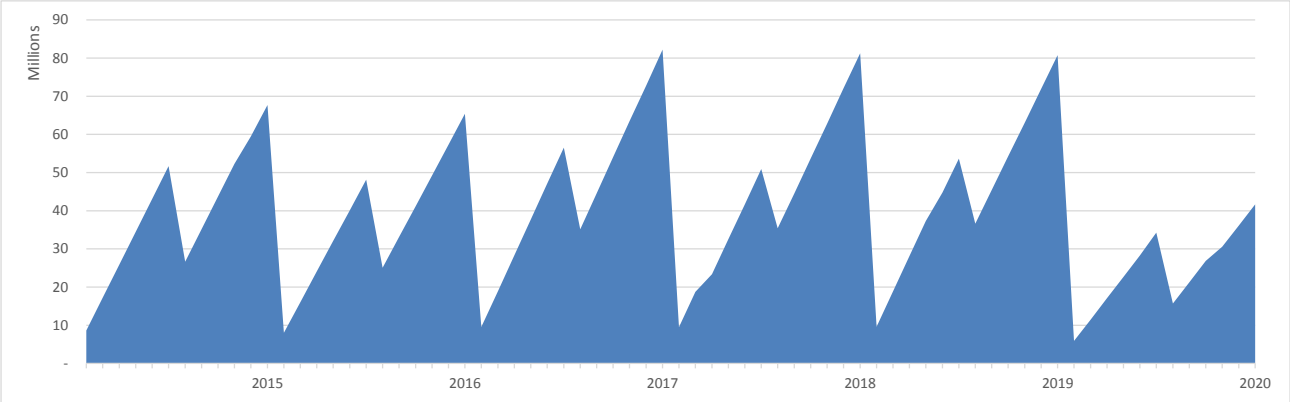
Definitions and Goals

JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 26,839	$ 80,775	$ 41,660	$ 32,609	$ 33,128
Additions:					
Revenue fund deposits	16,837	69,515	56,172	64,960	109,345
Sub-total	$ 16,837	$ 69,515	$ 56,172	$ 64,960	$ 109,345
Withdrawals:					
Principal and interest payments	2,016	108,630	65,223	64,441	64,684
Sub-total	$ 2,016	$ 108,630	$ 65,223	$ 64,441	$ 64,684
Ending Balance	$ 41,660	$ 41,660	$ 32,609	$ 33,128	$ 77,789

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 75,019	$ 67,720	$ 65,410	$ 82,208	$ 81,241
Additions:					
Revenue fund deposits	102,789	97,077	114,873	113,636	112,251
Sub-total	$ 102,789	$ 97,077	$ 114,873	$ 113,636	$ 112,251
Withdrawals:					
Principal and interest payments	110,088	99,387	98,075	114,603	112,717
Sub-total	$ 110,088	$ 99,387	$ 98,075	$ 114,603	$ 112,717
Ending balance	$ 67,720	$ 65,410	$ 82,208	$ 81,241	$ 80,775



Maximum Balance:	82,208	Average Balance:	39,146
Minimum Balance:	5,890		

Observations

- September 30th ending balances are used to pay Oct 1st interest and principal payments.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on Oct 1st of the following fiscal year).
- Projections are based on the debt outstanding as of September 30, 2020.

Water and Sewer System Debt Service Reserve Account

For the Fourth Quarter Ending September 30, 2020

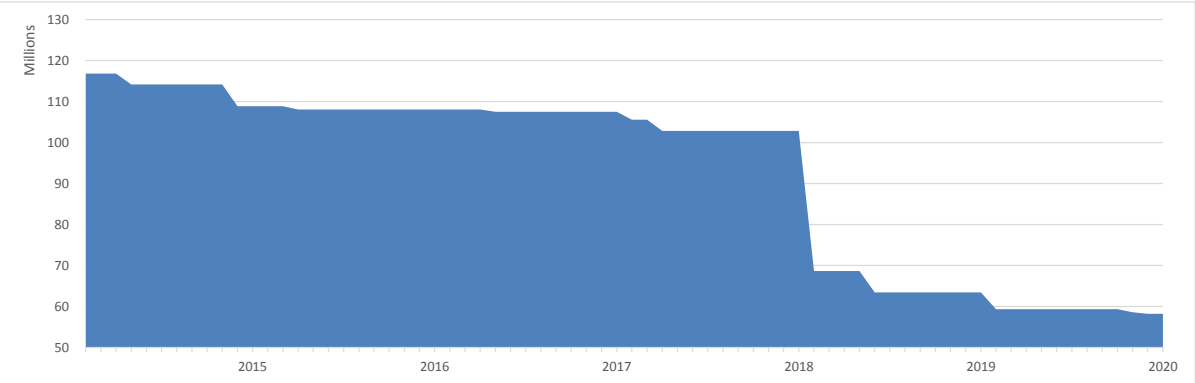
Definitions and Goals

This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 59,324	$ 63,441	$ 58,228	$ 58,664	$ 59,600
Additions:					
Bond Issue - Deposit	737	737			
Revenue Fund			436	936	1,021
Sub-total	$ 737	$ 737	$ 436	$ 936	$ 1,021
Withdrawals:					
Revenue Fund	363	1,689			
Release for STAR Plan Defeasance		2,791			
Release to Refunding Defeasance	1,470	1,470			
Sub-total	$ 1,833	$ 5,950	$ -	$ -	$ -
Ending Balance	$ 58,228	$ 58,228	$ 58,664	$ 59,600	$ 60,621

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 116,829	$ 108,849	$ 108,086	$ 107,488	$ 102,850
Additions:					
Construction reserves/bond issues					
Revenue fund					
Sub-total	$ -	$ -	$ -	$ -	$ -
Withdrawals:					
Revenue fund	7,980	763	598	4,638	5,525
Construction fund					33,884
Sub-total	$ 7,980	$ 763	$ 598	$ 4,638	$ 39,409
Ending balance	$ 108,849	$ 108,086	$ 107,488	$ 102,850	$ 63,441



Maximum Balance: 116,829
Minimum Balance: 58,228
Average Balance: 92,895

Observations

- In 2008, debt service reserve sureties downgraded and JEA began replacing those downgraded sureties with cash/investments as required by the bond resolutions. Sureties of $149.8 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- 2018 Bond Resolution amendment will allow the use of $33 million AA+ rated Berkshire Hathaway Assuarance surety policy to be included in Debt Service Reserve Fund funding calculation which allowed the release of $33.8 million to the Construction Fund.

Water and Sewer System Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fourth Quarter Ending September 30, 2020

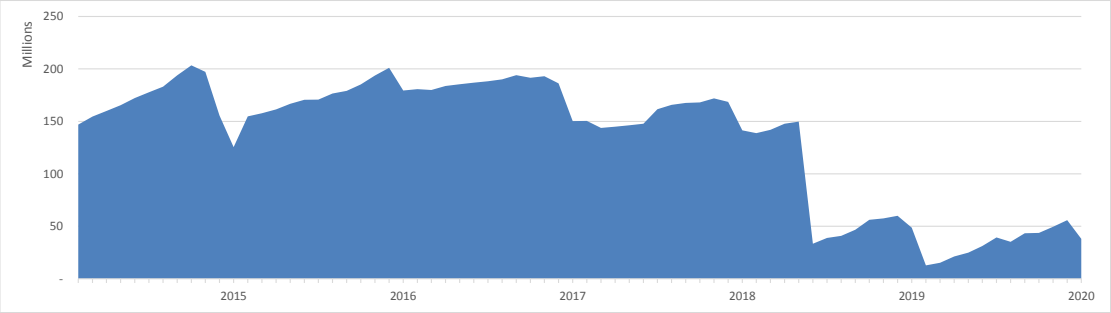
Definitions and Goals

Pursuant to the Water and Sewer System bond resolutions and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit. In accordance with the Pricing Policy, by 2013, the objective is to fund an amount equal to all non-capacity capital expenditures with current year internally generated funds. Capacity fees are charged to customers as a one- time fee for a new connection to the Water System and a one- time fee for a new connection to the Sewer System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water and Sewer System or paying or providing for the payment of debt that was issued for the same purpose.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 43,818	$ 48,796	$ 38,131	$ 31,429	$ 62,738
Additions:					
R&R/OCO Contribution	27,576	166,107	173,655 #	165,143	119,086
Capacity Fees	9,200	32,857	29,388	29,976	29,976
Transfer from Capital Fds			-	-	-
Other	5,267	12,654	15,840 -	16,263	20,863
Sub-total	$ 42,043	$ 211,618	$ 218,883	$ 211,382	$ 169,925
Withdrawals:					
Capital Expenditures	47,730	191,087	225,585	180,073	172,680
Debt Defeasance	-	31,196	-		
Other					-
Sub-total	$ 47,730	$ 222,283	$ 225,585	$ 180,073	$ 172,680
Ending Balance	$ 38,131	$ 38,131	$ 31,429	$ 62,738	$ 59,983

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 136,182	$ 128,249	$ 179,431	$ 150,319	$ 141,415
Additions:					
R&R/OCO Contribution	62,793	124,574	108,119	153,372	150,171
Capacity Fees	19,579	21,995	24,777	28,002	29,389
Loans betw Capital Fds	22		137		268
Other (incl septic tank)	904	31,041	8,050	6,383	16,390
Sub-total	$ 83,298	$ 177,610	$ 141,083	$ 187,757	$ 196,218
Withdrawals:					
Capital Expenditures	91,231	126,322	165,242	196,637	189,626
Loan Repayment					99,189
Transfer to Constr. Fund		106			
Other (incl septic tank)	-	-	4,953	24	22
Sub-total	$ 91,231	$ 126,428	$ 170,195	$ 196,661	$ 288,837
Ending balance	$ 128,249	$ 179,431	$ 150,319	$ 141,415	$ 48,796



Maximum Balance: 203,406
Minimum Balance: 12,847
Average Balance: 133,232

Observations

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2025.

Water and Sewer System - Environmental Fund [Capital Projects]

For the Fourth Quarter Ending September 30, 2020

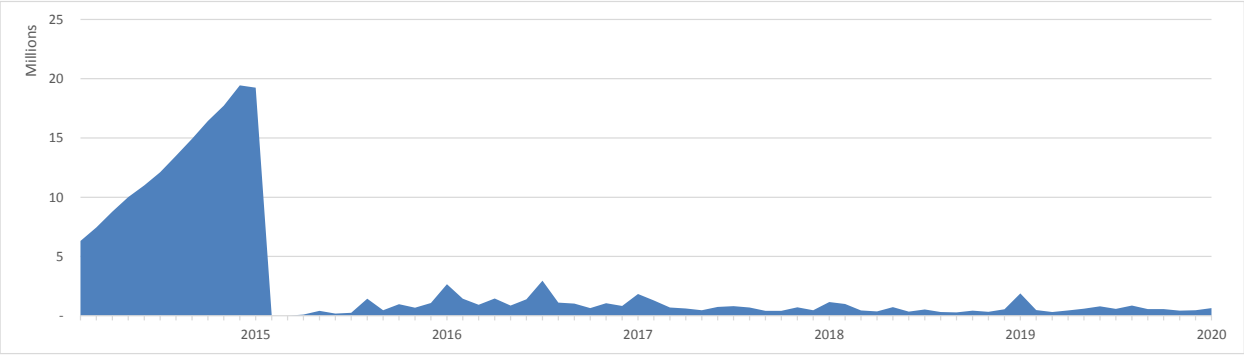
Definitions and Goals

The Environmental Charge will be applied to all water, sewer, irrigation and non bulk user reclaimed consumption. The environmental charge revenue will be collected from customers to partially offset current and future environmental and regulatory needs as specified in the Pricing Policy for specific environmental and regulatory programs.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 560	$ 1,891	$ 649	$ -	$ -
Additions:					
Environmental Contributions	1,475	6,649	20,099	28,528	21,713
Loans betw Capital Fds					
Other					
Sub-total	$ 1,475	$ 6,649	$ 20,099	$ 28,528	$ 21,713
Withdrawals:					
Capital Expenditures	1,386	7,891	20,748	28,528	21,713
Other					
Sub-total	$ 1,386	$ 7,891	$ 20,748	$ 28,528	$ 21,713
Ending Balance	$ 649	$ 649	$ -	$ -	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 5,299	$ -	$ 2,659	$ 1,839	$ 1,159
Additions:					
Environmental Contributions	22,056	15,539	12,394	6,691	10,656
Loans betw Capital Fds					
Other					
Sub-total	$ 22,056	$ 15,539	$ 12,394	$ 6,691	$ 10,656
Withdrawals:					
Capital Expenditures	7,318	12,880	13,214	7,370	9,924
Septic Tank Phase Out	203				
Other	19,834			1	
Sub-total	$ 27,355	$ 12,880	$ 13,214	$ 7,371	$ 9,924
Ending balance	$ -	$ 2,659	$ 1,839	$ 1,159	$ 1,891



Maximum Balance:	19,439	Average Balance:	2,821
Minimum Balance:	-		

Observations

Water and Sewer System - Construction / Bond Fund

For the Fourth Quarter Ending September 30, 2020

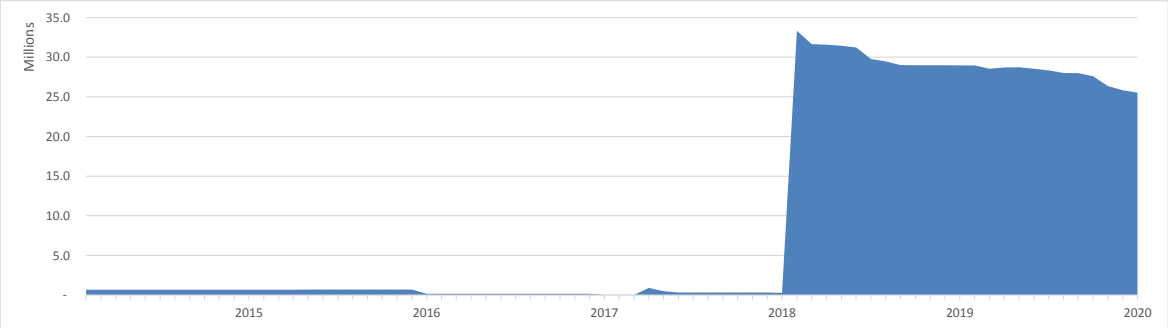
Definitions and Goals

JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Water and Sewer System.

	Current Activity		Projected Activity		
(In Thousands)	Quarter-End	Year -to-Date	2021	2022	2023
Opening Balance	$ 27,599	$ 28,968	$ 25,541	$ 23,874	$ -
Additions:					
Bond Proceeds	505	505	50,000	150,000	150,000
Revolving credit facility					
Other	462	836			
Sub-total	$ 967	$ 1,341	$ 50,000	$ 150,000	$ 150,000
Withdrawals:					
Capital Expenditures / Bond Issue Costs	3,025	4,768	51,667	173,874	150,000
Other					
Sub-total	$ 3,025	$ 4,768	$ 51,667	$ 173,874	$ 150,000
Ending Balance	$ 25,541	$ 25,541	$ 23,874	$ -	$ -

Historical Activity

	2015	2016	2017	2018	2019
Opening Balance	$ 326	$ 664	$ 152	$ 15	$ 284
Additions:					
Bond Proceeds				894	33,884
Revolving credit facility					
Loans/transfers b/w Capital Fds					
Other	344	17			
Sub-total	$ 344	$ 17	$ -	$ 894	$ 33,884
Withdrawals:					
Capital Expenditures	6			623	4,930
Bond Proceeds					
Loans/trnsf btw CapFds					
Other		529	137	2	270
Sub-total	$ 6	$ 529	$ 137	$ 625	$ 5,200
Ending balance	$ 664	$ 152	$ 15	$ 284	$ 28,968



Maximum Balance:	33,333	Average Balance:	9,969
Minimum Balance:	15		

Observations

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used revolving credit facility borrowings and loans between capital funds to decrease borrowing costs. Release of Debt Service Reserve Funds in Oct 2018.

INTER-OFFICE MEMORANDUM
November 30, 2020

SUBJECT:	**BOND REFUNDING DELEGATION RESOLUTIONS**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
Since FY2010, JEA staff has utilized a debt financing approval process in which the Board delegated parameters, consistent with the current year budget, within which the Managing Director/CEO is authorized to price and execute future fixed rate bond issues. The process includes both fixed rate new money and refunding transactions. However, certain bond transactions, including but not limited to variable rate and synthetic fixed rate financings, continue to be brought to the Board on a deal-by-deal basis for approval. This provides staff with additional flexibility to move quickly and take advantage of market-related opportunities in the post financial crisis marketplace.

Staff, operating under subsequent Board approvals utilized this process for FY2011 and FY2012. For FY2013, the Managing Director/CEO utilized a variation of this delegation process whereby staff requested Board authorizations for fixed rate refunding transactions under delegated parameters on a deal-by-deal basis. In FY2014, and for CY2015 through 2020, the Board then returned to a delegation authorization process similar to that used in FY2010, 2011 and 2012, but limited the delegation authorizations to fixed rate refundings.

DISCUSSION:
To provide for efficiency in the Board's review time and provide staff with flexibility in taking advantage of market opportunities to lower debt service costs, staff is recommending the Board continue the delegation process, which was most recently authorized in December 2018, for CY2021 and 2022. Under this process, the Board has authorized the Managing Director/CEO to price and execute future fixed rate bond refunding transactions (which may include full or partial terminations of interest rate swaps associated with the refunded variable rate bonds) within delegated parameters. The current action delegates such authorization for a period through the end of calendar year 2022 to refund existing variable rate and/or fixed rate bonds.

Board members will continue to have the opportunity to review and provide comments to staff, which is appropriate practice under federal securities laws, regarding all preliminary and final Official Statements prior to posting. These documents will be distributed to members electronically throughout the term of this delegated authorization, outside of regularly scheduled Board meetings, as specific bond issues are sold. The results of all bond issues sold will be reported back to the Board through quarterly reports to the Finance and Audit Committee.

These authorizations pertain only to refunding transactions. For the Electric, Water and Sewer, and St. Johns River Power Park System (SJRPP) Issue Three refunding transactions, only the use of tax-exempt debt is authorized. All other types of bond transactions not specifically described in the attached resolutions, including but not limited to new money, taxable, or new synthetic fixed rate financings and variable-to-variable rate refundings, would continue to be brought to the Board on a deal-by-deal basis for approval.

Bond counsel has prepared Resolutions No. 2020-12, 2020-13, 2020-14, 2020-15, and 2020-16 for the Electric System (Senior and Subordinated), Water and Sewer System (Senior and Subordinated), and SJRPP Issue Three, respectively, to authorize the Managing Director/CEO to price and execute certain refundings and pay the cost of issuance within the following amounts and issuance parameters:

	Fixed-to-Fixed Rate Refunding Authorization Level	Variable-to-Fixed Rate Refunding Authorization Level
Electric System – Senior	$28 million	$449 million
Electric System – Subordinated	$138 million	$133 million
Water and Sewer System – Senior	$274 million	$138 million
Water and Sewer System – Subordinated	$10 million	$101 million
St. Johns River Power Park – Issue Three	$250 million	Not applicable

For St. Johns River Power Park Bonds only:

- Final maturity for the SJRPP refunding bonds no later than October 1, 2039 for bonds that are refunding SJRPP Issue Three refunded bonds (final maturity of existing bonds).

For Electric System (Senior and Subordinated), Water and Sewer System (Senior and Subordinated), and SJRPP Issue Three bonds:

- Weighted average life no greater than the weighted average life of the refunded bonds plus one year.
- For fixed-to-fixed refunding bonds, bonds maturing on the October 1 next following the delivery date must have net present value savings, on an October 1 occuring at least one year and less than three years after the delivery date at least 3% present value savings, on an October 1 occuring at least three years and less than nine years after the delivery date at least 4% present value savings, and at least 5% present value savings thereafter. In lieu of this, present value savings for fixed-to-fixed rate current refundings shall not be less than 5%, measured on an aggregate basis.
- For variable rate bonds being refunded by fixed bonds, true interest cost for the fixed rate bonds shall not exceed 5%.
- If subject to optional redemption, optional redemption price shall not exceed 101% of the principal amount and the optional redemption date shall not be less than four years nor more than ten years from the date of issuance.
- Semiannual interest payments commencing on either the April 1 or October 1 next following the delivery date, as determined by the Managing Director/CEO.

Resolutions No. 2020-12, 2020-13, 2020-14, 2020-15, and 2020-16 authorize the sale of the bonds to JEA's Underwriters pursuant to negotiated sales. Resolutions No. 2020-12, 2020-13, 2020-14, 2020-15 and 2020-16 also supersede and repeal unutilized authorizations previously approved in Resolutions No. 2018-15, 2018-16, 2018-17, 2018-18 and 2018-19, respectively, as amended.

Staff will select senior underwriters from the group of investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA's debt. The resolutions state that the bonds must be sold no later than December 31, 2022, as determined by the signing date of the bond purchase agreement.

The resolutions also approve the forms of and authorize the execution of various legal documents that have been prepared by counsel in connection with the issuance of any fixed rate refunding bonds issued authorized under these resolutions included with this agenda item:

Bond Purchase Agreement;
Escrow Deposit Agreement;
Bond Form and, available seperately upon request,
Preliminary Official Statement (published Preliminary Official Statement from each system's most recent bond transaction).

Staff will report back to the Finance and Audit Committee the results of any transaction(s) pursuant to authorizations at the next regularly scheduled meeting following the closing date of the refunding bonds.

RECOMMENDATION:
Staff recommends that the Board approve and adopt Resolutions No. 2020-12, 2020-13, 2020-14, 2020-15, and 2020-16 and the related forms of Bond Purchase Agreement, Preliminary Official Statement, Escrow Deposit Agreement and Bond that will provide the Managing Director/CEO the authorization to price and execute Electric System, Subordinated Electric System, Water and Sewer System, Subordinated Water and Sewer System, and St. Johns River Power Park System Issue Three fixed rate refunding transactions, respectively, within the stated parameters.

_____
Jay C. Stowe, Managing Director/CEO

JCS/BJR/JEO/RLH

DELEGATION RESOLUTIONS AND EXHIBITS LISTING

- **Electric System: Series Three 2021/22X Supplemental Resolution** (Resolution No. 2020-12)
    - Exhibit A – Form of Bond Purchase Agreement
    - Exhibit B – Form of Escrow Deposit Agreement
    - Form of Preliminary Official Statement – Electric System (Preliminary Official Statement relating to Electric System Revenue Bonds, Series Three 2020A and Subordinated Revenue Bonds, 2020 Series A)

- **Electric System: Fifty-Seventh Supplemental Subordinated Resolution** (Resolution No. 2020-13)
    - Exhibit A – Form of Escrow Deposit Agreement

- **Water and Sewer System: Forty-Fifth Supplemental Resolution** (Resolution No. 2020-14)
    - Exhibit A – Form of Bond Purchase Agreement
    - Exhibit B – Form of Escrow Deposit Agreement
    - Form of Preliminary Official Statement – Water and Sewer System (Preliminary Official Statement relating to Water and Sewer System Revenue Bonds, 2020 Series A and Water and Sewer System Subordinated Revenue Bonds, 2020 Series A)

- **Water and Sewer System: Twentieth Supplemental Subordinated Resolution** (Resolution No. 2020-15)
    - Exhibit A – Form of Escrow Deposit Agreement

- **St. Johns River Power Park System: Issue Three, Series X Supplemental Resolution** (Resolution No. 2020-16)
    - Exhibit A – Form of Bonds
    - Exhibit B – Form of Bond Purchase Agreement
    - Exhibit C – Form of Escrow Deposit Agreement
    - Form of Preliminary Official Statement – St. Johns River Power Park System, Issues Three (Preliminary Official Statement relating to St. Johns River Power Park System Revenue Bonds, Issue Three Series Eight)

RESOLUTION NO. 2020-12

A RESOLUTION OF JEA SUPPLEMENTING A RESOLUTION OF JEA ADOPTED ON AUGUST 16, 1988 ENTITLED "A RESOLUTION OF THE JACKSONVILLE ELECTRIC AUTHORITY FURTHER AMENDING AND SUPPLEMENTING THE RESOLUTION OF THE AUTHORITY ADOPTED MARCH 30, 1982 ENTITLED: 'A RESOLUTION AUTHORIZING THE REFUNDING OF PRESENTLY OUTSTANDING REVENUE OBLIGATIONS OF THE JACKSONVILLE ELECTRIC AUTHORITY AND THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE ELECTRIC GENERATION, TRANSMISSION AND DISTRIBUTION SYSTEM OWNED AND OPERATED BY THE AUTHORITY; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING $487,000,000 ELECTRIC SYSTEM REVENUE BONDS, SERIES ONE, OF THE JACKSONVILLE ELECTRIC AUTHORITY TO PAY THE COST OF SUCH REFUNDING AND THE COST OF SUCH ADDITIONS, EXTENSIONS AND IMPROVEMENTS; PROVIDING FOR THE PAYMENT OF THE BONDS FROM THE NET REVENUES OF THE ELECTRIC SYSTEM AND MAKING CERTAIN COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE', AS HERETOFORE AMENDED AND SUPPLEMENTED, FOR THE PURPOSES OF FINANCING THE CONSTRUCTION OR ACQUISITION OF ADDITIONS, EXTENSIONS AND IMPROVEMENTS TO THE ELECTRIC SYSTEM OF THE AUTHORITY AND PROVIDING FOR THE REFUNDING OF CERTAIN INDEBTEDNESS OF THE AUTHORITY; SPECIFYING DEFINITIONS AND THE STATUTORY AUTHORITY THEREFOR; AUTHORIZING THE ISSUANCE BY THE AUTHORITY OF ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE, TO FINANCE A PART OF THE COST OF SUCH CONSTRUCTION OR ACQUISITION AND SUCH REFUNDING; SPECIFYING GENERAL TERMS AND PROVISIONS OF SUCH SERIES THREE BONDS; PLEDGING THE NET REVENUES OF THE SYSTEM TO SECURE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH SERIES THREE BONDS; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH SERIES THREE BONDS AND ENTERING INTO CERTAIN COVENANTS AND AGREEMENTS WITH SUCH HOLDERS; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH SUCH SERIES THREE BONDS; AND PROVIDING AN EFFECTIVE DATE"; AUTHORIZING THE ISSUANCE IN ONE OR MORE INSTALLMENTS OF NOT TO EXCEED $477,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2021/22X OF JEA FOR THE PURPOSE OF FINANCING THE REFUNDING OF OUTSTANDING JEA ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE, FINANCING THE TERMINATION OR PARTIAL TERMINATION OF INTEREST RATE SWAP TRANSACTIONS ASSOCIATED WITH OUTSTANDING VARIABLE RATE ELECTRIC SYSTEM REVENUE BONDS, SERIES

THREE TO BE REFUNDED AND PAYING THE COSTS OF ISSUANCE OF SUCH SERIES THREE 2021/22X BONDS; FIXING THE DATE(S), PAYING AGENT AND REGISTRAR, FORM, APPLICATION OF PROCEEDS AND CERTAIN OTHER DETAILS OF EACH INSTALLMENT OF SUCH SERIES THREE 2021/22X BONDS; DELEGATING THE AUTHORITY TO DETERMINE MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, MANDATORY AMORTIZATION INSTALLMENTS, REDEMPTION PROVISIONS AND CERTAIN OTHER DETAILS FOR EACH INSTALLMENT OF SUCH SERIES THREE 2021/22X BONDS; PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING BONDS OF JEA; AUTHORIZING THE TERMINATION OR PARTIAL TERMINATION OF FLOATING-TO-FIXED RATE INTEREST RATE SWAP TRANSACTIONS ASSOCIATED WITH OUTSTANDING VARIABLE RATE ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE TO BE REFUNDED; PROVIDING FOR THE QUALIFICATION OF SUCH SERIES THREE 2021/22X BONDS AS BOOK-ENTRY-ONLY BONDS; DESIGNATING SUCH SERIES THREE 2021/22X BONDS AS "ADDITIONALLY SECURED BONDS"; ESTABLISHING CRITERIA FOR AND DELEGATING THE AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH; AUTHORIZING THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER TO AWARD THE SALE OF EACH INSTALLMENT OF SAID SERIES THREE 2021/22X BONDS TO THE UNDERWRITERS DESCRIBED HEREIN PURSUANT TO A NEGOTIATED SALE AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; PROVIDING FOR THE APPOINTMENT OF AN ESCROW AGENT FOR THE REFUNDED BONDS AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO EACH INSTALLMENT OF THE SERIES THREE 2021/22X BONDS AND AUTHORIZING THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, THE CHIEF FINANCIAL OFFICER OR THE TREASURER TO DEEM THE PRELIMINARY OFFICIAL STATEMENT FINAL FOR PURPOSES OF SEC RULE 15C2-12; AUTHORIZING THE APPROVAL AND EXECUTION OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO EACH INSTALLMENT OF SAID SERIES THREE 2021/22X BONDS; AUTHORIZING THE REGISTRATION OR QUALIFICATION OF EACH INSTALLMENT OF SAID SERIES THREE 2021/22X BONDS UNDER THE BLUE SKY LAWS OF THE VARIOUS STATES; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE AGREEMENT; PROVIDING FEDERAL INCOME TAX COVENANTS; AUTHORIZING CERTAIN OFFICIALS OF JEA TO TAKE OTHER

ACTIONS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SAID SERIES THREE 2021/22X BONDS, THE REFUNDING AND REDEMPTION OF SAID REFUNDED BONDS AND THE TERMINATION OR PARTIAL TERMINATION OF THE INTEREST RATE SWAP TRANSACTIONS; PROVIDING FOR SEVERABILITY AND CERTAIN OTHER DETAILS WITH RESPECT THERETO; SUPERSEDING AND REPEALING THE AUTHORIZATION TO ISSUE ANY ADDITIONAL DEBT UNDER RESOLUTION NO. 2018-15 OF JEA, AS AMENDED AND SUPPLEMENTED; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by JEA as follows:

SECTION 1. DEFINITIONS. Unless the context otherwise requires, the terms defined in this section shall have the meanings specified in this section. Reference is made to the Electric System Resolution hereinafter referred to for definitions of terms used in this resolution which are not defined in this section. Words importing a singular number shall include the plural number in each case and vice versa, and words importing persons shall include business entities.

(A) "Authorized Officer of JEA" shall mean (1) the Chair, the Vice Chair, the Secretary and any Assistant Secretary of JEA, (2) the Managing Director/CEO, (3) the President and Chief Operating Officer, (4) the Vice President and General Manager, Electric Systems, the Chief Financial Officer and the Treasurer of JEA (or any officer of JEA hereafter serving in a capacity equivalent to that of any of the foregoing officers) or (5) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by JEA.

(B) "Bond Purchase Agreement" shall mean the Bond Purchase Agreement to be entered into between JEA and the Underwriters named therein relating to a particular installment of the Series Three 2021/22X Bonds, the form of which is attached hereto as Exhibit A.

(C) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(D) "Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement to be delivered by JEA in connection with the issuance of a particular installment of the Series Three 2021/22X Bonds, a form of which is attached as Appendix I to the Form Preliminary Official Statement.

(E) "Debt Service Account" shall mean the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution.

(F) "Delivery Date" shall mean the date of the initial issuance and delivery of a particular installment of the Series Three 2021/22X Bonds.

(G) "DTC" shall mean The Depository Trust Company.

(H) "Electric System Resolution" shall mean the Original Resolution, as amended, restated and supplemented.

(I) "Escrow Agent" shall mean the bank or trust company appointed as escrow agent under an Escrow Deposit Agreement, if any, and its duly appointed successors, such appointment, with respect to the Refunded Bonds, to be made in the certificate referred to in Section 5 hereof relating to the Series Three 2021/22X Bonds of such installment.

(J) "Escrow Deposit Agreement" shall mean each escrow deposit agreement between JEA and an Escrow Agent, if any, that may be entered into concurrently with the authentication and delivery of any installment of the Series Three 2021/22X Bonds, the form of which is attached hereto as Exhibit B.

(K) "Form Preliminary Official Statement" shall have the meaning set forth in Section 19.

(L) "Initial Subaccount" shall mean the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund established pursuant to the Electric System Resolution.

(M) "Interest Rate Swap Transactions" means the floating-to-fixed rate interest rate swap transactions entered into by JEA associated with variable rate Refunded Bonds which interest rate swap transactions are to be terminated, in whole or in part, contemporaneously with the issuance of an installment of the Series Three 2021/22X Bonds.

(N) "Letter of Representations" shall mean the Blanket Issuer Letter of Representations, dated May 6, 2004, from JEA to DTC, providing for the issuance of certain obligations of JEA (including the Series Three 2021/22X Bonds) in book-entry form through the facilities of DTC.

(O) "Managing Director/CEO" shall mean the Managing Director and Chief Executive Officer of JEA.

(P) "Original Resolution" shall mean a resolution of JEA adopted on March 30, 1982 authorizing the issuance of not exceeding $487,000,000 Electric System Revenue Bonds, Series One.

(Q) "Refunded Bonds" shall mean, for any particular installment of the Series Three 2021/22X Bonds, the Series Three Bonds of the installments and maturities (and, if applicable, interest rates within maturities) and in the respective principal amounts to be refunded thereby, as identified by the Managing Director/CEO in the certificate described in Section 5 hereof relating to the Series Three 2021/22X Bonds of such installment.

(R) "Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

(S) "Sale Date" with respect to a particular installment of the Series Three 2021/22X Bonds, shall mean the date on which JEA enters into a Bond Purchase Agreement with respect to such installment of Series Three 2021/22X Bonds.

(T) "Series Three Bonds" shall mean JEA's Electric System Revenue Bonds, Series Three, issued pursuant to the Electric System Resolution.

(U) "Series Three Resolution" shall mean a resolution of JEA adopted on August 16, 1988, the title of which is quoted in the title of this resolution.

(V) "Series Three 2021/22X Bonds" shall mean JEA's Electric System Revenue Bonds, Series Three 2021/22X, authorized by Section 4 of this resolution.

(W) "Underwriters" shall mean any or all of the investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA's debt named in the Bond Purchase Agreement.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to the provisions of the Act and the Electric System Resolution and is supplemental to the Series Three Resolution and the Electric System Resolution.

SECTION 3. FINDINGS. It is hereby ascertained, determined and declared that:

(A) Pursuant to the Electric System Resolution, JEA has heretofore authorized the issuance of not to exceed $487,000,000 aggregate principal amount of Series One Bonds, and, subject to the satisfaction of the conditions contained in subsection L of Section 13 of the Electric System Resolution, has authorized the issuance of Additional Parity Obligations.

(B) Pursuant to the Series Three Resolution, JEA has heretofore authorized the issuance of Additional Parity Obligations to be known as "Electric System Revenue Bonds, Series Three."

(C) Pursuant to its Ordinances 88-1108-554, 92-1411-902, 95-736-450, 1999-797-E, 2001-664-E, 2003-844-E, 2005-460-E, 2008-581-E and 2013-490-E, the Council of the City has authorized, among other things, the issuance and sale by JEA of Series Three Bonds for the purposes, among others, of financing the refunding of any Series Three Bonds.

(D) It is in the best interests of JEA to provide for the refunding of the Refunded Bonds to permit JEA to (i) refund fixed rate bonds at favorable fixed interest rates; (ii) refund variable rate debt with fixed rate bonds at favorable fixed interest rates; and (iii) to terminate or partially terminate Interest Rate Swap Transactions in an aggregate notional amount not to exceed the principal amount of the associated variable rate Refunded Bonds on favorable terms and thereby reduce the put, liquidity, renewal, counterparty, basis and other risks associated with bonds structured as variable rate demand obligations with associated variable-to-fixed rate interest rate swaps. Anything provided herein to the contrary notwithstanding, in no event shall interest rate swap transactions remain outstanding in a notional amount in excess of the outstanding principal amount of debt hedged thereby.

(E) It is in the best interests and serves a valid public purpose of JEA to issue and sell the Series Three 2021/22X Bonds as authorized herein for the purpose of providing all or a portion of funds required to refund the Refunded Bonds, to pay the costs of terminating or partially terminating the Interest Rate Swap Transactions in an aggregate notional amount not to exceed the aggregate principal amount of the associated variable rate Refunded Bonds and to pay the costs of issuance of the Series Three 2021/22X Bonds.

(F) Because of the characteristics of the Series Three 2021/22X Bonds, prevailing and anticipated market conditions, the need for flexibility in timing the issuance of each installment of the Series Three 2021/22X Bonds and the coordination of the termination or partial termination of the Interest Rate Swap Transactions, it is necessary and in the best interests of JEA to sell the Series Three 2021/22X Bonds of each installment at a negotiated sale or sales to the Underwriters, upon satisfaction of the terms and conditions set forth herein and in the Bond Purchase Agreement.

(G) Upon issuance in accordance with the terms hereof, the Series Three 2021/22X Bonds will constitute Additional Parity Obligations under the Electric System Resolution and Series Three Bonds under the Series Three Resolution, entitled to all the security and benefits thereof.

(H) The Series Three 2021/22X Bonds shall be limited obligations of JEA payable solely from and secured by a lien upon and pledge of (i) the Net Revenues derived by JEA from the operation of the Electric System and (ii) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. The Series Three 2021/22X Bonds shall also be secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund. The Series Three 2021/22X Bonds shall not constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and pledge of the amounts provided in the Electric System Resolution. In no event shall any owner of Series Three 2021/22X Bonds ever have the right to compel the ad valorem taxing power of the City or JEA, if any, or taxation of any form to pay the Series Three 2021/22X Bonds or be entitled to payment thereof from any other funds of the City or JEA.

(I) Prior to the sale of an installment of the Series Three 2021/22X Bonds, the Underwriters will provide JEA with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes. The Bond Purchase Agreement shall include a Truth-In-Bonding Statement pursuant to Section 218.385, Florida Statutes.

SECTION 4. SERIES DESIGNATION; PURPOSE. Not to exceed $477,000,000 aggregate principal amount of the Series Three Bonds are hereby authorized to be issued in one or more installments; *provided*, that not to exceed $28,000,000 principal amount of the Series Three 2021/22X Bonds may be issued for the purpose of refunding fixed rate Refunded Bonds and not to exceed $449,000,000 principal amount of Series Three 2021/22X Bonds may be issued for the purpose of refunding variable rate Refunded Bonds. Such Series Three Bonds shall be designated as the "Electric System Revenue Bonds, Series Three 2021/22X"; provided, that the Managing Director/CEO may alter the year and letter designation, all as he deems appropriate to reflect the year of issue or sale of the Series Three 2021/22X Bonds of an installment, the designation of Series Three Bonds previously issued and JEA's custom in identifying Series Three Bonds or as he otherwise deems desirable, such determination to be set forth in the certificate referred to in Section 5 hereof. Notwithstanding any such alteration of the designation for installments of the

Series Three 2021/22X Bonds, references in this resolution to "Series Three 2021/22X Bonds" shall include all Series Three Bonds issued pursuant to the authority contained in this Section 4.

The Series Three 2021/22X Bonds shall be issued for the following purposes: (a) providing all or a portion of the funds required to refund the Refunded Bonds, (b) providing all or a portion of the funds necessary to pay the cost of terminating or partially terminating the Interest Rate Swap Transactions in an aggregate notional amount not to exceed the principal amount of the associated variable rate Refunded Bonds, (c) making a deposit, if any, to the Initial Subaccount, as determined by the Managing Director/CEO as set forth in the certificate referred to in Section 5 hereof, and (d) paying the costs of issuance of the Series Three 2021/22X Bonds.

The actual aggregate principal amount of the Series Three 2021/22X Bonds of each installment to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purposes for which the Series Three 2021/22X Bonds of such installment are being issued, such determination to be set forth in the certificate referred to in Section 5 hereof to be executed with respect to such installment of the Series Three 2021/22X Bonds.

The Series Three 2021/22X Bonds of each installment authorized to be issued hereunder may be sold pursuant to a Bond Purchase Agreement entered into not later than December 31, 2022.

SECTION 5. DATE(S), MATURITIES AND INTEREST RATES; CERTAIN DETERMINATIONS WITH RESPECT TO THE SERIES THREE 2021/22X BONDS. The Series Three 2021/22X Bonds of each installment shall be issued as fully registered bonds in the denomination of $5,000 each or integral multiples thereof, shall be numbered from 1 upward, shall bear interest from their respective dates (payable semiannually thereafter on April 1 and October 1 in each year, commencing on either of the October 1 or April 1 next following the Delivery Date of such installment of Series Three 2021/22X Bonds, as determined by the Managing Director/CEO) at such rates per annum and shall mature on October 1 in such years and amounts, all as shall be determined by the Managing Director/CEO in the manner hereinafter set forth.

On or prior to the Sale Date for a particular installment of the Series Three 2021/22X Bonds, the Managing Director/CEO shall execute a certificate setting forth the following determinations and the Managing Director/CEO may rely on a certificate from JEA's financial advisor in order to confirm the savings determinations made in clause (E) below:

(A) the aggregate principal amount of the Series Three 2021/22X Bonds of such installment; *provided*, that the aggregate principal amount of all Series Three 2021/22X Bonds shall not exceed $477,000,000, the aggregate principal amount of Series Three 2021/22X Bonds issued to refund fixed rate Refunded Bonds shall not exceed $28,000,000 and the aggregate principal amount of Series Three 2021/22X Bonds issued to refund variable rate Refunded Bonds shall not exceed $449,000,000;

(B) the year and letter and any other designation and the Delivery Date for such installment of the Series Three 2021/22X Bonds;

(C) the Refunded Bonds to be refunded through the issuance of such installment of the Series Three 2021/22X Bonds and the date on which such Refunded Bonds are to be redeemed, which shall be such date as the Managing Director/CEO determines to be the earliest date on which such Refunded Bonds may be redeemed in light of the circumstances then existing; and the identity of the Escrow Agent, if any, for such Refunded Bonds and the Amortization Installments to which the principal amount of the Refunded Bonds shall be credited;

(D) the respective dates on which the Series Three 2021/22X Bonds of such installment shall mature and the principal amounts of each such maturity; *provided*, *however*, that the Series Three 2021/22X Bonds of each installment (i) that are issued for refunding purposes to achieve debt service savings shall have a weighted average life no greater than the remaining weighted average life of the Refunded Bonds being refunded thereby, plus one year, and (ii) that are being issued for refunding purposes to refund variable rate Series Three Bonds shall have a weighted average life no greater than the remaining weighted average life of the Refunded Bonds, plus one year;

(E) the respective rate or rates of interest to be borne by the Series Three 2021/22X Bonds of such installment maturing on each such date; *provided*, *however*, that (1) with respect to any Series Three 2021/22X Bonds of such installment that are issued for the purpose of refunding variable rate Series Three Bonds, the true interest cost of such Series Three 2021/22X Bonds shall not exceed 5.00 percent; and (2) with respect to any such Series Three 2021/22X Bonds of such installment issued for the purpose of refunding fixed rate Refunded Bonds and to achieve debt service savings (i) if any such Series Three 2021/22X Bonds mature on the October 1 next following the Delivery Date of such Series Three 2021/22X Bonds, such refunding shall result in positive net present value savings; (ii) the present value savings from (A) the issuance of such Series Three 2021/22X Bonds that are issued to refund any Refunded Bonds maturing on an October 1 occurring at least one year and less than three years after the Delivery Date of such installment of Series Three 2021/22X Bonds shall not be less than 3.00 percent of the aggregate principal amount of such Refunded Bonds; (B) the issuance of such Series Three 2021/22X Bonds that are issued to refund any Refunded Bonds maturing on an October 1 occurring at least three years and less than nine years after the Delivery Date of such installment of Series Three 2021/22X Bonds, shall not be less than 4.00 percent of the aggregate principal amount of such Refunded Bonds; and (C) the issuance of such Series Three 2021/22X Bonds that are issued to refund any Refunded Bonds maturing on or after the October 1 occurring at least nine years after the Delivery Date of such installment of Series Three 2021/22X Bonds shall not be less than 5.00 percent of the aggregate principal amount of the Refunded Bonds; or (3) in lieu of complying with the requirements of clauses (1) and (2) above, the present value savings resulting from the issuance of such Series Three 2021/22X Bonds that are issued to refund any Refunded Bonds other than variable rate Series Three Bonds, shall not be less than 5.00 percent of the aggregate principal amount of such Refunded Bonds; *provided*, *further*, that compliance with the foregoing requirements of this clause (E) shall be effected by dividing the installment into its constituent purposes (*i.e.*, refunding of variable rate Series Three Bonds and refunding fixed rate Series Three Bonds for debt service savings) and allocating on a ratable basis (based on the respective issue prices for federal income tax purposes) costs of issuance, underwriting discount, any deposit to the Initial Subaccount and any other items to the purpose that gave rise to such expenses; *provided*, *however*, that if the Managing Director/CEO determines that some other allocation method will result in a more accurate determination of the true interest cost or present value savings attributable

to such constituent purpose (which determination shall be confirmed by JEA's financial advisor), then such other allocation method shall be used in lieu of the foregoing method;

(F) the commencement date of interest payments on the Series Three 2021/22X Bonds of such installment, which shall be either of the October 1 or April 1 next following the Delivery Date of such installment of Series Three 2021/22X Bonds;

(G) if the Series Three 2021/22X Bonds of such installment maturing on a particular date and bearing interest at a particular rate are to be subject to redemption prior to maturity as provided in Section 9 of the Electric System Resolution by operation of the Debt Service Account from mandatory Amortization Installments, the due dates and amounts of such Amortization Installments; *provided*, *however*, that each Amortization Installment due date shall fall upon an interest payment date for the Series Three 2021/22X Bonds;

(H) if the Series Three 2021/22X Bonds of such installment maturing on a particular date and bearing interest at a particular rate are to be subject to optional redemption, the terms upon which such Series Three 2021/22X Bonds shall be subject to redemption at the election of JEA; *provided*, *however*, that the highest redemption price at which such Series Three 2021/22X Bonds may be so redeemed shall be not greater than 101 percent of the principal amount thereof, plus accrued interest to the date of redemption and the first such optional redemption date shall not be less than four years nor more than ten years from the Delivery Date of such Series Three 2021/22X Bonds;

(I) the identity of the senior managing underwriter and co-senior managing underwriter, if applicable, for the Series Three 2021/22X Bonds of such installment from any of the Underwriters;

(J) the purchase price for the Series Three 2021/22X Bonds of such installment to be paid by the Underwriters pursuant to the applicable Bond Purchase Agreement; *provided*, *however*, that such purchase price shall result in compliance with the limitations set forth in this Section 5;

(K) the Interest Rate Swap Transactions and the notional amounts thereof to be terminated upon the issuance of such installment of the Series Three 2021/22X Bonds and the termination payment, if any, to be paid in connection therewith; *provided*, that the aggregate notional amount of Interest Rate Swap Transactions terminated in connection with the issuance of such installment of the Series Three 2021/22X Bonds shall not exceed the principal amount of the variable rate Refunded Bonds to which such Interest Rate Swap Transactions are associated to be refunded through the issuance of such installment of the Series Three 2021/22X Bonds; and

(L) the amount, if any, of the proceeds of the Series Three 2021/22X Bonds of such installment to be deposited in the Initial Subaccount.

In the event that one or more Series of Series Three 2021/22X Bonds are issued on the same day as part of a common plan of finance for the same Bond financing, JEA may demonstrate compliance with the savings requirements set forth in clause (e) above by calculating such savings either on an aggregate basis (e.g., each Series of the Series Three 2021/22X Bonds issued on the same day as part of the same Bond financing are combined into one Series and compliance with the savings criteria is measured using the combined Series) or on a Series by Series basis (e.g.,

each individual Series that is issued as part of the same Bond financing must satisfy the savings criteria independently of any other Series issued on the same day).

SECTION 6. REDEMPTION PROVISIONS. (A). If the Managing Director/CEO determines that the Series Three 2021/22X Bonds of an installment maturing on a particular date and bearing interest at a particular rate shall be subject to redemption prior to maturity as provided in Section 9 of the Electric System Resolution by operation of the Debt Service Account from mandatory Amortization Installments, such determination to be set forth in the certificate referred to in Section 5 hereof, then the Series Three 2021/22X Bonds of such installment maturing on such date and bearing interest at such rate shall be subject to redemption prior to maturity as provided in Section 9 of the Electric System Resolution, on the respective dates and in the respective amounts set forth in such certificate, in each such case, at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date.

(B) If the Managing Director/CEO determines that the Series Three 2021/22X Bonds of an installment maturing on a particular date and bearing interest at a particular rate shall be subject to optional redemption, such Series Three 2021/22X Bonds shall be subject to redemption prior to maturity at the election of JEA, in the case of Series Three 2021/22X Bonds, as a whole or in part, at any time on and after the initial date on which such Series Three 2021/22X Bonds may be so redeemed set forth in the certificate referred to in Section 5 hereof, at the respective redemption prices set forth in such certificate, in each case, together with accrued interest to the redemption date.

SECTION 7. BOOK-ENTRY SYSTEM. (A). Except as provided in paragraphs (B) and (C) of this Section 7, the registered holder of all Series Three 2021/22X Bonds shall be, and the Series Three 2021/22X Bonds shall be registered in the name of, Cede & Co. ("Cede"), as nominee of DTC. Payment of interest on any Series Three 2021/22X Bond shall be made in accordance with the provisions of the Electric System Resolution to the account of Cede on the interest payment date for the Series Three 2021/22X Bonds at the address indicated for Cede in the registry books of JEA kept by the Registrar.

(B) The Series Three 2021/22X Bonds of each installment shall be issued initially in the form of a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the Series Three 2021/22X Bonds of such installment. The Registrar shall authenticate and deliver to or on behalf of DTC a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the Series Three 2021/22X Bonds of such installment, registered in the name of Cede, as nominee of DTC. With respect to Series Three 2021/22X Bonds so registered in the name of Cede, JEA and the Paying Agent and Registrar shall have no responsibility or obligation to any DTC participant or to any beneficial owner of such Series Three 2021/22X Bonds. Without limiting the immediately preceding sentence, JEA and the Paying Agent and Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Series Three 2021/22X Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Series Three 2021/22X Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or redemption price

of, or interest on, the Series Three 2021/22X Bonds. JEA and the Paying Agent and Registrar may treat DTC as, and deem DTC to be, the absolute owner of each Series Three 2021/22X Bond for all purposes whatsoever, including (but not limited to) (i) payment of the principal or redemption price of, and interest on, each such Series Three 2021/22X Bond, (ii) giving notices of redemption and other matters with respect to such Series Three 2021/22X Bonds, (iii) registering transfers with respect to such Series Three 2021/22X Bonds and (iv) giving to JEA any notice, consent, request or demand pursuant to the Electric System Resolution for any purpose whatsoever. The Paying Agent shall pay the principal or redemption price of, and interest on, all Series Three 2021/22X Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and discharge JEA's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. Except as provided in this paragraph (B) and in paragraph (C) of this Section 7, no person other than DTC shall receive a Series Three 2021/22X Bond evidencing the obligation of JEA to make payments of principal or redemption price of, and interest on, such Bond pursuant to the Electric System Resolution. Upon delivery by DTC to JEA or the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Electric System Resolution, the word "Cede" in this resolution shall refer to such new nominee of DTC.

(C) (i) DTC may determine to discontinue providing its services with respect to the Series Three 2021/22X Bonds of a particular installment at any time by giving reasonable notice thereof to JEA or to the Paying Agent and Registrar.

(ii) JEA, in its sole discretion and without the consent of any other person, may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Series Three 2021/22X Bonds of a particular installment if JEA determines that (a) DTC is unable to discharge its responsibilities with respect to the Series Three 2021/22X Bonds of such installment or (b) a continuation of the system of book-entry-only transfers through DTC (or a successor securities depository) is not in the best interests of the beneficial owners of the Series Three 2021/22X Bonds of such installment or of JEA.

(D) Upon the termination of the services of DTC with respect to the Series Three 2021/22X Bonds of a particular installment pursuant to paragraph (C)(ii)(b) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series Three 2021/22X Bonds of a particular installment pursuant to paragraph (3)(a) or paragraph (C)(ii)(a) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of JEA, is willing and able to undertake such functions upon reasonable and customary terms, such Series Three 2021/22X Bonds no longer shall be restricted to being registered in the registration books kept by the Registrar in the name of Cede, as nominee of DTC. In such event, JEA shall issue and the Registrar shall authenticate Series Three 2021/22X Bond certificates as requested by DTC of like installment, aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interests in the Series Three 2021/22X Bonds; *provided*, *however*, that in the case of any discontinuance or termination provided for in paragraph C(i) or C(ii)(b) of this Section, JEA may within 90 days thereafter appoint a substitute securities depository which, in JEA's opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms. In such event, and subject to the transfer provisions of the Electric System Resolution, the word "DTC" in this resolution shall refer to such substitute

securities depository and the word "Cede" in this resolution shall refer to the nominee, if any, of such substitute securities depository (or, if there shall be no such nominee, then the word "Cede" in this resolution shall refer to such substitute securities depository).

(E) Notwithstanding any other provision of the Electric System Resolution or this resolution to the contrary, so long as any Series Three 2021/22X Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on, such Series Three 2021/22X Bond and all notices with respect to such Series Three 2021/22X Bond shall be made and given, respectively, to DTC as provided in DTC's Operational Arrangements (as defined in the Letter of Representations); *provided*, *however*, that if a substitute securities depository shall be appointed, all payments with respect to the principal or redemption price of, and interest on, the Series Three 2021/22X Bonds and all notices with respect to the Series Three 2021/22X Bond shall be made and given, respectively, to such substitute securities depository (or any nominee thereof) as provided in the procedures of such substitute securities depository.

SECTION 8. PAYING AGENT AND REGISTRAR. The Series Three 2021/22X Bonds shall be payable as to principal and shall be redeemable at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (or such other city as may be designated by such bank), which bank is hereby appointed Paying Agent and Registrar.

SECTION 9. FORM OF SERIES THREE 2021/22X BONDS. The text of the Series Three 2021/22X Bonds, together with the Registrar's Certificate of Authentication to be endorsed thereon, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof, or as may be necessary to comply with applicable laws, rules and regulations of the United States Government and the State of Florida in effect upon the issuance thereof:

At such times as the Series Three 2021/22X Bonds of a particular installment are restricted to being registered in the registration books kept by the Registrar in the name of DTC (or a successor securities depository), each Series Three 2021/22X Bond of such installment shall contain or have endorsed thereon the following legend:

> AS PROVIDED IN THE RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE RESOLUTION TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE RESOLUTION.

In addition, so long as DTC shall serve as securities depository for the Series Three 2021/22X Bonds, each Series Three 2021/22X Bond shall contain or have endorsed thereon the following legend:

> UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

No. R-___ $_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF JACKSONVILLE
JEA
ELECTRIC SYSTEM REVENUE BOND,
SERIES THREE 2021/22X

MATURITY DATE	INTEREST RATE	ORIGINAL ISSUE DATE	CUSIP
October 1, _____	_____%	_____ ___, 20___	_____

REGISTERED OWNER:

PRINCIPAL SUM: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that JEA, a body politic and corporate under the laws of the State of Florida, and an independent agency of the City of Jacksonville, Florida (hereinafter called the "City"), for value received, hereby promises to pay to the Registered Owner specified above on the Maturity Date specified above solely from the revenues and other amounts hereinafter mentioned the Principal Sum specified above and to pay solely from such revenues and other amounts interest thereon to the Registered Owner hereof at the rate per annum specified above, from the Original Issue Date specified above or from the most recent interest payment date to which interest has been paid, until payment of the Principal Sum, such interest to the payment hereof being payable in lawful money of the United States of America semiannually on April 1 and October 1 in each year commencing [April 1] [October 1], 20___, by check or draft mailed to the Registered Owner at his address as it appears on the registration books of the Registrar hereinafter mentioned on the Record Date (as defined in the Resolution hereinafter referred to). However, so long as this Bond and the issue of which it is one are held in book-entry form pursuant to the Resolution, the provisions of the Resolution governing such book-entry form shall govern repayment of the principal or redemption price of and interest on such bonds. The principal or redemption price of this Bond is payable in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida.

This Bond is one of an authorized issue of bonds (the "Series Three 2021/22X Bonds") in the aggregate principal amount of $_____ of like date, tenor and effect, except as to number, interest rate and date of maturity, issued to refund certain bonds of JEA previously issued to finance or refinance a portion of the costs of the construction and acquisition of additions, extensions and improvements to the electric system owned and operated by JEA, as defined in the Resolution (the "Electric System"), other than the generating facilities of the Electric System pursuant to the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof (collectively, the "Act"), and other applicable provisions of

law, and a resolution duly adopted by JEA on March 30, 1982 (approved by ordinance of the Council of the City enacted on March 30, 1982), as amended, restated and supplemented, including as amended and supplemented by a resolution duly adopted by JEA on August 16, 1988 authorizing the Series Three Bonds (approved by ordinance of the Council of the City which became effective on September 30, 1988), as amended and supplemented (hereinafter collectively called the "Resolution"), and is subject to all the terms and conditions of the Resolution.

[Insert Redemption Provisions]

The payment of the principal of and interest on the Series Three 2021/22X Bonds is secured by a first lien upon and pledge of (a) the Net Revenues (as defined in the Resolution) derived by JEA from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Resolution as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. In addition, as provided in the Resolution, the payment of the principal of and interest on the Series Three 2021/22X Bonds is additionally secured by a pledge of the amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund established pursuant to the Resolution as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. As provided in the Resolution, bonds of JEA may be issued from time to time in one or more installments, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of bonds which may be issued under the Resolution is not limited except as provided in the Resolution and in the Act, and all bonds issued and to be issued under the Resolution (including the Series Three 2021/22X Bonds) are and will be equally and ratably secured by the pledge and covenants made therein, except as expressly provided or permitted in the Resolution.

This Bond and the issue of which it is one shall not be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues and other amounts as provided in the Resolution. No holder of this Bond shall ever have the right to compel the exercise of the ad valorem taxing power of the City or of JEA, if any, or taxation in any form of any real property in the City to pay this Bond or the interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Resolution.

JEA has entered into certain further covenants with the owners of the Series Three 2021/22X Bonds for the terms of which reference is made to the Resolution.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in regular and due form and time as required by the Laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Series Three 2021/22X Bonds does not violate any constitutional or statutory limitations or provisions.

This Bond is and has all the qualities and incidents of negotiable instruments under the laws of the State of Florida.

The Series Three 2021/22X Bonds are issuable as fully registered Bonds which may be exchanged for like aggregate principal amount of fully registered Series Three 2021/22X Bonds of like installment, interest rate and maturity in denominations of $5,000 and any integral multiple thereof. JEA and U.S. Bank National Association, or its successor, as Registrar, may charge the Registered Owner or the transferee or transferees, as the case may be, a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer of this Bond. The Registrar or JEA may also require payment from the Registered Owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Series Three 2021/22X Bond shall be delivered.

IN WITNESS WHEREOF, JEA has issued this Bond and has caused the same to be signed by its Chair or Vice-Chair and attested by its Secretary or an Assistant Secretary, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be affixed, imprinted or reproduced hereon.

JEA

(SEAL)

_____

Chair or Vice-Chair

ATTESTED:

_____

Secretary or Assistant Secretary

[FORM OF
REGISTRAR'S CERTIFICATE OF AUTHENTICATION
ON ALL SERIES THREE 2021/22X BONDS]

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds delivered pursuant to the within mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Signatory

Date of Authentication: _____, 20___

[Insert Statement of Insurance, if applicable.]

The following abbreviations, when used in the inscription on the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIF MIN ACT _____ (Cust.)
TEN ENT -	as tenants by the entireties	Custodian for _____ (Minor)
JT TEN	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act of _____ (State)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

_____

[PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

the within bond and does hereby irrevocably constitute and appoint the Registrar as his agent to transfer the bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature guaranteed: (Bank, Trust Company or Firm)

_____ _____
(Authorized Officer)

NOTICE: This signature to this assignment must correspond with the name of the registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SECTION 10. APPLICATION OF BOND PROCEEDS. The proceeds from the sale of the Series Three 2021/22X Bonds of a particular installment, together with other available funds of the Electric System shall be applied simultaneously with the delivery as follows:

(A) if applicable, there shall be delivered to the Escrow Agent, simultaneously with the delivery of the Series Three 2021/22X Bonds of such installment, for deposit in the Escrow Account (the "Escrow Account") to be created under the Escrow Deposit Agreement, an amount determined by an Authorized Officer of JEA as being equal to the amount necessary, when combined with the moneys, if any, transferred to the Escrow Account as provided in Section 11 hereof, to purchase such securities as are permitted by Section 17 of the Electric System Resolution, the principal of and interest to be received on which, together with any initial cash balance, will provide moneys which will be sufficient to pay when due the principal or redemption price, as applicable, of the Refunded Bonds being refunded thereby on the respective maturity dates of such Refunded Bonds or the date such Refunded Bonds are to be called for redemption, as applicable, and the interest to become due on such Refunded Bonds on and prior to such respective maturity or redemption dates, as the case may be;

(B) if applicable, an amount shall be deposited in the Initial Subaccount as determined by the Managing Director/CEO in the certificate referred to in Section 5 hereof relating to the Series Three 2021/22X Bonds;

(C) there shall be paid to the counterparties in the Interest Rate Swap Transactions to be terminated or partially terminated in connection with the issuance of the Series Three 2021/22X Bonds of such installment, the termination payments, if any, with respect to the termination or partial termination of such Interest Rate Swap Transactions as determined by the Managing Director/CEO pursuant to Section 5(K) hereof; and

(D) all proceeds remaining after application as provided in subsections (A), (B) and (C) hereof shall be deposited into the Construction Fund or a separate sub-account thereof and used for the purposes of paying the principal or redemption price, as applicable, of Refunded Bonds when due if the Refunded Bonds that are not being defeased within the meaning of Section 17 of the Electric System Resolution and paying costs of issuance of the Series Three 2021/22X Bonds of such installment.

SECTION 11. TRANSFER OF CERTAIN AMOUNTS. Subject to the provisions of the third paragraph of Section 13(B)(2) of the Electric System Resolution, simultaneously with the delivery of the Series Three 2021/22X Bonds of a particular installment, there shall be withdrawn from the Debt Service Account cash in an amount determined by an Authorized Officer of JEA as being not greater than the amount accumulated therein with respect to the Refunded Bonds to be refunded through the issuance of the Series Three 2021/22X Bonds of such installment. Such withdrawal shall, however, not be made if and to the extent that the effect thereof would cause the amounts on deposit in the Debt Service Account to be less than the amount required to be maintained therein after giving effect to the issuance of the Series Three 2021/22X Bonds of such installment and the refunding of the Refunded Bonds. There shall be transferred to the Escrow Agent, if any, for deposit in the Escrow Account the amount so withdrawn, otherwise, such amount shall be applied together with the funds described in Section 10(D) above to the payment of the Refunded Bonds.

Subject to the provisions of the fifth paragraph of Section 13(B)(3) of the Electric System Resolution, simultaneously with the delivery of the Series Three 2021/22X Bonds of a particular installment, there may be withdrawn from the Initial Subaccount of the Debt Service Reserve Account cash in an amount determined by an Authorized Officer of JEA as being not greater than the amount of the decrease in the Debt Service Reserve Requirement with respect to such Initial Subaccount due to the defeasance of the Refunded Bonds being refunded through the issuance of such installment of the Series Three 2021/22X Bonds. There shall be transferred to the Escrow Agent, if any, for deposit in the Escrow Account the amount so withdrawn, otherwise, such amount shall be applied together with the funds described in Section 10(D) above to the payment of the Refunded Bonds.

SECTION 12. SERIES THREE 2021/22X BONDS TO CONSTITUTE ADDITIONALLY SECURED BONDS. In accordance with the provisions of clause (3) of subsection B of Section 13 of the Electric System Resolution, the Series Three 2021/22X Bonds of each installment shall be Additionally Secured Bonds, and the payment of the principal or sinking fund redemption price, if any, thereof and interest thereon shall be secured, in addition to the pledge created pursuant to the first sentence of the second paragraph of Section 11 of the Electric System Resolution in favor of all of the Bonds, by amounts on deposit in the Initial Subaccount. In furtherance of the foregoing, simultaneously with the authentication and delivery of any particular installment of the Series Three 2021/22X Bonds, JEA shall cause to be deposited to the credit of the Initial Subaccount cash from the proceeds of the Series Three 2021/22X Bonds of such installment, in an amount equal to the difference (if any) between (a) the Debt Service Reserve Requirement for the Initial Subaccount calculated immediately after the authentication and delivery of such Series Three 2021/22X Bonds of such installment and (b) the sum of the amounts then on deposit in the Initial Subaccount and the eligible reserve fund credit instruments credited thereto, if any.

SECTION 13. TAX COVENANTS. (A). JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series Three 2021/22X Bonds under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of each installment of the Series Three 2021/22X Bonds concerning certain matters pertaining to the use of proceeds of the Series Three 2021/22X Bonds of such installment, including any and all exhibits attached thereto (the "Tax Certificate"). This covenant shall survive payment in full or defeasance of the Series Three 2021/22X Bonds.

(B) Notwithstanding any provisions of this Section, if JEA shall obtain an opinion of nationally recognized municipal bond attorneys to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the applicable installment of the Series Three 2021/22X Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(C) Notwithstanding any other provision of the Electric System Resolution to the contrary, (i) upon JEA's failure to observe or refusal to comply with the above covenants with respect to the Series Three 2021/22X Bonds of a particular installment, the holders of the Series Three 2021/22X Bonds of such installment shall be entitled to the rights and remedies provided to Bondholders under the Electric System Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all Series Three 2021/22X Bonds of such installment then outstanding, and the interest accrued thereon, to be due and payable and (ii) the holders of any Bonds other than the Series Three 2021/22X Bonds of a particular installment shall not be entitled to exercise any right or remedy provided to Bondholders under the Electric System Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to the Series Three 2021/22X Bonds of such installment.

SECTION 14. REDEMPTION OF REFUNDED BONDS. The Refunded Bonds to be refunded by the Series Three 2021/22X Bonds are hereby designated for redemption and the Escrow Agent (if any) or the respective paying agents for such Refunded Bonds, as applicable, are hereby directed to redeem such Refunded Bonds on the respective dates determined by the Managing Director/CEO pursuant to clause (C) of the second paragraph of Section 5 hereof and at a redemption price equal to the principal amount of the Refunded Bonds to be redeemed plus the redemption premium(s) for the applicable redemption date(s) (in each case, together with the interest accrued thereon to the date fixed for redemption).

Such designation for redemption, and such direction to the Escrow Agent (if any) or the respective paying agents for the Refunded Bonds, as applicable, shall be, and hereby are declared to be, irrevocable upon the delivery of the applicable installment of Series Three 2021/22X Bonds to or upon the order of the Underwriters; *provided*, that notice of such redemption as provided below shall be revocable and conditional upon the issuance of the Series Three 2021/22X Bonds of the applicable installment.

In order to effectuate this designation, on or prior to the applicable Delivery Date, an Authorized Officer of JEA shall give the Escrow Agent or the Registrar, as applicable, for any Refunded Bonds to be redeemed prior to maturity instructions to mail, postage prepaid, not less than 30 days (or such lesser period as permitted by the applicable supplemental resolution(s) for the Refunded Bonds) prior to the redemption date therefor, to (i) all registered owners of such Refunded Bonds at their addresses as they appear of record on the books of the Registrar as of 45 days (or such lesser number of days as is permitted pursuant to the applicable supplemental resolution(s) for the Refunded Bonds) prior to such redemption date and (ii) the paying agent for such Refunded Bonds (or its successor), a notice of redemption in substantially the following form:

REVOCABLE NOTICE OF [PARTIAL] REDEMPTION

JEA

ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE DESCRIBED BELOW

Notice is hereby given to the holders of the outstanding JEA Electric System Revenue Bonds, Series Three described below (the "Bonds") that the Bonds have been called for redemption prior to maturity on _____ ___, 20___ in accordance with their terms at a redemption price of 100 percent of the principal amount thereof [, together with accrued interest thereon to _____ ___, 20___]. **[The source of funds to be used for such redemption is certain moneys heretofore deposited with _____, as Escrow Agent.]**

Series Three	Maturity Date (October 1)	Interest Rate	Principal Amount	CUSIP
		_____%	$_____	_____

THIS CALL FOR REDEMPTION IS REVOCABLE AND IS CONDITIONED UPON THE ISSUANCE BY JEA OF ITS SERIES THREE 2021/22X BONDS TO REFUND SUCH BONDS ON OR PRIOR TO _____ ___, 20___. In the event that JEA's refunding bonds are not issued on or prior to 20___, this notice shall be of no further force or effect and the Bonds shall continue to bear interest until paid at the same rates they would have borne had this notice not been given. If JEA's refunding bonds are not issued on or prior to 20___, the undersigned, on behalf of JEA, shall give notice forthwith of such fact to the holders of the Bonds, and this notice shall thereupon be revoked and shall be of no further force and effect.

Subject to the foregoing, the redemption price of and accrued interest on the Bonds shall become due and payable on _____ ___, 20___ and from and after _____ ___, 20___ interest on the Bonds shall cease to accrue and be payable.

Holders of the Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust offices of **[specify names of current Paying Agents]**.

Dated this ___ day of _____, 20___.

JEA

By: _____,
as [Escrow Agent/Registrar]

SECTION 15. AUTHORIZATION AND APPROVAL OF THE NEGOTIATED SALE OF THE SERIES THREE 2021/22X BONDS AND EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENT; DELEGATION OF AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH. The terms and conditions of the bond purchase agreement between JEA and the Underwriters, providing for the negotiated sale and purchase of the Series Three 2021/22X Bonds of each installment, in substantially the form attached hereto as Exhibit A (the "Bond Purchase Agreement"), are hereby approved. At such time or times as the Managing Director/CEO of JEA shall determine is advantageous to JEA, such officer shall execute and deliver the Bond Purchase Agreement (with such changes as are necessary to reflect, among other things, the terms of the Series Three 2021/22X Bonds of a particular installment, such determination to be evidenced by the execution and delivery thereof; *provided, however*, that at or prior to the time of the execution and delivery of the Bond Purchase Agreement, JEA shall have received from the senior managing underwriter the disclosure statement required pursuant to Section 218.385(6), Florida Statutes. The purchase price of the Series Three 2021/22X Bonds of a particular installment to be paid by the Underwriters pursuant to the Bond Purchase Agreement shall be determined as provided in Section 5 hereof, subject to the limitations set forth therein.

SECTION 16. APPOINTMENT OF BOND REGISTRAR AND PAYING AGENT. U.S. Bank National Association is hereby appointed as Bond Registrar and Paying Agent for the Series Three 2021/22X Bonds.

SECTION 17. AUTHORIZATION OF AUTHENTICATION. In the event that the Managing Director/CEO shall determine that it is desirable to sell and issue Series Three 2021/22X Bonds as provided herein, U.S. Bank National Association, as Bond Registrar for the Series Three 2021/22X Bonds, is hereby requested and authorized to authenticate and deliver such Series Three 2021/22X Bonds in the aggregate principal amount determined as provided in Section 5 hereof, to or upon the order of the Underwriters, upon payment to JEA of the sum to be specified in the Bond Purchase Agreement.

SECTION 18. APPOINTMENT OF ESCROW AGENT AND AUTHORIZATION AND APPROVAL OF ESCROW DEPOSIT AGREEMENT. The Managing Director/CEO is hereby authorized to appoint U.S. Bank National Association, The Bank of New York Mellon Trust Company, N.A. or any other bank or trust company selected pursuant to JEA's purchasing code to act as Escrow Agent under the Escrow Deposit Agreement. The Escrow Deposit Agreement is hereby approved in substantially the form attached hereto as Exhibit B. The Escrow Deposit Agreement may be executed and delivered as provided in Section 23 hereof. Pursuant to the Escrow Deposit Agreement, the Escrow Agent may be directed to invest the funds held thereunder in the manner provided therein.

In connection with the refunding of the Refunded Bonds as provided herein, each Authorized Officer of JEA is hereby authorized, if deemed desirable, to cause proceeds of the Series Three 2021/22X Bonds and other available amounts, and earnings thereon, to be invested in United States Treasury Securities - State and Local Government Series ("SLGS") or other obligations permitted to be used to accomplish the defeasance of such Refunded Bonds in such amounts, at such times, maturing at such times and having such rate or rates of interest as any Authorized Officer of JEA shall determine is necessary or desirable; and each such Authorized

Officer of JEA and, upon receipt of instructions from an Authorized Officer of JEA, any authorized officer of the Escrow Agent is hereby authorized in the name and on behalf of JEA to submit subscriptions to the Bureau of Public Debt of the United States Department of the Treasury for the purchase of book-entry form SLGS, and to take such other action as such person deems necessary or appropriate to effectuate such purposes or to purchase such other obligations.

SECTION 19. APPROVAL OF THE FORM AND USE OF PRELIMINARY OFFICIAL STATEMENT. The form and use of a preliminary official statement for each installment of the Series Three 2021/22X Bonds, in substantially the form of the Preliminary Official Statement relating to Electric System Revenue Bonds, Series Three 2020A or any other Preliminary Official Statement more recently executed and delivered by JEA in connection with the sale of bonds with such changes, omissions, insertions and revisions as an Authorized Officer of JEA shall deem necessary or appropriate (collectively, the "Form Preliminary Official Statement"), is hereby authorized and approved in connection with the offering and sale of the Series Three 2021/22X Bonds of each installment.

In the event that the Managing Director/CEO shall determine that it is desirable to issue and sell the Series Three 2021/22X Bonds of one or more installments as provided herein, the Managing Director/CEO is hereby authorized and directed to cause to be prepared a Preliminary Official Statement with respect to such bonds in substantially the form of the Form Preliminary Official Statement and with such changes thereto as are necessary so that such Preliminary Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and, in such case, to cause such Preliminary Official Statement to be used in connection with the offering and sale of the Series Three 2021/22X Bonds of such installment and, if applicable, the Managing Director/CEO, the Chief Financial Officer and the Treasurer of JEA are each hereby authorized to deem said Preliminary Official Statement final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. In the event that the Managing Director/CEO shall cause to be prepared a Preliminary Official Statement for such Series Three 2021/22X Bonds as aforesaid, an Official Statement relating to the Series Three 2021/22X Bonds of such installment, in substantially the form of said Preliminary Official Statement, with such changes thereto as are necessary (a) to reflect the terms of such Series Three 2021/22X Bonds and (b) so that such Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, is hereby authorized and approved for use in connection with the offering and sale of such Series Three 2021/22X Bonds. In such event, such Official Statement shall be executed as provided in Section 23 hereof.

SECTION 20. APPROVAL WITH RESPECT TO REGISTRATION OR QUALIFICATION OF THE AUTHORIZED BONDS UNDER THE BLUE SKY OR SECURITIES LAWS OF VARIOUS STATES. The Authorized Officers of JEA shall be, and hereby are, authorized in the name and on behalf of JEA, to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the Series Three 2021/22X Bonds of each installment for issue, offer, sale or trade under the Blue Sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any

applications, reports, consents to service of process, appointments of attorneys to receive service of process and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters.

SECTION 21. CONTINUING DISCLOSURE. For the benefit of holders and beneficial owners from time to time of the Series Three 2021/22X Bonds of each installment, JEA agrees, as an obligated person with respect to the Series Three 2021/22X Bonds of such installment under Rule 15c2-12, to provide or cause to be provided such financial information and operating data, audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5) of Rule 15c2-12. In order to describe and specify certain terms of JEA's continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Authorized Officers of JEA are, and each of them hereby is, authorized and directed to sign and deliver, in the name and on behalf of JEA, a Continuing Disclosure Agreement with respect to the Series Three 2021/22X Bonds of a particular installment substantially in the form of Appendix I to the Form Preliminary Official Statement, with any changes or amendments that (i) are not inconsistent with this resolution, (ii) are not substantially adverse to JEA, or (iii) may be required by Rule 15c2-12, and that are approved by the Authorized Officer of JEA executing the same on behalf of JEA, all of which shall be conclusively evidenced by the signing of that agreement or amendments to it. The agreement formed, collectively, by this paragraph and that agreement, shall be JEA's continuing disclosure agreement with respect to the Series Three 2021/22X Bonds of the applicable installment for purposes of Rule 15c2-12, and its performance shall be subject to the annual appropriation of any funds that may be necessary to perform it.

The Authorized Officers of JEA are, and each of them hereby is, further authorized and directed to take such actions as shall be necessary to comply with each such continuing disclosure agreement, including timely provision of information and notices. Prior to making any filing in accordance with any such agreement or providing notice of the occurrence of any other events, any such officer of JEA shall consult with and obtain legal advice from, as appropriate, the Office of the General Counsel and bond or other qualified independent special counsel selected by JEA. Any such officer of JEA, acting in the name and on behalf of JEA, shall be entitled to rely upon any such legal advice in determining whether a filing should be made.

SECTION 22. REPRESENTATIONS AND COVENANTS REGARDING THE PLEDGE OF THE ELECTRIC SYSTEM RESOLUTION. JEA represents that, pursuant to the Act, the Electric System Resolution creates a valid, binding and irrevocable first lien on (a) the Net Revenues derived from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account as may from time to time be available therefor (collectively, the "Pledged Assets"), in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, for the benefit of the Holders of the Electric System Bonds, including the Series Three 2021/22X Bonds, as security for the payment of the Electric System Bonds, including the Series Three 2021/22X Bonds, to the extent set forth therein, enforceable in accordance with the terms thereof.

JEA has not heretofore made or granted a pledge or assignment of, lien on or security interest in the Pledged Assets that ranks on a parity with or prior to the lien and pledge made or granted in the Electric System Resolution. JEA shall not hereafter make or grant a pledge or assignment of, lien on or security interest in such Pledged Assets that ranks prior to or on a parity with the lien and pledge made or granted in the Electric System Resolution, except as expressly permitted thereby.

SECTION 23. AUTHORIZATION OF THE EXECUTION AND DELIVERY OF AUTHORIZED BONDS AND RELATED DOCUMENTS. The Authorized Officers of JEA are hereby authorized to execute the Series Three 2021/22X Bonds of each installment, the Bond Purchase Agreement, the Escrow Deposit Agreement, if any, the Continuing Disclosure Agreement and the Official Statement, each subject to completion thereof, and with such changes therein as they may approve as necessary and desirable and in the best interest of JEA, such approval to be evidenced by the execution and delivery thereof; *provided*, *however*, that the Series Three 2021/22X Bonds shall be executed and delivered pursuant to the Electric System Resolution and applicable law. The Secretary or an Assistant Secretary of JEA is hereby authorized (but not required) to cause the seal of JEA to be affixed to the Series Three 2021/22X Bonds and the foregoing documents and to attest the same. Such Authorized Officers of JEA are each hereby authorized to deliver such Series Three 2021/22X Bonds and documents on behalf of JEA.

SECTION 24. AUTHORIZATION OF EXECUTION AND DELIVERY OF DOCUMENTS RELATED TO TERMINATION OF INTEREST RATE SWAP TRANSACTIONS. The Authorized Officers of JEA are hereby authorized to execute and deliver such documents as the Managing Director/CEO shall determine to be necessary or appropriate and commercially reasonable (as confirmed by JEA's Financial Advisor) in connection with the termination, or partial termination, of the Interest Rate Swap Transactions, including, without limitation Termination Agreements, amended Confirmations, documents to enable the counterparties to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder. Such Authorized Officers of JEA are each hereby authorized to deliver such documents on behalf of JEA.

SECTION 25. FURTHER ACTIONS. Each Authorized Officer of JEA is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all administrative acts and things as may be necessary or desirable in connection with: the approval, execution and delivery of the Bond Purchase Agreement, the Escrow Deposit Agreement, if any, and the Continuing Disclosure Agreement; and the carrying out of their terms and the terms of the Electric System Resolution and this Resolution; the issuance, sale, execution and delivery of the Series Three 2021/22X Bonds, the refunding and redemption of the Refunded Bonds and the termination or partial termination of the Interest Rate Swap Transactions; and the use of the Preliminary Official Statement and the Official Statement. Without limiting the generality of the foregoing, the Managing Director/CEO is hereby authorized to execute the certificates referred to in Section 5 hereof. In the absence of the Managing Director/CEO for any reason, the authority granted to him in this resolution is hereby delegated to the Vice President and General Manager, Electric System, the Chair of JEA's governing board and the Chair of the Finance and Audit Committee of JEA's governing board, in that order.

SECTION 26. REMAINING AUTHORIZATION UNDER RESOLUTION NO. 2018-15 SUPERSEDED. The remaining authorization to issue additional debt under Resolution No. 2018-15 adopted by JEA on December 11, 2018 is hereby superseded by this Resolution and repealed. The foregoing shall not affect in any manner the authorization of debt previously issued pursuant to Resolution No. 2018-15.

SECTION 27. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof and shall in no way affect the validity or enforceability of such remaining provisions.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SECTION 28. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

ADOPTED THIS 15TH DAY OF DECEMBER, 2020.

JEA



By: _____
Name:
Title:

ATTEST:

By: _____
Secretary

Approved as to Form:

By: _____
Office of General Counsel

VOTE: In Favor: ___ Opposed: ___ Abstained: ___

EXHIBIT A

FORM OF BOND PURCHASE AGREEMENT

EXHIBIT B

FORM OF ESCROW DEPOSIT AGREEMENT

-

BOND PURCHASE AGREEMENT

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida 32202

Re: $000,000,000 JEA Electric System Revenue Bonds, Series Three 2021/22X
$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

The Underwriters (as defined below) jointly and severally hereby propose to purchase all (but not less than all) of the Bonds (as defined below) from JEA, a public body corporate and politic organized and existing under the laws of the State of Florida, and to make a public offering of the Bonds subject to the acceptance of this proposal by JEA on or before 5:00 p.m. local time then prevailing in Jacksonville, Florida, on _____, 20__, and subject to the following provisions:

Section 1. **Definitions**. The following terms shall have the following meanings in this Agreement unless another meaning is plainly intended:

"2021/22 Series X Subordinated Bonds" means JEA's Electric System Subordinated Revenue Bonds, 2021/22 Series X in the aggregate principal amount of $000,000,000 with maturities, amounts, interest rates and yields as described in Annex A hereto and as further described in the Final Official Statement.

"Accountants" means Ernst & Young LLP, independent certified public accountants.

"Agreed Upon Procedures Letter" means the letter from the Accountants to the governing body of JEA and the Representative in a form acceptable to JEA and the Representative and with the procedures described therein to be applied at least through _____, 20__, the date of the last meeting of the Board of JEA prior to the Closing.

"Agreement" means this Bond Purchase Agreement between the Representative, acting on behalf of the Underwriters and JEA.

"Bond Counsel" means _____, _____, _____.

"Bond Registrar" means U.S. Bank National Association or its corporate successor, in its capacity as Bond Registrar, Subordinated Bond Registrar and Paying Agent, as the case may be, for the Bonds under the Electric System Resolution and the Subordinated Electric System Resolution, respectively.

"Bonds" means, collectively, the Series Three 2021/22X Bonds and the 2021/22 Series X Subordinated Bonds.

"City" means the City of Jacksonville, Florida.

"Closing" refers to the transaction at which the Bonds are delivered by JEA to or on behalf of the Underwriters, and paid for by the Underwriters, pursuant to this Agreement.

"Closing Date" means the date specified in Section 7 hereof, or such other date as is mutually agreeable to the Representative and JEA pursuant to Section 7 hereto.

"Closing Documents" means the documents described in Section 8 hereof and required to be delivered to the Underwriters at the Closing.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Continuing Disclosure Agreement" means the agreement of JEA to be dated the Closing Date in substantially the form set forth in Appendix I to the Preliminary Official Statement.

"DTC" means The Depository Trust Company.

"Electric System Resolution" means the resolution of JEA adopted on March 30, 1982, as supplemented, amended and restated, particularly as supplemented by Resolution No. 2020-12 adopted on December 15, 2020.

"Escrow Agent" means _____.

"Escrow Deposit Agreement" means the Escrow Deposit Agreement to be delivered in connection with the issuance of the Bonds between JEA and the Escrow Agent relating to the refunding of the Refunded Bonds.

"Final Official Statement" means the final Official Statement of JEA relating to the Bonds, substantially in the form of the Preliminary Official Statement, with such changes as may be approved by the Representative, to be delivered pursuant to Section 6 hereof.

"JEA's Counsel" means the Office of the General Counsel of the City.

"Letter of Representations" means the Blanket Issuer Letter of Representations dated May 6, 2004 from JEA to DTC.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statements" means the Preliminary Official Statement and the Final Official Statement.

"Preliminary Official Statement" means the Preliminary Official Statement of JEA relating to the Bonds, dated _____, 20__, including the cover page and appendices thereto and the information included by reference therein.

"Refunded Bonds" means JEA's Electric System Revenue Bonds, Series Three and JEA's Electric System Subordinated Revenue Bonds, all as described in Annex G hereto.

"Representative" means _____, as representative of the Underwriters.

"Resolution" means, collectively, the Electric System Resolution and the Subordinated Electric System Resolution.

"SEC" means the Securities and Exchange Commission.

"Series Three 2021/22X Bonds" means JEA's Electric System Revenue Bonds, Series Three 2021/22X in the aggregate principal amount of $000,000,000, with maturities, amounts, interest rates, prices or yields and redemption provisions set out in Annex A hereto.

"Subordinated Electric System Resolution" means the resolution of JEA adopted August 16, 1988, authorizing the issuance by JEA of certain subordinated bonds, as supplemented, amended and restated, particularly as supplemented by Resolution No. 2020-13 adopted on December 15, 2020.

"Underwriters" means _____, acting for and on behalf of themselves and such other securities dealers, if any, as may from time to time be designated by JEA or the Underwriters.

"Underwriters' Counsel" means _____, _____, _____.

["Verification Agent" means _____.]

["Verification Report" means the report dated the date of Closing of the Verification Agent to the effect that such Verification Agent has verified the accuracy of (a) the adequacy of the maturing principal of and interest on certain federal securities to be held under the Escrow Deposit Agreement, together with other moneys held under the Escrow Deposit Agreement, to pay when due or upon earlier redemption, the principal or redemption price of and interest on the Refunded Bonds, and (b) certain mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under the Code.]

Section 2. **Purchase Price**. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters shall purchase and JEA shall sell all, but not less than all, of the (i) Series Three 2021/22X Bonds at an aggregate purchase price of $_____ (representing the aggregate principal amount of the Series Three 2021/22X Bonds of $000,000,000, less Underwriters' discount of $_____ [plus/minus net] original issue [premium/discount] of $_____) and (ii) 2021/22 Series X Subordinated Bonds at an aggregate purchase price of $_____ (representing the aggregate principal amount of the 2021/22 Series

X Subordinated Bonds of $000,000,000, less Underwriters' discount of $_____ [plus/minus] net original issue [premium/discount] of $_____).

JEA acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between JEA and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or a fiduciary of JEA, (iii) the Underwriters have not assumed a fiduciary responsibility in favor of JEA with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters have advised or are currently advising JEA on other matters) or any other obligation to JEA except the obligations expressly set forth in this Agreement, (iv) the Underwriters have financial interests that differ from those of JEA and are not acting as municipal advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) and (v) JEA has consulted with its own legal and financial advisors to the extent it deemed it appropriate in connection with the offering of the Bonds.

Section 3. **Establishing Issue Price.** The Representative, on behalf of the Underwriters, agrees to assist JEA in establishing the issue price of the Bonds and shall execute and deliver to JEA at Closing, a Certificate of Underwriter Regarding Issue Price, or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Annex B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, JEA and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

Except as provided in Schedule A to Annex B and below, JEA will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Agreement, the Representative shall report to JEA the price or prices at which the Underwriters have sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to JEA the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue (but only with respect to any maturity to which the hold-the-offering-price rule described below does not apply), whether or not the Closing Date has occurred, until either (i) all Securities of that maturity have been sold or (ii) the 10% test has been satisfied as to the Securities of that maturity, provided that, the Underwriters' reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, JEA or bond counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule A to Annex B attached hereto, except as otherwise set forth therein. Schedule A to Annex B also sets forth, as of the date of this Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which JEA and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow JEA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So

long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Bonds of that maturity; *provided,* that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any series of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriter or selling group agreement relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (a) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10 percent test has been satisfied as to the Securities of that maturity, provided, that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price

rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

JEA acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or a dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. JEA further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are

partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Agreement by all parties.

In connection with the public offering of the Bonds, the Underwriters have delivered to JEA a letter containing the information required by Section 218.385, Florida Statutes in the form attached as Annex F.

Section 4. **Good Faith Deposit**. [If by wire transfer: There has been delivered to JEA herewith a wire transfer in the amount of $_____ (the "Good Faith Deposit") as security for the performance by the Underwriters of their obligation to accept and pay for the Bonds on the Closing Date in accordance with the provisions hereof. In the event of the Underwriters' compliance with their obligations hereunder, the Good Faith Deposit shall be netted from the purchase price of the Bonds payable by the Underwriters to JEA pursuant to Section 2 hereof. In the event JEA does not accept this offer the Good Faith Deposit shall be immediately returned by JEA to the Representative by wire transfer. Upon the failure of JEA to deliver the Bonds on the Closing Date, or if JEA shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if such obligations shall be terminated for any reasons permitted by this Agreement except for the reasons set forth in Section 10 hereof, the Good Faith Deposit shall immediately be repaid by JEA to the Representative by wire transfer. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by JEA on the Closing Date as herein provided, the Good Faith Deposit shall be retained by JEA as and for full and agreed upon liquidated damages, and not as a penalty, to JEA for such failure, and the retention of the Good Faith Deposit shall constitute a full release and discharge of all claims and damages for such failure and of any and all defaults hereunder on the part of the Underwriters.]

[If by check: Delivered to JEA herewith is a check payable to the order of JEA in the amount of $_____ (the "Good Faith Deposit") as security for the performance by the Underwriters of their obligation to accept and pay for the Bonds on the Closing Date in accordance with the provisions hereof. JEA shall hold such check uncashed until the Closing Date. In the event of the Underwriters' compliance with their obligations hereunder, the Good Faith Deposit shall be returned to the Representative on the Closing Date upon payment to JEA as provided in Section 7 hereof of the purchase price of the Bonds. In the event JEA does not accept this offer, or upon the failure of JEA to deliver the Bonds on the Closing Date, or if JEA shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if such obligations of the Underwriters shall be terminated for any reason permitted by this Agreement except for the reasons set forth in Section 10 hereof, the Good Faith Deposit shall immediately be returned to the Representative. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by JEA on the Closing Date as herein provided, the Good Faith Deposit shall be retained by JEA as and for full and agreed upon liquidated damages, and not as a penalty, to JEA for such failure, and the retention of the Good

Faith Deposit shall constitute a full release and discharge of all claims and damages for such failure and of any and all defaults hereunder on the part of the Underwriters.]

Section 5. **Representations of JEA**. JEA represents to the Underwriters that: (a) the Preliminary Official Statement has been "deemed final" by JEA as of its date for the purpose of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); (b) as of their respective dates and on the date hereof the statements and information contained in the Official Statements are, and on the Closing Date the statements and information contained in the Final Official Statement will be, true and complete in all material respects, and the Preliminary Official Statement, as of its date, did not and the Final Official Statement, as of its date, does not on the date hereof, and will not on the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading; (c) the Preliminary Official Statement, as of its date, did not and does not on the date hereof, and the Final Official Statement, as of its date did not and does not on the date hereof, and will not on the Closing Date, omit any information with respect to JEA or its business, properties and affairs which might in a material respect adversely or unfavorably affect the transactions contemplated by the Preliminary Official Statement or the Final Official Statement; (d) JEA has full title to the Electric System (as defined in the Official Statement) and the power and authority to operate the same and to collect the Revenues (as defined in the Electric System Resolution) therefrom; (e) the resolution or resolutions of, or other appropriate actions taken by, JEA establishing the rates and charges for services of the Electric System described in the Official Statement have been duly adopted or taken and are in full force and effect; (f) when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of JEA of the character referred to in the Final Official Statement, in conformity with, and entitled to the benefit and security of, the Resolution; (g) JEA is empowered and has been duly authorized to enter into this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Letter of Representations and to adopt the Resolution; (h) the execution and delivery of this Agreement, the Continuing Disclosure Agreement, the Letter of Representations[, the Escrow Deposit Agreement] and the Bonds and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of JEA a breach of or default under any agreement or other instrument to which JEA is a party, or any existing law, administrative regulation, court order or consent decree to which JEA is subject; (i) no litigation or proceeding (to which JEA is a party) is pending or to the best of JEA's knowledge is threatened against or affecting JEA to restrain or enjoin the issuance or delivery of the Bonds or other indebtedness of JEA relating to its electric utility functions or in any way contesting or affecting the authority for the issuance of the Bonds or other indebtedness of JEA relating to its electric utility functions or the validity of the Bonds or other indebtedness of JEA, the Resolution, this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] or the Letter of Representations or in any way contesting the corporate existence or the powers of JEA; (j) except as may be disclosed in the Official Statements, no litigation or proceeding (to which JEA is a party) is pending or, to the best of its knowledge, is threatened against or affecting JEA or involving any of the business, property or affairs of JEA which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of JEA relating to its electric utility functions; (k) JEA has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer

whose arbitrage certifications may not be relied upon; (l) subsequent to the date of the last audited financial statements included [by specific reference] in the Official Statements there have been no material adverse changes in the assets, liabilities or condition of JEA related to its electric utility functions, financial or otherwise, except as disclosed in or contemplated by the Official Statements, and neither the business, the properties, nor the affairs of JEA related to its electric utility functions have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of the public enemy; (m) all permits or licenses which JEA is required to maintain in order to operate the Electric System and the Scherer 4 Project (as such terms are defined in the Official Statement) are in full force and effect; (n) the proceeds of the Bonds will be used by JEA to redeem all of the Refunded Bonds within 90 days of the Closing; (o) other than as disclosed in the Official Statements, JEA has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule; and (p) JEA has not been in default any time after December 31, 1975 as to principal or interest with respect to any of its debt obligations.

Section 6. **Final Official Statement; Public Offering**. JEA shall prepare, and shall deliver to the Underwriters as promptly as practicable but, in any event, not later than seven business days after the acceptance by JEA of this Agreement and in sufficient time to allow the Underwriters to deliver copies thereof to purchasers of the Bonds at least two business days prior to the Closing, copies of the Final Official Statement in sufficient quantity to comply with the Rule and the rules of the Municipal Securities Rulemaking Board and in form and substance satisfactory to the Representative and JEA, executed on behalf of JEA by its Managing Director and Chief Executive Officer. JEA agrees that the Preliminary Official Statement, the Final Official Statement, audited financial statements, if any, and copies of the Resolution, prepared by or on behalf of JEA may be used by the Underwriters in the public offering of the Bonds and that it will cooperate with the Underwriters if the Underwriters decide to qualify the Bonds under the securities laws of any state; provided, however, JEA shall not be required to register as a dealer or broker in any such state or to qualify to do business in connection with any such qualification of the Bonds for sale in any state. To the extent required by MSRB Rules, JEA confirms that it does not object to the distribution of the Official Statements in electronic form. The Final Official Statement shall be provided in a "designated electronic format" (as defined in MSRB Rule G-32). The term "designated electronic format" is defined in MSRB Rule G-32 to mean portable document format, with files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. For files submitted to the Electronic Municipal Market Access system operated by the MSRB on or after January 1, 2010, documents in designated electronic format must be word searchable (without regard to diagrams, images and other non-textual elements).

JEA further agrees to provide the Representative with copies of the Escrow Deposit Agreement and any other advance refunding documents (as defined in MSRB Rule G-32) in a word-searchable pdf format as described in the MSRB's Rule G-32 and shall provide such electronic copy of the word-searchable pdf format of such advance refunding documents to the Underwriters no later than four business days after the Closing Date to enable the Underwriters to comply with MSRB Rule G-32.

JEA authorizes the Representative to file, to the extent required by applicable SEC or MSRB rule, and the Representative agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access System ("EMMA")) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above). If a supplement to the Final Official Statement is prepared in accordance with Section 11 hereof during the "primary offering disclosure period," and if required by applicable SEC or MSRB rule, the Representative shall also make the required submission of the supplement to the Final Official Statement to EMMA. The "primary offering disclosure period" is used as defined in MSRB Rule G-32 and shall end on the 25th day after the Closing.

Section 7. **Closing, Delivery and Payment**. The Bonds shall be printed or reproduced in definitive form as fully registered Bonds and shall be registered initially in the name of Cede & Co., as nominee of DTC, shall be in the denominations of the aggregate par amount of the Bonds of each series and maturity of each series (and, if applicable, each interest rate within a maturity) and shall be made available to, or on behalf of, DTC, 55 Water Street, New York, New York, which shall act as securities depository for the Bonds, not less than one business day prior to the Closing. The Representative may inspect the Bonds prior to the Closing.

The Closing shall be held beginning at 9:00 a.m. on _____, 20__ (the "Closing Date") at the offices of JEA, 21 West Church Street, Jacksonville, Florida, or at such other time and other place as is mutually agreeable to the Representative and JEA. At the Closing and subject to the conditions contained herein, the Representative shall accept the delivery of the Bonds from JEA and shall make payment therefor as provided herein in federal funds or other immediately available funds upon (i) tender by JEA of the definitive Bonds to or on behalf of DTC on behalf of the Underwriters; and (ii) the delivery by JEA to the Underwriters of all the Closing Documents.

Section 8. **Closing Documents**. The Closing Documents shall consist of at least the following, each properly executed, certified or otherwise verified, dated as of the Closing Date except as otherwise provided below, and in such form as may be satisfactory to Bond Counsel, the Representative and Underwriters' Counsel, including, but not limited to, the matters hereinafter set forth:

(a) Certified copies of the Resolution and the ordinances of the City Council of the City approving the issuance of the Bonds;

(b) JEA's closing certificate confirming (i) the representations made by JEA herein; (ii) the application of the proceeds of the sale of the Bonds and certain other amounts as described in the Final Official Statement; (iii) the adoption and present effectiveness of all resolutions considered necessary, in the opinion of Bond Counsel, in connection with the transactions contemplated hereby, together with copies of said resolutions; (iv) that the Resolution has not been amended since the date of this Agreement, except as may have been consented to in writing by the Representative; and (v) that, except as described in the Official Statements, no material adverse change has occurred with respect to the Electric System and the Scherer 4 Project (all as defined therein), including, without limitation, the financial condition thereof, for the period from September 30, 20[__] through the Closing Date;

(c) The approving opinions of Bond Counsel, dated the Closing Date, in substantially the forms attached to the Preliminary Official Statement as Appendix G and Appendix H;

(d) The supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriters in substantially the form set forth as Annex C hereto;

(e) An opinion of JEA's Counsel to the effect that (i) JEA is a public body corporate and politic and an independent agency of the City, duly organized and validly existing under the laws of the State of Florida and has all the necessary power and authority to issue the Bonds and enter into this Agreement, the Letter of Representations[, the Escrow Deposit Agreement] and the Continuing Disclosure Agreement; (ii) the Resolution has been duly adopted by JEA and this Agreement, the Letter of Representations, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Bonds have been duly authorized, executed and delivered by JEA and such documents and the Resolution constitute legal, valid and binding obligations of JEA enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and no opinion need be expressed as to the availability of any discretionary equitable remedy; (iii) the ordinances of the City Council of the City approving the issuance of the Bonds were duly enacted by the City; (iv) JEA has approved the distribution of the Preliminary Official Statement and the Final Official Statement and the execution and delivery of the Final Official Statement to the purchasers of the Bonds; (v) the execution and delivery of the Bonds, this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Letter of Representations, the adoption of the Resolution and the issuance of the Bonds pursuant to the Resolution and compliance with the provisions of the Resolution under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with or constitute on the part of JEA a breach of or default under any existing law, regulation, court order or consent decree to which JEA is subject; (vi) nothing has come to such counsel's attention which would lead such counsel to believe that the Final Official Statement (with the exception of the tax treatment of interest on the Bonds, Blue Sky or other securities registration matters, and financial and statistical information, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to be stated therein to make the statements therein, in light of the circumstances under which they were made, not misleading; (vii) no litigation or proceeding (to which JEA or the City is a party) is pending or to the best of such counsel's knowledge is threatened against or affecting JEA or the City to restrain or enjoin the issuance or delivery of the Bonds or the refunding of the Refunded Bonds or in any way contesting or affecting the authority for the issuance of the Bonds, or the validity of the Bonds or this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] or the Letter of Representations or in any way contesting the corporate existence or the powers of JEA; (viii) except as may be disclosed in the Preliminary Official Statement and the Final Official Statement, no litigation or proceeding (to which JEA or the City is a party) is pending or to the best of such counsel's knowledge is threatened against or affecting JEA or involving any of the business, property or affairs of JEA which involves the possibility of any judgment or liability which may result in any material

adverse change in the financial condition of JEA relating to its electric utility functions; and (ix) JEA has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the consummation of the transaction contemplated hereby;

(f) The opinion of Disclosure Counsel, dated the Closing Date, in substantially the form attached hereto as Annex D;

(g) The opinion of Underwriters' Counsel, dated the Closing Date, in substantially the form attached hereto as Annex E;

(h) An executed copy of the Agreed Upon Procedures Letter, dated the day prior to the Closing Date;

(i) A consent, manually signed by the Accountants, to the use of their report in the Official Statements and to the references to their firm therein, dated the day prior to the Closing Date;

(j) Appropriate arbitrage certifications and tax covenants with respect to the Bonds by JEA in form and substance satisfactory to Bond Counsel and Underwriters' Counsel;

(k) Appropriate evidence that the Series Three 2021/22X Bonds have been assigned ratings of "__" by Fitch Ratings ("Fitch"), "__" by Moody's Investors Service, Inc. ("Moody's") and "___" by S&P Global Ratings ("S&P") and the 2021/22 Series X Subordinated Bonds have been assigned ratings of "__" by Fitch, "___" by Moody's and "__" by S&P;

(l) A certificate of the Bond Registrar as to the incumbency of its officers and its power to serve as Bond Registrar in form and substance acceptable to Bond Counsel and Underwriters' Counsel;

(m) A certificate of the Escrow Agent, dated the Closing Date as to (i) the incumbency of its officers, (ii) that the Escrow Agent is a banking corporation, duly organized and validly existing under the laws of the United States of America or the state of its incorporation and authorized to do business in the State, (iii) that the Escrow Agent has duly accepted its duties under the Escrow Deposit Agreement, and (iv) that the Escrow Agent has taken all necessary corporate action required to act as escrow agent under the Escrow Deposit Agreement and to perform its duties thereunder;

(n) A certified copy of the Letter of Representations;

(o) An executed counterpart of the Continuing Disclosure Agreement;

(p) An executed counterpart of the Escrow Deposit Agreement;

(q) [The Verification Report;] and

(r) Such additional legal opinions, certificates, instruments and other documents and such multiple copies of the above listed documents as the Representative, Underwriters' Counsel or Bond Counsel may reasonably request to evidence compliance by JEA with legal requirements; the truth and accuracy, as of the Closing Date, of the respective representations contained herein and in the Final Official Statement; and the due performance or satisfaction by JEA of all agreements to be performed by it and all conditions to be satisfied by it at or prior to the Closing.

Section 9. **Termination by Underwriters**. This Agreement may be terminated in writing prior to the Closing by the Representative acting on behalf of the Underwriters if any of the following shall occur subsequent to the execution hereof: (i) this Agreement shall not have been accepted by JEA within the time herein provided; (ii) the copies of the Final Official Statement shall not have been provided within the time required by this Agreement; (iii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriters as of 2:00 p.m. on the Closing Date; (iv)(a) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (b) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (c) an order, ruling, regulation or communication (including a press release) shall have been issued by the Treasury Department of the United States, the Internal Revenue Service or the Securities and Exchange Commission, or (d) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, which indicates or implies that interest on the Bonds may not be excludable from gross income for federal income tax purposes or that legislation will be introduced in the next scheduled session of the United States Congress, in each case referred to in clauses (a), (b), (c) and (d), with the purpose or effect, directly or indirectly, of (y) imposing federal income taxation upon interest to be received by any holders of the Bonds or (z) requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933 or the Resolution to be qualified as an indenture under the Trust Indenture Act of 1939; (v) there shall exist any event or circumstance which, in the opinion of the Representative, either makes untrue or incorrect in a material respect any statement or information contained in the Final Official Statement, or any event or circumstance is not reflected in the Final Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in a material respect; (vi) there shall have occurred any outbreak of hostilities (or the escalation of any hostilities existing on the date hereof) or other national or international calamity or crisis, the effect of such outbreak or escalation, calamity or crisis on the financial markets of the United States of America being such as, in the opinion of the Representative, would make it impracticable for the Underwriters to sell the Bonds, including an effect generally on the market which affects the marketability of the Bonds; (vii) there shall be in force a general suspension of trading on the New York Stock Exchange, or any other major United States stock exchange, or minimum or maximum prices for trading shall have been fixed and be in force; (viii) in the judgment of the Representative, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been

imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters; (ix) a general banking moratorium shall have been declared by either federal, New York or Florida authorities having jurisdiction, and shall be in force, or there shall occur any other material disruption in commercial banking or securities settlement or clearance services in the United States; or (x) the rating on any of the Bonds shall have been suspended, withdrawn or downgraded by any of the three rating agencies referred to in paragraph (k) of Section 8 hereof.

Section 10. **Termination by JEA**. In the absence of a termination of this Agreement by the Representative as permitted by Section 9 hereof, this Agreement may be terminated in writing by JEA in the event that the Underwriters shall fail to accept delivery and pay the purchase price of the Bonds at the Closing upon (i) tender thereof to or on behalf of the Underwriters by JEA and (ii) delivery to the Underwriters of all of the Closing Documents, all as provided in Section 8 hereof, and in such event JEA shall retain the Good Faith Deposit as provided in Section 4 hereof.

Section 11. **Changes Affecting the Final Official Statement After the Closing**. If during the period from the date of this Agreement and a date 25 days after the End of the Underwriting Period (as defined herein), any event relating to or affecting JEA shall occur the result of which shall make it necessary, in the reasonable opinion of (i) JEA and (ii) the Representative or Underwriters' Counsel, to amend or supplement the Final Official Statement in order to make it not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made not misleading, JEA shall forthwith prepare and furnish to the Underwriters, at JEA's expense, a reasonable number of copies of an amendment of or supplement to the Final Official Statement in form and substance satisfactory to the Representative, so that it then will not contain an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances existing at that time, not misleading; provided, however, JEA will not adopt any amendment or supplement to the Final Official Statement except with the written consent of the Representative, which consent shall not be unreasonably withheld. The "End of the Underwriting Period" shall mean the Closing Date unless the Representative shall in writing advise JEA that the Underwriting Period must be extended, in which case the End of the Underwriting Period shall be the date set forth in such writing, but in no event later than 90 days after the Closing Date.

Section 12. **Expenses**. The Underwriters shall pay their own out-of-pocket expenses, the fees and expenses of Underwriters' Counsel, and the fees and expenses in connection with the preparation of the Blue Sky memorandum and the registration of the Bonds for "Blue Sky" purposes. JEA acknowledges that the expense component of the Underwriters' discount includes the fees and expenses incurred by the Underwriters as described in the preceding sentence and includes an amount intended to reimburse the Underwriters for incidental expenses (including, but not limited to, transportation, lodging and meals of JEA and Underwriters personnel) incurred by the Underwriters in connection with the transaction contemplated by this Agreement.

JEA acknowledges that it has had an opportunity to consult with its financial advisor in order to evaluate and consider the fees and expenses being incurred as a part of the issuance of the Bonds. JEA shall pay all of the other costs and expenses in connection with the financing contemplated by this Agreement, including, but not limited to: (i) the fees and expenses of Bond Counsel and JEA's Counsel and the expenses of JEA, if any; (ii) any fees and expenses incurred for filing fees; (iii) the fees and expenses of any experts or consultants; (iv) the fees and expenses of the Bond Registrar[, and] the Escrow Agent [and the Verification Report]; (v) the cost of preparation and printing of the Bonds; (vi) the cost of printing and duplication for the Official Statements and any amendments or supplements thereto; (vii) the fees and expenses of the Accountants; and (viii) bond rating agency fees. JEA acknowledges that a portion of the Underwriters' expenses are intended to reimburse the Underwriters for incidental expenses (including, but not limited to, transportation, lodging and meals of JEA and Underwriters personnel) incurred by the Underwriters (on their own behalf or on behalf of JEA personnel), as applicable, in connection with the transaction contemplated by this Agreement.

Section 13. **Notices**. Any notice or other communication to be given to JEA under this Agreement may be given by delivering the same in writing to the address set forth above; and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to the Underwriters in care of _____, _____, _____, _____, Attention: _____.

Section 14. **Authority of Representative**. The Representative has been duly authorized to execute this Agreement and, pursuant to an agreement among the Underwriters, has been duly authorized to act hereunder by and on behalf of the Underwriters.

Section 15. **Parties and Interests; Survival of Representations**. This Agreement is made solely for the benefit of JEA and the Underwriters, including the successors and assigns of the Underwriters, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements by JEA in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriters, and shall survive the delivery of and payment for the Bonds.

Section 16. **Truth-In-Bonding Statement**. For purposes of subsections (2) and (3) of Section 218.385, Florida Statutes, as amended, the following Truth in Bonding Statement is made with respect to the Bonds:

> JEA is proposing to issue $_____ of the Bonds. The Bonds are to be issued for the purposes of refunding the Refunded Bonds and paying cost of issuance of the Bonds. The Bonds are expected to be repaid over a period of approximately ____ years. At the interest rates set out in Annex A hereto (being a true interest cost of _____%), total interest paid over the life of the Bonds will be $_____.

The source of repayment or security for the Bonds is the Revenues of the JEA's Electric System. Issuing the Bonds finances the items described in the preceding paragraph. Authorizing this debt will result in an average annual debt service payment of approximately $_____ from Electric System Revenues, which will not otherwise be available to finance the other services or expenditures of JEA each year for approximately _____ years.

Section 17. **Counterparts**. This Agreement may be executed in counterparts, each of which shall constitute an original but all of which taken together shall constitute one instrument.

Section 18. **Entire Agreement Clause**. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties regarding the transaction contemplated by this Agreement and the process leading thereto. This Bond Purchase Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS]

Very truly yours,

_____,
as Representative of the Underwriters

By: _____
Name:
Title:

Accepted by JEA on _____, 20__

By: _____
Name:
Title:

FORM APPROVED:

_____
Office of General Counsel

ANNEX A

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

$000,000,000 Electric System Revenue Bonds, Series Three 2021/22X

Maturity October 1,	Amount $	Interest Rate %	Yield %

$_____ ____% Term Bond Due October 1, 20__ - Yield _____%

$000,000,000 Electric System Subordinated Revenue Bonds, 2021/22 Series X

Maturity October 1,	Amount $	Interest Rate %	Yield %

$_____ ____% Term Bond Due October 1, 20__ - Yield _____%

Redemption Provisions

[to come]

ANNEX B

CERTIFICATE OF UNDERWRITER REGARDING ISSUE PRICE

$000,000,000
JEA
ELECTRIC SYSTEM REVENUE BOND, SERIES THREE 2021/22X

$000,000,000
JEA
ELECTRIC SYSTEM SUBORDINATED REVENUE BOND, SERIES 2021/22X

The undersigned, on behalf of _____ (the "Representative"), on behalf of itself and _____ (collectively, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

Hold-the-Offering-Price Maturities.

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price set forth in Schedule A attached hereto.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule B (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule C.

(b) As set forth in the Bond Purchase Agreement for the Bonds, the members of the Underwriting Group have agreed in writing that, (i) for each of the Hold-the-Offering-Price-Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for each Maturity during the Holding Period for such Maturity (the "hold-the-offering-price-rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any of the Hold-the-Offering-Price-Maturities at a price higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____ __, 20__), or (ii) the date on which the Underwriting Group has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(d) *Issuer* means JEA.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [_____ __, 20__].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Greenberg Traurig, P.A. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

_____, as representative of the Underwriters

By: _____
Name:

Dated:

ANNEX C

[Form of Supplemental Opinion of Bond Counsel]

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida

[Underwriters]
c/o _____
_____
_____

Re: 000,000,000 JEA Electric System Revenue Bonds, Series Three 2021/22X (the "Series Three 2021/22X Bonds")
$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2021/22 Series X (the "2021/22 Series X Subordinated Bonds")

Ladies and Gentlemen:

We have served as Bond Counsel to JEA in connection with the issuance of the Series Three 2021/22X Bonds and the 2021/22 Series X Subordinated Bonds (collectively, the "Bonds"). This letter is addressed to the underwriters addressed above (the "Underwriters"), pursuant to Section 8(d) of the Bond Purchase Agreement, dated _____, 20__ (the "Bond Purchase Agreement"), between _____, as Representative of the Underwriters, and JEA, providing for the purchase of the Bonds. The Bonds are issued pursuant to the Constitution and laws of the State of Florida, including, in particular, Article 21 of the Charter of the City of Jacksonville, Florida (the "City"), as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof, and other applicable provisions of law and, in the case of the Series Three 2021/22X Bonds, under and pursuant to a resolution of JEA adopted on August 16, 1988, as supplemented and amended (the "Series Three Resolution"), including as supplemented by Resolution No. 2020-12 of JEA adopted on December 15, 2020, authorizing the Series Three 2021/22X Bonds, which Series Three Resolution amends and supplements a resolution of JEA adopted on March 30, 1982 (the "Electric System Resolution"), as supplemented, amended and restated (such Electric System Resolution, as so supplemented, amended and restated, being herein referred to as the "Resolution") and, in the case of the 2021/22 Series X Subordinated Bonds, under and pursuant to a resolution of JEA (the "Original Subordinated Resolution") adopted on August 16, 1988 authorizing the issuance of JEA's Subordinated Bonds (such resolution, as supplemented, amended and restated, being herein referred to as the "Subordinated Resolution"), including as supplemented by Resolution No. 2020-13 of JEA adopted on December 15, 2020, authorizing the 2021/22 Series X Subordinated Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the

Resolution or the Subordinated Resolution, or, if not defined therein, in the Bond Purchase Agreement.

On the date hereof, we have delivered our approving opinions (the "Bond Counsel Opinions") concerning the validity of the Bonds and certain other matters to JEA. The opinions and conclusions expressed herein are subject to the same qualifications, limitations and reliances as stated in the Bond Counsel Opinions. The Underwriters may rely on the Bond Counsel Opinions as though such opinions were addressed to them.

In connection with our role as Bond Counsel, we have reviewed the Bond Purchase Agreement; a certified copy of the Resolution; a certified copy of the Subordinated Resolution; a certified copy of Ordinance 82-228-94, enacted by the Council of the City on March 30, 1982, approving, among other things, the Electric System Resolution and the issuance by JEA of Bonds (as defined in the Electric System Resolution); a certified copy of Ordinance 88-1108-554, enacted by the Council of the City on September 27, 1988, approving, among other things, the Series Three Resolution, the issuance by JEA of Series Three Bonds (as defined in the Series Three Resolution), the Original Subordinated Resolution and the issuance by JEA of Subordinated Bonds; a certified copy of Ordinance 92-1411-902, enacted by the Council of the City on September 8, 1992, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 95-736-450, enacted by the Council of the City on September 12, 1995, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 1999-797-E, enacted by the Council of the City on August 24, 1999, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2001-664-E, enacted by the Council of the City on August 28, 2001, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2003-844-E, enacted by the Council of the City on August 26, 2003, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2005-460-E, enacted by the Council of the City on May 10, 2005, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2008-581-E, enacted by the Council of the City on September 23, 2008, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; a certified copy of Ordinance 2013-490-E, enacted by the Council of the City on September 24, 2013, approving, among other things, the issuance by JEA of Series Three Bonds and Subordinated Bonds; the Official Statement of JEA, dated _____, 20__, relating to the Bonds, including those portions of the Annual Disclosure Report (as defined therein) which are included by reference therein (the "Official Statement"); the Continuing Disclosure Agreement; the Tax Certificate executed and delivered by JEA on the date hereof in connection with the issuance of the Bonds (the "Tax Certificate"); an opinion of the Office of General Counsel of the City, attorney for JEA; certificates of JEA and others; and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our

attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than JEA. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof (except that we have not relied on any such legal conclusions that are to the same effect as the opinions or conclusions set forth herein). We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Subordinated Resolution, the Tax Certificate, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against bodies politic and corporate of the State of Florida. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue or waiver or severability provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. JEA is a public body corporate and politic and an independent agency of the City, duly created and existing under the Constitution and laws of the State of Florida.

2. JEA has the power to issue the Bonds under the laws of the State of Florida.

3. The Bonds have been duly authorized by JEA and all conditions precedent to the issuance of the Bonds have been fulfilled, including, without limitation, all necessary approvals of the City.

4. The Bonds have been duly executed and delivered by JEA and constitute valid and binding special obligations of JEA, enforceable in accordance with their terms.

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution and the Subordinated Resolution are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

4. The statements contained in the Official Statement under the captions "INTRODUCTION – Authorization for the 2021/2022X Bonds, – Purpose of the 2021/2022X Bonds, – Description of the 2021/2022X Bonds, and – Security and Sources of Payment for the 2021/2022X Bonds," "PLAN OF REFUNDING," "DESCRIPTION OF THE SERIES THREE 2021/2022X BONDS," "DESCRIPTION OF THE 2021/2022 SERIES X SUBORDINATED BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2021/2022X BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2021/2022 SERIES X SUBORDINATED BONDS," and "TAX MATTERS" and the statements contained in "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in Appendix B to the Final Official Statement, "SUMMARY OF CERTAIN PROVISIONS OF THE

SUBORDINATED ELECTRIC SYSTEM RESOLUTION" in Appendix C to the Final Official Statement, "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION," in Appendix D to the Final Official Statement, "SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION," in Appendix E to the Final Official Statement and "SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4" in Appendix G to the Final Official Statement, insofar as such statements expressly summarize certain provisions of the Resolution, the Subordinated Resolution, the Second Power Park Resolution (as defined in the Final Official Statement), the Restated and Amended Bulk Power Supply System Resolution (as defined in the Final Official Statement), the Scherer Unit 4 Purchase Agreement (as defined in the Final Official Statement), the Scherer Unit 4 Operating Agreement (as defined in the Final Official Statement), the Scherer Unit 4 Agency Agreement (as defined in the Final Official Statement), and the form and content of our Bond Counsel Opinions, are accurate in all material respects.

5. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 4 above), completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. In our capacity as Bond Counsel in connection with the issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of JEA, representatives of PFM Financial Advisors LLC, JEA's Financial Advisor, representatives of Ernst & Young LLP, independent certified public accountants, JEA's auditors, and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), subject to the limitations on our role as Bond Counsel, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services in connection with such issuance which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical, economic or engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion (other than our opinions relating to the Bonds), any information about book-entry or DTC and the information contained in Appendices A, B and C to the Official Statement, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity.

6. The Continuing Disclosure Agreement has been duly executed and delivered by JEA and is a valid and binding agreement of JEA, enforceable in accordance with its terms. No opinion regarding the adequacy of the Continuing Disclosure Agreement for purposes of SEC Rule 15c2-12 may be inferred from this opinion.

7. In reliance upon the certifications, directions and acknowledgements of JEA and the Paying Agent for the respective Refunded Series Three Bonds and Refunded Subordinated Bonds (as such terms are defined in the Official Statement), upon deposit of amounts sufficient to pay the redemption price of, and interest on, the respective Refunded Series Three Bonds and Refunded Subordinated Bonds on _____, 20__, the date such Refunded Series Three Bonds and Refunded Subordinated Bonds have been called for redemption, with the Paying Agent therefor, the Refunded Series Three Bonds will no longer be "Outstanding" within the meaning of the Resolution and the Refunded Subordinated Bonds will no longer be deemed "Outstanding" within the meaning of the Subordinated Resolution.

This letter is furnished by us as Bond Counsel to JEA. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this letter. This letter is delivered to JEA, as the issuer of the Bonds and the Underwriters in their capacity as the Underwriters of the Bonds, is solely for your benefit in such capacities and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Respectfully submitted,

_____

ANNEX D

[Form of Disclosure Counsel Opinion]

_____, 20__

JEA
Jacksonville, Florida

Re: $000,000,000 JEA Electric System Revenue Bonds, Series Three 2021/22X
$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

We have acted as Disclosure Counsel to JEA in connection with the issuance of the above-captioned obligations (the "Bonds") which are today being delivered to [Representative], as senior managing underwriter on behalf of itself and [Underwriters] (the "Underwriters"). In such capacity, we have reviewed such proceedings, records, certificates, documents and questions of law as we have considered necessary to enable us to render this opinion.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters and because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Preliminary Official Statement dated _____, 202__ and the Official Statement dated _____, 202__ related to the Bonds (collectively, the "Official Statements"), we are not passing on and do not assume any responsibility for, except as set forth below, the accuracy, completeness or fairness of the statements contained in the Final Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. Our engagement has necessarily involved a review of certain demographic, financial, statistical and operating data or information, however we express no opinion regarding the accuracy and completeness of any such information.

We have generally reviewed information furnished to us by, and have participated in telephone conferences and meetings with, representatives of JEA, JEA's Counsel, PFM Financial Advisors LLC, the financial advisor to JEA, the Underwriters and others, in which such contents of the Official Statements and related matters were discussed. We have reviewed information concerning JEA's audited financial statements and meeting minutes and other materials we deemed relevant. With your permission, we have relied upon certificates of officials of JEA and others, and upon certain other opinions, certificates and/or letters delivered in connection with the issuance of the Bonds, including, without limitation, those received from JEA's Counsel. In addition, we have reviewed such proceedings, records, certificates, documents and questions of law as we have considered necessary to enable us to render this opinion.

Based on the foregoing assumptions and reliances, and subject to the qualifications stated herein, we are of the opinion that:

1. Based solely upon our review and discussions noted above, and in reliance upon the accuracy of the information contained in the aforementioned certificates, letters and opinions, but without having undertaken any independent investigation or verification of such information, nothing has come to the attention of the attorneys in our firm rendering legal services in accordance with this representation which leads us to believe that the Official Statements contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that we express no opinion regarding historical or projected financial information, demographic, statistical or operating data or information included in the Official Statements, including but not limited to appendices, schedules and exhibits thereto, or any information about The Depository Trust Company and its book entry system of registration.

2. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Bond Resolution and the Subordinated Bond Resolution (as both terms are defined in the Official Statements) are exempt from qualification under the Trust Indenture Act of 1939, as amended.

The opinions expressed herein are predicated upon present law, facts and circumstances; and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof or of any subsequent events or developments which might affect the opinions expressed herein. The opinions expressed herein represent professional judgment, and are not a guarantee of result.

The opinions expressed herein are limited to the laws of the State of Florida and the United States of America.

This opinion letter may be relied upon by you only and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent. This opinion letter is not rendered to, and may not be relied upon by, holders or owners of the Bonds. The opinions expressed herein are limited to the matters set forth herein, and to the documents referred to herein and do not extend to any other agreements, documents or instruments executed by the Issuer, and no other opinion should be inferred beyond the matters expressly stated herein

ANNEX E

[Form of Underwriters' Counsel Opinion]

_____, 20__

[Underwriters]
c/o _____
_____
_____

Re: $000,000,000 JEA Electric System Revenue Bonds, Series Three 2021/22X
$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriters") in connection with the purchase by the Underwriters from JEA of the captioned obligations designated Series Three 2021/22X (the "Series Three 2021/22X Bonds") and the captioned obligations designated 2021/22 Series X (the "2021/22 Series X Subordinated Bonds" and, together with the Series Three 2021/22X Bonds, the "Bonds"). As such counsel, we have examined the Official Statement, dated _____, 20__, relating to the Bonds (the "Official Statement"), the Bond Purchase Agreement, dated _____, 20__, by and between _____, as Representative of the Underwriters named therein and JEA, with respect to the Bonds (the "Bond Purchase Agreement"), the Resolution (as defined in the Bond Purchase Agreement), the Continuing Disclosure Agreement (as defined in the Bond Purchase Agreement), and such other matters as we have deemed necessary; and we have participated in discussions and conferences with members of JEA and its staff, bond counsel, JEA's financial advisor, and the independent certified public accountants with respect to matters contained and included by reference in the Official Statement.

From such examination, we are of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

We are not passing upon, do not assume responsibility for, and have not independently verified the accuracy, completeness, or fairness of the statements contained or included by reference in the Official Statement. In addition, we are not experts in evaluating the business, operations, or financial condition of public power authorities in general or JEA in particular. As your counsel we have participated in the preparation of the Official Statement and in the discussions referred to above with respect to the Official Statement. In the course of such preparation, discussions and review nothing has come to our attention which leads us to believe that the Official Statement (except for the appendices thereto and references to such appendices and the graphic, engineering, financial and statistical information, any information about book-entry or DTC (as such term is defined in the Official Statement), as to which we express no view) contains any untrue statement of a material fact or omits to state a material fact required to be

stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

We are further of the opinion that the Continuing Disclosure Agreement satisfies the requirements contained in Securities and Exchange Commission Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by said Rule.

We are furnishing this letter to you pursuant to Section 8(g) of the Bond Purchase Agreement solely for your benefit as Underwriters. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Respectfully submitted,

_____

ANNEX F

_____
_____
_____

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida 32202

Re: $000,000,000 JEA Electric System Revenue Bonds, Series Three 2021/22X
$000,000,000 JEA Electric System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

In connection with the proposed issuance by JEA (the "Issuer") of $000,000,000 in aggregate principal amount of Electric System Revenue Bonds, Series Three 2021/22X and $000,000,000 in aggregate principal amount of Electric System Subordinated Revenue Bonds, 2021/22 Series X (collectively, the "Bonds"), [Underwriters] (collectively, the "Underwriters") are preparing to underwrite a public offering of the Bonds. Arrangements for underwriting the Bonds will be pursuant to a Bond Purchase Agreement between the Issuer and the Underwriters.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

(a) The nature and estimated amounts of expenses to be incurred by the Underwriters in connection with the purchase and reoffering of the Bonds are set forth in Schedule I attached hereto.

(b) Based upon representations of the Underwriters, there are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the issuance of the Bonds.

(c) The underwriting spread (*i.e.*, the difference between the price at which the Bonds will be initially offered to the public by the Underwriters and the price to be paid to the Issuer for the Bonds) will be $_____ per $1,000 bond or $_____.

(d) The Underwriters will charge no management fee.

(e) There is no other fee, bonus or other compensation to be paid by the Underwriters in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriters, except as specifically enumerated as expenses

referred to in paragraph (a) above to be incurred by the Underwriters as set forth in Schedule I attached hereto.

(f) The names and addresses of the Underwriters are:

_____
_____
_____
_____
_____

_____
_____
_____
_____
_____

_____
_____
_____
_____
_____

We understand that you do not require any further disclosure from the Underwriters pursuant to Section 218.385(6), Florida Statutes, as amended.

Very truly yours,

[Underwriters]

_____

By: _____
Name:
Title:

SCHEDULE I

ESTIMATED UNDERWRITERS' FEE AND EXPENSES

Underwriters' Fee	Dollar Amount	Per $1,000 Bond
Average Takedown	$_____	$_____
Expenses:		
Underwriters' Counsel	_____	_____
Dalcomp	_____	_____
Dalnet	_____	_____
CUSIP	_____	_____
DTC	_____	_____
Additional Counsel Fee	_____	_____
(_____)	_____	_____
Total Fees and Expenses	$_____	$_____

ANNEX G

REFUNDED BONDS

[Insert name(s) of Series]

ESCROW DEPOSIT AGREEMENT

relating to

JEA
ELECTRIC SYSTEM REVENUE BONDS,
SERIES THREE 2021/22X

THIS ESCROW DEPOSIT AGREEMENT, dated as of _____ __, 20__, by and between JEA, a public body corporate and politic organized under the laws of the State of Florida and _____, as Escrow Agent;

WITNESSETH:

WHEREAS, JEA has previously authorized and issued obligations of JEA as hereinafter set forth and defined as the "Refunded Obligations," as to which the Aggregate Debt Service (as hereinafter defined) is set forth on Schedule A attached hereto; and

WHEREAS, JEA has determined to provide for refunding of the Aggregate Debt Service of the Refunded Obligations by depositing with the Escrow Agent cash and Defeasance Securities, which will be sufficient to pay the Aggregate Debt Service on the Refunded Obligations; and

WHEREAS, in order to obtain a portion of the funds needed for such purpose JEA has authorized and is, concurrently with the delivery of this Agreement, issuing its Electric System Revenue Bonds, Series Three 2021/22X; and

WHEREAS, JEA has determined that the amount to be on deposit, from time to time, in the Escrow Account, as defined herein, will be sufficient to pay the Aggregate Debt Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, JEA and the Escrow Agent agree as follows:

SECTION 1. Definitions. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution (as defined below). As used herein, the following terms shall have the following meanings:

(a) "Aggregate Debt Service" means the sum of all present and future Annual Debt Service payments then remaining unpaid with respect to the Refunded Obligations through the final Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(b) "Agreement" means this Escrow Deposit Agreement.

(c) "Annual Debt Service" means, in any year, the redemption price or principal of, and interest on, the Refunded Obligations coming due or being redeemed on the respective Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(d) "Defeasance Securities" means securities permitted by Section 17 of the Resolution.

(e) "Escrow Account" means the Escrow Account identified in Section 2 herein and established and held by the Escrow Agent pursuant to this Agreement in which a portion of the proceeds from the sale of the Bonds and certain other funds will be held for payment of the Refunded Obligations.

(f) "Escrow Agent" means [_____] with the power to accept trusts in the State of Florida.

(g) "Escrow Deposit Requirement" means, as of any date of calculation, the principal amount of cash and any Defeasance Securities in the Escrow Account which, together with the interest due on the Defeasance Securities, will be sufficient to pay, as the installments thereof become due, the Aggregate Debt Service.

(h) "Paying Agent" means _____ in its capacity as the paying agent for the Refunded Obligations.

(i) "Redemption Date" means the redemption date or dates for the Refunded Obligations, as set forth in Schedule B hereto.

(j) "Refunded Obligations" means the Electric System Revenue Bonds, Series Three listed in Schedule B hereto.

(k) "Resolution" means the resolution duly adopted by JEA on March 30, 1982, as amended and supplemented, and particularly as supplemented by resolutions adopted by JEA authorizing the issuance of the Refunded Obligations.

(l) "2021/22X Bonds" means the Electric System Revenue Bonds, Series Three 2021/22X of JEA.

SECTION 2. Deposit of Funds. With respect to the Refunded Obligations, JEA hereby deposits $_____ with the Escrow Agent in immediately available funds (the "Escrow Deposit Amount"), to be held in irrevocable escrow by the Escrow Agent in a separate escrow trust fund (the "Escrow Account") and applied solely as provided in this Agreement. JEA represents that (i) $_____ of such funds are derived by JEA from a portion of the proceeds of the 2021/22X Bonds and (ii) $_____ of such funds are derived by JEA from amounts on deposit in the Debt Service Account established pursuant to the Resolution.

JEA represents, that such funds, when applied pursuant to Section 3 below, will at least equal the Escrow Deposit Requirement as of the date hereof.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sum described in Section 2 and agrees:

(a) Concurrently with the receipt of the proceeds and other moneys as described in Section 2, the Escrow Agent will apply $_____ of such amount to the purchase of

$_____ aggregate principal or par amount of Defeasance Securities specifically described in Schedule D, and the remaining $_____ will be held as cash for the benefit of the holders of the Refunded Obligations. Defeasance Securities held by the Escrow Agent are to mature in such principal amounts and pay interest in such amounts and at such times so that sufficient moneys are available to pay when due the principal of and interest on all outstanding Refunded Obligations as further set forth in Schedule B;

(b) there will be no investment of funds except as set forth in this Section 3 and in Section 5;

(c) to hold the proceeds of all investments in the Escrow Account in such Account in trust (separate from all other funds of the Escrow Agent) for the benefit of the owners of the Refunded Obligations from the date of receipt thereof to the date on which such proceeds are scheduled to be paid out of the Escrow Account and applied only for the purposes thereof, as set forth on Schedule A attached hereto; and

(d) to hold the funds and securities in the Escrow Account in irrevocable escrow during the term of this Agreement.

SECTION 4. Payment of Refunded Obligations.

(a) ***Payment of Refunded Obligations.*** The Escrow Agent shall pay to the Paying Agent for the Refunded Obligations, from the cash on hand in the Escrow Account, a sum sufficient to pay the Annual Debt Service coming due on such date with respect to the Refunded Obligations, as shown on Schedule A attached hereto.

(b) ***Surplus.*** On the Redemption Date, after making the payment from the Escrow Account described in Subsection 4(a), the Escrow Agent shall pay to JEA the remaining cash, if any, in the Escrow Account. JEA shall apply the payment made to it hereunder to the payment of the principal of and interest on the 2021/22X Bonds or for other uses permitted under the Resolution, but the Escrow Agent shall have no duty or responsibility to ensure that JEA does so.

(c) ***Payments Due on Saturdays, Sundays and Holidays.*** If any payment date shall be a legal holiday or a day on which banking institutions in the city in which is located the designated office of the Paying Agent are authorized by law to remain closed, then the Escrow Agent may make the payments required by Subsections 4(a) and 4(b) to the Paying Agent or JEA, as the case may be, on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed.

SECTION 5. Reinvestment.

(a) Except as provided in Section 3 and this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Defeasance Securities held hereunder.

(b) At the written request of JEA and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of any of the

Defeasance Securities acquired hereunder and shall substitute other Defeasance Securities and reinvest any excess receipts in Defeasance Securities. JEA will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which will cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation. Such substitutions and reinvestments may be effected only if (i) an independent certified public accountant selected by JEA shall certify or opine in writing to JEA and the Escrow Agent that the cash and principal amount of Defeasance Securities remaining on hand after the transactions are completed will be not less than the Escrow Deposit Requirement, and (ii) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to JEA to the effect that the transactions, in and by themselves, will not cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation and such substitution is in compliance with this Agreement. Subsection 4(b) above notwithstanding, cash in excess of the Escrow Deposit Requirement caused by substitution of Defeasance Securities shall, as soon as practicable, be paid to JEA.

SECTION 6. Redemption of Refunded Obligations. JEA has exercised its option to redeem the Refunded Obligations prior to the maturity thereof on the Redemption Date as shown on Schedule B attached hereto.

SECTION 7. Redemption and Defeasance Notices. JEA has previously directed the Bond Registrar for the Refunded Obligations to give notice of redemption of such Refunded Obligations. JEA hereby directs _____ as Bond Registrar to provide notice of defeasance in the form provided in Schedule E attached hereto for the Refunded Obligations. Redemption notices and defeasance notices distributed by the Bond Registrar will be sent to bondholders pursuant to the Resolution, as supplemented, and will be distributed to the Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access system.

SECTION 8. Indemnity. To the extent permitted by applicable law, including but not limited to Section 768.28, Florida Statutes, JEA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by JEA or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; *provided*, *however*, that JEA shall not be required to indemnify the Escrow Agent, its successors, assigns, agents and servants against the negligence or willful misconduct of the Escrow Agent or its successors, assigns, agents and servants. In no event shall JEA or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section

shall survive the termination of this Agreement. Nothing in this Section contained shall give rise to any liability on the part of JEA in favor or any person other than the Escrow Agent.

SECTION 9. Responsibilities of Escrow Agent; Fees. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the retention of the Defeasance Securities or the proceeds thereof or any investment, payment, transfer, or other application of money or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties or non-willful misconduct. The Escrow Agent shall, however, be liable to JEA for its negligent acts, omissions or errors or willful misconduct which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of JEA. The fees of the Escrow Agent shall be paid by JEA at the time this Agreement is executed and delivered, such fees to be as set forth on Schedule C attached hereto. The Escrow Agent shall have no lien whatsoever upon any of the moneys or investments in the Escrow Account for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Obligations have been paid and discharged in accordance with the proceedings authorizing the Refunded Obligations.

SECTION 11. Amendments. This Agreement is made for the benefit of JEA and the holders from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and JEA; *provided*, *however*, that JEA and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Obligations, any additional rights, remedies, power or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject additional funds, securities or properties to this Agreement.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of JEA or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as duplicate originals and shall constitute and be one and the same instrument.

SECTION 14. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

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IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be executed by their duly authorized officers and JEA's official seal to be hereunto affixed and attested as of the date first above written.



JEA

ATTEST:

By: _____
Title:

By: _____
Secretary

Form Approved:

_____
Office of General Counsel

_____,
as Escrow Agent

By: _____
Its: _____

SCHEDULE A
REFUNDED OBLIGATIONS

The Aggregate Debt Service for the Refunded Obligations is shown in the following table:

Date	Interest	Principal Redeemed	Redemption Premium	Total
	$	$		$

SCHEDULE B
LIST OF REFUNDED OBLIGATIONS

The Refunded Bonds will consist of the Electric System Revenue Bonds, Series Three listed in the following table.

Series Three	Maturity Date (October 1)	Amount to be Refunded	Redemption Date	Redemption Price (expressed as a percentage of principal amount)	CUSIP*
		$		%	
Total					

* The CUSIP numbers listed here are provided for the convenience of readers. JEA is not responsible for the accuracy or completeness of such numbers.

SCHEDULE C
FEES OF ESCROW AGENT

The fee of the Escrow Agent for its services hereunder shall be $____; provided, JEA agrees to reimburse the Escrow Agent for its reasonable out-of-pocket expenses at cost.

SCHEDULE D

ESCROW DESCRIPTIONS DETAIL

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost

SCHEDULE E

NOTICE OF DEFEASANCE AND DESIGNATION OF CERTAIN BONDS FOR PRIOR REDEMPTION

JEA

ELECTRIC SYSTEM REVENUE BONDS

described in Exhibit A hereto*

NOTICE IS HEREBY GIVEN to the holders of JEA's Electric System Revenue Bonds described above and in Exhibit A attached hereto (the "Refunded Bonds") that JEA has (i) deposited on _____ with _____, the Escrow Agent for the Refunded Bonds, cash and Defeasance Securities which will provide monies sufficient to pay when due the interest on the Refunded Bonds through the redemption date or maturity date, as applicable, and the principal together with any applicable redemption premium thereon, free and clear of any trust, lien or pledge securing said Refunded Bonds or otherwise existing under the Resolution (as defined below) and (ii) irrevocably designated the Refunded Bonds which are subject to redemption prior to maturity for redemption as aforesaid. As a result of such deposit, said Refunded Bonds are deemed to have been paid and to be no longer Outstanding in accordance with the resolution authorizing the issuance of Electric System Revenue Bonds, adopted by JEA on March 30, 1982, as amended (the "Resolution"). Any such redemption does not apply to any bonds issued under the Resolution other than the Refunded Bonds. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution.

JEA

By: _____,
as Escrow Agent

Dated:

* No representation is made as to the accuracy of the CUSIP number either as printed on the Refunded Bonds or as set forth in this Notice.

EXHIBIT A

REFUNDED BONDS

Refunded Bonds	Par Amount to be Refunded	Outstanding Par Amount Prior to Refunding	Maturity (October 1)	Interest Rate	Redemption Date	Redemption Price	Original CUSIP* Number	Refunded CUSIP* Number	Unrefunded CUSIP* Number

NEW ISSUES - BOOK-ENTRY ONLY

RATINGS:
See "RATINGS" herein

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of JEA and continuing compliance by JEA with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the 2020A Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and, further, interest on the 2020A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that the 2020A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida (the "State"), except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. Bond Counsel will express no opinion as to any other tax consequences regarding the 2020A Bonds. Prospective purchasers of the 2020A Bonds should consult their own tax advisors as to the status of interest on the 2020A Bonds under the tax laws of any state other than the State. See "TAX MATTERS" herein.



$129,255,000 ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2020A
$92,415,000 ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, 2020 SERIES A

Dated: Date of Delivery **Due: October 1, as shown on the inside front cover**

This Official Statement relates to the sale and issuance by JEA of $129,255,000 in aggregate principal amount of its Electric System Revenue Bonds, Series Three 2020A (the "Series Three 2020A Bonds") and of $92,415,000 in aggregate principal amount of its Electric System Subordinated Revenue Bonds, 2020 Series A (the "2020 Series A Subordinated Bonds," together with the Series Three 2020A Bonds, the "2020A Bonds").

The Series Three 2020A Bonds will be issued pursuant to, among other things, that certain resolution adopted by JEA's governing board (the "JEA Board") on March 30, 1982 (as supplemented, amended and restated, the "Electric System Bond Resolution"), and particularly as supplemented by Resolution 2018-15, authorizing the Series Three 2020A Bonds, adopted by the JEA Board on December 11, 2018 (together with the Electric System Bond Resolution, the "Electric System Resolution"). See "APPENDIX B SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

The 2020 Series A Subordinated Bonds will be issued pursuant to, among other things, that certain resolution adopted by the JEA Board on August 16, 1988 (as supplemented, amended and restated, the «Subordinated Electric System Resolution») authorizing the issuance by JEA of Subordinated Bonds, and particularly as supplemented by that certain Fifty-Sixth Supplemental Subordinated Electric System Resolution, authorizing the 2020 Series A Subordinated Bonds, adopted by the JEA Board on December 11, 2018 (together with the Subordinated Electric System Resolution, the «Subordinated Resolution»). See «APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED RESOLUTION" attached hereto. Unless otherwise defined herein, capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings assigned thereto in the Electric System Resolution and the Subordinated Resolution, as applicable.

The proceeds of the Series Three 2020A Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of the Refunded Bonds (as defined herein) and (b) pay certain costs of issuance related to the Series Three 2020A Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The proceeds of the 2020 Series A Subordinated Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of the Refunded Subordinated Bonds (as defined herein) and (b) pay certain costs of issuance related to the 2020 Series A Subordinated Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2020A Bonds will be issued as fully registered bonds, in denominations of $5,000 each or integral multiples thereof, and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchases of beneficial ownership interests in the 2020A Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the 2020A Bonds so purchased. Payments of principal of, premium, if any, and interest on, any 2020A Bond will be made to Cede & Co., as nominee for DTC as registered owner of the 2020A Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners. See "DESCRIPTION OF THE SERIES THREE 2020A BONDS" and "DESCRIPTION OF THE 2020A SUBORDINATED BONDS" herein and "APPENDIX J BOOK-ENTRY ONLY SYSTEM" attached hereto.

Interest on the 2020A Bonds is payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2020. The 2020A Bonds will bear interest at the rates set forth on the inside cover of this Official Statement. See «DESCRIPTION OF THE SERIES THREE 2020A BONDS» and «DESCRIPTION OF THE 2020A SUBORDINATED BONDS» herein.

Certain of the 2020A Bonds may be subject to redemption prior to maturity. See «DESCRIPTION OF THE 2020A BONDS Redemption Provisions" and "DESCRIPTION OF THE 2020A SUBORDINATED BONDS Redemption Provisions" herein.

The Series Three 2020A Bonds will be special, limited obligations of JEA payable solely from and secured by a first lien upon and pledge of: (a) Net Revenues derived by JEA from operation of the Electric System and (b) amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution equally and ratably with the Outstanding Electric System Bonds and any Additional Parity Obligations issued on a parity with such Outstanding Electric System Bonds under the Electric System Resolution, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, including the payment of Contract Debts payable as a Cost of Operation and Maintenance from the Revenues of the Electric System, which are payable prior to any payments from Revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Outstanding Electric System Bonds and any Additional Parity Obligations issued on a parity with the Outstanding Electric System Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS" herein and "APPENDIX B SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

The 2020 Series A Subordinated Bonds will be special, limited obligations of JEA payable solely from and secured by a lien upon and pledge of: (a) amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (b) amounts on deposit in the Funds established under the Subordinated Resolution, including investments, if any, thereof, on a parity with the Outstanding Subordinated Bonds and any additional Subordinated Bonds issued on a parity with such Outstanding Subordinated Bonds under the Subordinated Resolution, junior and subordinate in all respects to the Outstanding Electric System Bonds and any Additional Parity Obligations issued on a parity with such Outstanding Electric System Bonds under the Electric System Resolution, including the Series Three 2020A Bonds, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, including the payment of Contract Debts payable as a Cost of Operation and Maintenance from the Revenues of the Electric System, which are payable prior to any payments from Revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Outstanding Electric System Bonds, any Additional Parity Obligations issued on a parity with the Outstanding Electric System Bonds, including the Series Three 2020A Bonds, the Outstanding Subordinated Bonds, and any additional Subordinated Bonds issued on a parity with such Outstanding Subordinated Bonds under the Subordinated Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A SUBORDINATED BONDS" herein and "APPENDIX C SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED RESOLUTION" attached hereto.

THE 2020A BONDS WILL NOT BE OR NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY OF JACKSONVILLE, FLORIDA (THE "CITY") OR JEA AS "BONDS" WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE, BUT WILL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE AMOUNTS AS PROVIDED IN THE ELECTRIC SYSTEM RESOLUTION AND THE SUBORDINATED RESOLUTION, AS APPLICABLE. NO HOLDER OR HOLDERS OF ANY 2020A BONDS WILL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR JEA, IF ANY, OR TAXATION IN ANY FORM OF ANY REAL PROPERTY IN THE CITY TO PAY THE 2020A BONDS OR INTEREST THEREON OR BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE CITY OR JEA EXCEPT FROM THE SPECIAL FUNDS CREATED BY THE ELECTRIC SYSTEM RESOLUTION AND THE SUBORDINATED RESOLUTION IN THE MANNER PROVIDED THEREIN. JEA HAS NO POWER TO LEVY TAXES FOR ANY PURPOSE.

This cover page contains certain limited information for quick reference only. It is not, and is not intended to be, a summary of the matters relating to the 2020A Bonds. Potential investors should read the entire Official Statement (including the cover page, the inside front cover page, and all appendices attached hereto) to obtain information essential to the making of an informed investment decision.

The 2020A Bonds are being offered when, as, and if issued by JEA and received by the Underwriters, subject to the prior sale and to withdrawal or modification of the offer without notice, and subject to the approving opinion of Greenberg Traurig, P.A., Orlando, Florida, in its capacity as Bond Counsel to JEA. Certain legal matters in connection with the 2020A Bonds will be passed upon for JEA by the Office of General Counsel of the City of Jacksonville, Florida, as counsel to JEA. Greenberg Traurig, P.A., Orlando, Florida, has served as Disclosure Counsel in connection with the 2020A Bonds. Certain legal matters in connection with the 2020A Bonds will be passed upon for the Underwriters by Rogers Towers, P.A., Jacksonville, Florida, as Underwriters' Counsel. PFM Financial Advisors LLC, Charlotte, North Carolina is serving as Financial Advisor to JEA. The 2020A Bonds are expected to be delivered through the book-entry system of DTC on or about July 22, 2020.

J.P. MORGAN

Barclays **Goldman Sachs & Co. LLC** **Morgan Stanley**
RBC Capital Markets **US Bancorp** **Wells Fargo Securities**

July 10, 2020

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, AND INITIAL CUSIP NUMBERS

$129,255,000
JEA
ELECTRIC SYSTEM REVENUE BONDS, SERIES THREE 2020A

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2026	$ 665,000	5.000%	0.890%	124.704	46613SPZ7
2027	2,815,000	5.000	1.040	127.370	46613SQA1
2028	2,170,000	5.000	1.180	129.742	46613SQB9
2029	1,655,000	5.000	1.270	132.261	46613SQC7
2030	6,415,000	5.000	1.360(c)	132.944	46613SQD5
2031	5,500,000	5.000	1.460(c)	131.881	46613SQE3
2032	1,685,000	5.000	1.560(c)	130.827	46613SQF0
2033	2,215,000	5.000	1.650(c)	129.888	46613SQG8
2034	17,080,000	5.000	1.660(c)	129.784	46613SQH6
2035	16,805,000	5.000	1.690(c)	129.473	46613SQJ2
2036	12,695,000	4.000	1.880(c)	118.700	46613SQK9
2037	16,210,000	4.000	1.920(c)	118.312	46613SQL7
2038	16,430,000	4.000	1.960(c)	117.924	46613SQM5
2039	14,865,000	4.000	2.000(c)	117.538	46613SQN3
2040	6,070,000	3.000	2.340(c)	105.691	46613SQP8
2041	5,980,000	3.000	2.380(c)	105.335	46613SQQ6

† Initial CUSIP® numbers have been assigned to the Series Three 2020A Bonds by an organization not affiliated with JEA or the Financial Advisor (as defined herein) and are included for the convenience of the owners of the Series Three 2020A Bonds only at the time of original issuance of the Series Three 2020A Bonds. CUSIP® is a registered trademark of the American Bankers Association. None of JEA, the Financial Advisor or the Underwriters or their agents or counsel is responsible for the selection, use or accuracy of the CUSIP® numbers nor is any representation made as to their correctness with respect to the Series Three 2020A Bonds as included herein or at any time in the future. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Series Three 2020A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series Three 2020A Bonds.

(c) Yield calculated to the first optional redemption date of April 1, 2030.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, AND INITIAL CUSIP NUMBERS

$92,415,000
JEA
ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, 2020 SERIES A

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2028	$12,830,000	5.000%	1.280%	128.840	46613SQR4
2029	575,000	5.000	1.370	131.248	46613SQS2
2030	10,105,000	5.000	1.460(c)	131.881	46613SQT0
2031	7,970,000	5.000	1.560(c)	130.827	46613SQU7
2032	8,765,000	5.000	1.660(c)	129.784	46613SQV5
2033	3,130,000	5.000	1.760(c)	128.750	46613SQW3
2034	1,215,000	5.000	1.790(c)	128.442	46613SQX1
2035	23,925,000	4.000	1.990(c)	117.635	46613SQY9
2036	9,125,000	4.000	2.050(c)	117.058	46613SQZ6
2037	5,905,000	4.000	2.090(c)	116.675	46613SRA0
2038	8,870,000	4.000	2.130(c)	116.294	46613SRB8

† Initial CUSIP® numbers have been assigned to the 2020 Series A Subordinated Bonds by an organization not affiliated with JEA or the Financial Advisor (as defined herein) and are included for the convenience of the owners of the 2020 Series A Subordinated Bonds only at the time of original issuance of the 2020 Series A Subordinated Bonds. CUSIP® is a registered trademark of the American Bankers Association. None of JEA, the Financial Advisor or the Underwriters or their agents or counsel is responsible for the selection, use or accuracy of the CUSIP® numbers nor is any representation made as to their correctness with respect to the 2020 Series A Subordinated Bonds as included herein or at any time in the future. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the 2020 Series A Subordinated Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Series A Subordinated Bonds.

(c) Yield calculated to the first optional redemption date of April 1, 2030.

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JEA

BOARD MEMBERSHIP

John D. Baker II, *Chair*
Robert L. Stein, *Vice Chair*
Martha T. Lanahan, *Secretary*
Joseph P. DiSalvo
Dr. A. Zachary Faison, Jr.
Dr. Leon L. Haley, Jr.
Thomas VanOsdol

MANAGEMENT

Paul E. McElroy, *Interim Managing Director and Chief Executive Officer*
Brian J. Roche, *Interim Chief Financial Officer*
Ricky D. Erixton, *Interim General Manager, Electric Systems*
Hai X. Vu, *Interim General Manager, Water/Wastewater Systems*
Kurtis R. Wilson, *Interim Chief Government Affairs Officer*
R. Bruce Dugan, *Interim Chief Customer Officer*
Steven V. Tuten, *Interim Chief Compliance Officer*
Jody L. Brooks, *Chief Legal Officer*
Angelia R. Hiers, *Interim Chief Human Resources Officer*
Stephen H. Datz, *Interim Chief Information Officer*
Alan D. McElroy, *Interim Chief Supply Chain Officer*
O. Wayne Young, *Interim Chief Environmental Services Officer*
Joseph E. Orfano, *Treasurer*

GENERAL COUNSEL

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

CONSULTANTS TO JEA

Bond Counsel
Greenberg Traurig, P.A.
Orlando, Florida

Disclosure Counsel
Greenberg Traurig, P.A.
Orlando, Florida

Financial Advisor
PFM Financial Advisors LLC
Charlotte, North Carolina

Independent Auditors
Ernst & Young, LLP
Jacksonville, Florida

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This Official Statement does not constitute a contract between JEA or the Underwriters and any one or more owners of the 2020A Bonds, nor does it constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2020A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale in such jurisdiction.

No dealer, broker, salesman, or any other person has been authorized by JEA to give any information or to make any representations, other than those contained in this Official Statement or included herein by specific reference, and if given or made, such other information or representations must not be relied upon as having been authorized by JEA or any other person.

The information and expressions of opinion in this Official Statement are subject to change without notice, and this Official Statement speaks only as of its date. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. Except as otherwise indicated, the information contained in this Official Statement, including in the appendices attached hereto, has been obtained from representatives of JEA and from public documents, records and other sources considered to be reliable.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering of the 2020A Bonds the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of such bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The 2020A Bonds have not been registered with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, nor has the Electric System Resolution or the Subordinated Resolution been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the 2020A Bonds in accordance with applicable provisions of the securities laws of the states, if any, in which the 2020A Bonds have been registered or qualified and the exemption from registration or qualification in certain other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the 2020A Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

In making an investment decision, investors must rely on their own examination of JEA and the Electric System, and the terms of the offering, including the merits and risks involved. The 2020A Bonds have not been recommended by any federal or state securities commission or regulatory authority. Any representation to the contrary may be a criminal offense.

The order and placement of information in this Official Statement, including the appendices attached hereto, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices attached hereto, should be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

This Official Statement is being provided to prospective purchasers in either bound or printed format ("Original Bound Format"), or in electronic format on the following website: www.munios.com. This Official Statement may be relied on only if it is in its original bound format, or if it is printed or saved in full directly from such website.

Except as specifically provided herein, references to website addresses presented herein, including JEA's website or any other website containing information about JEA, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose including for purposes of Rule 15c2-12 of the SEC ("Rule 15c2-12") promulgated pursuant to the Securities Exchange Act of 1934.

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OFFICIAL STATEMENT

relating to

$129,255,000
JEA ELECTRIC SYSTEM REVENUE BONDS,
SERIES THREE 2020A

$92,415,000
JEA ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS,
2020 SERIES A

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, the inside front cover page, and the appendices attached hereto, is to provide information concerning the issuance and sale by JEA of $129,255,000 in aggregate principal amount of its Electric System Revenue Bonds, Series Three 2020A (the "Series Three 2020A Bonds") and $92,415,000 in aggregate principal amount of its Electric System Subordinated Revenue Bonds, 2020 Series A (the "2020 Series A Subordinated Bonds," together with the Series Three 2020A Bonds, the "2020A Bonds"). Unless otherwise defined herein, capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings assigned thereto in the hereinafter defined Electric System Resolution and the Subordinated Resolution, as applicable.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, the more complete and detailed information contained in the entire Official Statement, including the inside cover page and the appendices attached hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein if necessary. The offering of the 2020A Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. No person is authorized to detach this Introduction from this Official Statement or to otherwise use it without the entire Official Statement including the appendices attached hereto.

Authorization for the 2020A Bonds

The 2020A Bonds will be issued pursuant to various provisions of law, including: (a) Article 21 of the Charter of the City of Jacksonville, Florida (the "Charter"), as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended (the "Act") and (b) Ordinances 88-1108-554, 92-1411-902, 95-736-450, 1999-797-E, 2001-664-E, 2003-844-E, 2005-460-E, 2008-581-E and 2013-490-E, enacted by the Council of the City of Jacksonville, Florida (the "Council"). JEA has authorized the issuance of:

(a) the Series Three 2020A Bonds pursuant to that certain resolution adopted by JEA's governing board (the "JEA Board") on March 30, 1982 (as supplemented, amended and restated, the "Electric System Bond Resolution"), and particularly as supplemented by Resolution 2018-15, authorizing the Series Three 2020A Bonds, adopted by the JEA Board (as defined herein) on December 11, 2018 (the "Supplemental Resolution," together with the Electric System Bond Resolution, the "Electric System Resolution") and (b) the 2020 Series A Subordinated Bonds pursuant to that certain resolution adopted by the JEA Board on August 16, 1988 (as supplemented, amended and restated, the "Subordinated Electric System Resolution") authorizing the issuance by JEA of Subordinated Bonds, and particularly as supplemented by that certain Fifty-Sixth Supplemental Subordinated Electric System Resolution, authorizing the 2020 Series A Subordinated Bonds, adopted by the JEA Board on December 11, 2018 (the "Fifty-Sixth Supplemental Subordinated Electric System Resolution," together with the Subordinated Electric System Resolution, the "Subordinated Resolution"). See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED RESOLUTION" attached hereto.

JEA

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City of Jacksonville, Florida (the "City"). 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. See "JEA" herein.

Electric System

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 Official Statement, 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 SYSTEM" herein.

Purpose of the 2020A Bonds

The proceeds of the Series Three 2020A Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of the hereinafter defined Refunded Bonds and (b) pay certain costs of issuance related to the Series Three 2020A Bonds.

The proceeds of the 2020 Series A Subordinated Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of

the hereinafter defined Refunded Subordinated Bonds and (b) pay certain costs of issuance related to the 2020 Series A Subordinated Bonds.

See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Description of the 2020A Bonds

The 2020A Bonds will be issued as fully registered bonds, in denominations of $5,000 each or integral multiples thereof, and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchases of beneficial ownership interests in the 2020A Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the 2020A Bonds so purchased. Payments of principal of, premium, if any, and interest on, any 2020A Bond will be made to Cede & Co., as nominee for DTC as registered owner of the 2020A Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners. See "DESCRIPTION OF THE SERIES THREE 2020A BONDS" and "DESCRIPTION OF THE 2020A SUBORDINATED BONDS" herein and "APPENDIX J - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Interest on the 2020A Bonds is payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2020. The 2020A Bonds will bear interest at the rates set forth on the inside cover of this Official Statement. See "DESCRIPTION OF THE SERIES THREE 2020A BONDS" and "DESCRIPTION OF THE 2020A SUBORDINATED BONDS" herein.

Certain of the 2020A Bonds may be subject to redemption prior to maturity. See "DESCRIPTION OF THE 2020A BONDS - Redemption Provisions" and "DESCRIPTION OF THE 2020A SUBORDINATED BONDS - Redemption Provisions" herein.

Security and Sources of Payment for the 2020A Bonds

Series Three 2020A Bonds. The Series Three 2020A Bonds will be special, limited obligations of JEA payable solely from and secured by a first lien upon and pledge of: (a) Net Revenues derived by JEA from operation of the Electric System and (b) amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution equally and ratably with the Outstanding Electric System Bonds and any Additional Parity Obligations issued on a parity with such Outstanding Electric System Bonds under the Electric System Resolution, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, including the payment of Contract Debts payable as a Cost of Operation and Maintenance from the Revenues of the Electric System, which are payable prior to any payments from Revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Outstanding Electric System Bonds and any Additional Parity Obligations issued on a parity with the Outstanding Electric System Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

2020 Series A Subordinated Bonds. The 2020 Series A Subordinated Bonds will be special, limited obligations of JEA payable solely from and secured by a lien upon and pledge of: (a) amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (b) amounts on deposit in the Funds established under the Subordinated Resolution, including investments, if any, thereof, on a parity with the Outstanding Subordinated Bonds and any additional Subordinated Bonds issued on a parity with such Outstanding Subordinated Bonds under the Subordinated Resolution, junior and subordinate in all respects to the Outstanding Electric System Bonds and any Additional Parity Obligations issued on a parity with such Outstanding Electric System Bonds under the Electric System Resolution, including the Series Three 2020A Bonds, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, including the payment of Contract Debts payable as a Cost of Operation and Maintenance from the Revenues of the Electric System, which are payable prior to any payments from Revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Outstanding Electric System Bonds, any Additional Parity Obligations issued on a parity with the Outstanding Electric System Bonds, including the Series Three 2020A Bonds, the Outstanding Subordinated Bonds, and any additional Subordinated Bonds issued on a parity with such Outstanding Subordinated Bonds under the Subordinated Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A SUBORDINATED BONDS" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED RESOLUTION" attached hereto.

THE 2020A BONDS WILL NOT BE OR NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY OR JEA AS "BONDS" WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE, BUT WILL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE AMOUNTS AS PROVIDED IN THE ELECTRIC SYSTEM RESOLUTION AND THE SUBORDINATED RESOLUTION, AS APPLICABLE. NO HOLDER OR HOLDERS OF ANY 2020A BONDS WILL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR JEA, IF ANY, OR TAXATION IN ANY FORM OF ANY REAL PROPERTY IN THE CITY TO PAY THE 2020A BONDS OR INTEREST THEREON OR BE ENTITLED TO PAYMENT OF SUCH PRINCIPAL AND INTEREST FROM ANY OTHER FUNDS OF THE CITY OR JEA EXCEPT FROM THE SPECIAL FUNDS CREATED BY THE ELECTRIC SYSTEM RESOLUTION AND THE SUBORDINATED RESOLUTION IN THE MANNER PROVIDED THEREIN. JEA HAS NO POWER TO LEVY TAXES FOR ANY PURPOSE.

Continuing Disclosure

In order to assist the Underwriters (as defined herein) in complying with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as in effect on the date hereof (the "Rule"), simultaneously with the issuance of the 2020A Bonds, JEA, as an "obligated person" under the Rule, will execute and deliver a continuing disclosure agreement under which JEA will undertake to provide continuing disclosure with respect to the 2020A

Bonds and the Electric System for the benefit of the holders of the 2020A Bonds (the "Continuing Disclosure Agreement"). See "CONTINUING DISCLOSURE" herein and "APPENDIX I - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the appendices attached hereto contain brief descriptions of, among other matters, JEA, the Electric System, the 2020A Bonds, the security and sources of payment for the 2020A Bonds, the Electric System Resolution, the Subordinated Resolution, and the Continuing Disclosure Agreement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Electric System Resolution, the Subordinated Resolution, and the Continuing Disclosure Agreement, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series Three 2020A Bonds and the 2020 Series A Subordinated Bonds are qualified in their entirety to the forms thereof included in the Supplemental Resolution and the Fifty-Sixth Supplemental Subordinated Resolution, respectively. Copies of the Electric System Resolution, the Subordinated Resolution, and other relevant documents and information are available, upon written request and payment of a charge for copying, mailing and handling, from: Treasurer, JEA, 21 W. Church Street, Jacksonville, Florida 32202, (904) 665-7410.

PLAN OF REFUNDING

Series Three 2020A Bonds

The proceeds of the Series Three 2020A Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of certain of JEA's outstanding Electric System Bonds, as further described in "APPENDIX K-1 - REFUNDED BONDS" attached hereto (the "Refunded Bonds") and (b) pay certain costs of issuance related to the Series Three 2020A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

To effect the refunding of the Refunded Bonds, JEA will enter into an escrow deposit agreement with U.S. Bank National Association, as escrow agent (in that capacity, the "Escrow Agent") on or prior to the delivery of the Series Three 2020A Bonds (the "Refunded Bonds Escrow Deposit Agreement"). Pursuant to the terms of the Refunded Bonds Escrow Deposit Agreement, on the date of issuance of the Series Three 2020A Bonds, JEA will deposit a portion of the proceeds of the Series Three 2020A Bonds and certain other available funds of JEA with the Escrow Agent for deposit to the credit of the escrow account for the Refunded Bonds established under the Electric System Resolution and the Refunded Bonds Escrow Deposit Agreement. Such funds will be sufficient to pay the principal or redemption price of and accrued interest on the Refunded Bonds on the dates set forth in the Refunded Bonds Escrow Deposit Agreement. Upon deposit of such funds with the Escrow Agent pursuant to the Refunded Bonds Escrow Deposit Agreement and compliance with certain other provisions of the Electric System Resolution, the Refunded Bonds will no longer be deemed "outstanding" within the meaning of

the Electric System Resolution. The amounts held by the Escrow Agent in the escrow account for the Refunded Bonds will not be available to pay debt service on the 2020A Bonds.

2020 Series A Subordinated Bonds

The proceeds of the 2020 Series A Subordinated Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of certain of JEA's outstanding Subordinated Bonds, as further described in "APPENDIX K-2 - REFUNDED SUBORDINATED BONDS" attached hereto (the "Refunded Subordinated Bonds") and (b) pay certain costs of issuance related to the 2020 Series A Subordinated Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

To effect the refunding of the Refunded Subordinated Bonds, JEA will enter into an escrow deposit agreement with the Escrow Agent on or prior to the delivery of the 2020 Series A Subordinated Bonds (the "Refunded Subordinated Bonds Escrow Deposit Agreement"). Pursuant to the terms of the Refunded Subordinated Bonds Escrow Deposit Agreement, on the date of issuance of the 2020 Series A Subordinated Bonds, JEA will deposit a portion of the proceeds of the 2020 Series A Subordinated Bonds and certain other available funds of JEA with the Escrow Agent for deposit to the credit of the escrow account for the Refunded Subordinated Bonds established under the Subordinated Resolution and the Refunded Subordinated Bonds Escrow Deposit Agreement. Such funds will be sufficient to pay the principal or redemption price of and accrued interest on the Refunded Subordinated Bonds on the dates set forth in the Refunded Subordinated Bonds Escrow Deposit Agreement. Upon deposit of such funds with the Escrow Agent pursuant to the Refunded Subordinated Bonds Escrow Deposit Agreement and compliance with certain other provisions of the Subordinated Resolution, the Refunded Subordinated Bonds will no longer be deemed "outstanding" within the meaning of the Subordinated Resolution. The amounts held by the Escrow Agent in the escrow account for the Refunded Subordinated Bonds will not be available to pay debt service on the 2020A Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2020A Bonds, together with any additional funds made available by JEA, are expected to be applied as follows:

	Series Three 2020A Bonds	2020 Series A Subordinated Bonds	Total
Sources of Funds:			
Par Amount	$129,255,000.00	$92,415,000.00	$221,670,000.00
Bond Premium	28,761,133.45	21,620,000.65	50,381,134.10
Transfer from Debt Service Account[(1)(2)]	1,826,359.31	1,349,645.53	3,176,004.84
Transfer from Initial Subaccount of the Debt Service Reserve Account[(1)]	2,955,093.68	-	2,955,093.68
Total Sources of Funds	$162,797,586.44	$115,384,646.18	$278,182,232.62
Uses of Funds:			
Deposit to Escrow Account for Refunded Bonds	$161,920,025.39	-	$161,920,025.39
Deposit to Escrow Account for Refunded Subordinated Bonds	-	$114,777,152.84	114,777,152.84
Costs of Issuance[(3)]	877,561.05	607,493.34	1,485,054.39
Total Uses of Funds	$162,797,586.44	$115,384,646.18	$278,182,232.62

(1) A portion of the Refunded Bonds to be refunded by the Series Three 2020A Bonds will be paid from: (a) transfers from the applicable prior bond funds and accounts and (b) the release of funds on deposit in the Initial Subaccount of the Debt Service Reserve Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS – Debt Service Reserve Account" herein.

(2) A portion of the Refunded Subordinated Bonds to be refunded by the 2020 Series A Subordinated Bonds will be paid from transfers from the applicable prior bond funds and accounts.

(3) Includes, among other things, underwriters' discount, legal, financial, advisory and other consultant fees, initial fees of the bond registrar and paying agent, rating agency fees, printing costs, and other miscellaneous fees and costs with respect to the 2020A Bonds.

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DESCRIPTION OF THE SERIES THREE 2020A BONDS

General

The Series Three 2020A Bonds will be dated as of their date of delivery and will bear interest at the rates set forth on the inside front cover page of this Official Statement, payable semiannually on each April 1 and October 1, commencing October 1, 2020. Subject to redemption prior to maturity, the Series Three 2020A Bonds will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement. See "DESCRIPTION OF THE SERIES THREE 2020A BONDS - Redemption Provisions" below.

The Series Three 2020A Bonds will be issued as fully registered bonds, in denominations of $5,000 each or integral multiples thereof, and initially will be registered in the name of Cede & Co., as nominee of DTC. Purchases of beneficial ownership interests in the Series Three 2020A Bonds will be made in book-entry form only; and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the Series Three 2020A Bonds so purchased. Payments of principal of, premium, if any, and interest on, any Series Three 2020A Bond will be made to Cede & Co., as nominee for DTC as registered owner of the Series Three 2020A Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners. See "APPENDIX J - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Redemption Provisions

Optional Redemption. The Series Three 2020A Bonds maturing before October 1, 2030 are not subject to redemption prior to maturity. The Series Three 2020A Bonds maturing on and after October 1, 2030 are subject to redemption prior to maturity on any date on and after April 1, 2030, at the option of JEA, as a whole or in part at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date.

Selection of Series Three 2020A Bonds to be Redeemed

Notwithstanding any other provision of the Electric System Resolution to the contrary, so long as any Series Three 2020A Bonds is registered in the name of Cede, as nominee of DTC, if less than all of the Series Three 2020A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity of Series Three 2020A Bonds to be redeemed. See "APPENDIX J - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Notice of Redemption

Notice of redemption of the Series Three 2020A Bonds shall, at least 30 days prior to the redemption date (a) be filed with the Paying Agent, and (b) be mailed, postage prepaid, to all Registered Owners of Series Three 2020A Bonds to be redeemed at their address as they appear of record on the books of the Registrar as of 45 days prior to the date fixed for redemption. Unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, interest shall cease to accrue on any Series Three 2020A Bond duly called for

prior redemption on the redemption date, if payment thereof has been duly provided. The privilege of transfer or exchange of any of the Series Three 2020A Bonds so called for redemption is suspended for a period commencing 15 calendar days preceding the mailing of the notice of redemption and ending on the date fixed for redemption.

Notwithstanding the foregoing, so long as any Series Three 2020A Bond is registered in the name of Cede, as nominee of DTC, all notices with respect to such Series Three 2020A Bond shall be made and given, respectively, to DTC. See "APPENDIX J - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Registration and Transfer

The Registrar will maintain the registry books of JEA for the Series Three 2020A Bonds. The Registrar will also authenticate the Series Three 2020A Bonds issued under the Electric System Resolution or issued in exchange or in replacement for Series Three 2020A Bonds previously issued.

Upon surrender to the Registrar for transfer or exchange of any Series Three 2020A Bonds, duly endorsed for transfer or accompanied by an assignment or written authorization for exchange, whichever is applicable, duly executed by the Registered Owner or his attorney duly authorized in writing, the Registrar shall deliver in the name of the Registered Owner or the transferee or transferees, as the case may be, a new fully registered Series Three 2020A Bond or Series Three 2020A Bonds of authorized denominations of the same series, installment within a series, maturity and interest rate for the aggregate principal amount which the Registered Owner is entitled to receive.

All Series Three 2020A Bonds presented for transfer, exchange, redemption or payment (if so required by JEA or the Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization of exchange, in form and with guaranty of signature satisfactory to JEA or the Registrar, duly executed by the Registered Owner or by his duly authorized attorney. JEA and the Registrar may charge the Registered Owner or the transferee or transferees, as the case may be, a sum sufficient to reimburse them for any expenses incurred in making any exchange or transfer of the Series Three 2020A Bonds.

The Registrar or JEA may also require payment from the Registered Owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Series Three 2020A Bond shall be delivered.

New Series Three 2020A Bonds delivered upon any transfer or exchange shall be valid obligations of JEA, evidencing the same debt as the Series Three 2020A Bonds surrendered, shall be secured by the Electric System Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Series Three 2020A Bond surrendered. JEA, its agents and the Registrar may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Series Three 2020A Bond shall be overdue, and shall not be bound by any notice to the contrary. The person in whose name any Bond is registered may be

deemed the owner thereof by JEA, its agents and the Registrar, and any notice to the contrary shall not be binding upon JEA, its agents or the Registrar.

DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS

General

The Series Three 2020A Bonds will be dated as of their date of delivery and will bear interest at the rates set forth on the inside front cover page of this Official Statement, payable semiannually on each April 1 and October 1, commencing October 1, 2020. Subject to redemption prior to maturity, the Series Three 2020A Bonds will mature on the dates and in the amounts set forth on the inside front cover page of this Official Statement. See "DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS - Redemption Provisions" below.

The 2020 Series A Subordinated Bonds will be issued as fully registered bonds, in denominations of $5,000 each or integral multiples thereof, and initially will be registered in the name of Cede & Co., as nominee of DTC. Purchases of beneficial ownership interests in the 2020 Series A Subordinated Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the 2020 Series A Subordinated Bonds so purchased. Payments of principal of, premium, if any, and interest on, any 2020 Series A Subordinated Bond will be made to Cede & Co., as nominee for DTC as registered owner of the 2020 Series A Subordinated Bonds, by U.S. Bank National Association, as subordinated bond registrar and paying agent (the "Subordinated Bond Registrar and Paying Agent"), to be subsequently disbursed to the Beneficial Owners. See "APPENDIX J - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Redemption Provisions

Optional Redemption. The 2020 Series A Subordinated Bonds maturing before October 1, 2030 are not subject to redemption prior to maturity. The 2020 Series A Subordinated Bonds maturing on and after October 1, 2030 are subject to redemption prior to maturity on any date on and after April 1, 2030, at the option of JEA, as a whole or in part at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date.

Selection of 2020 Series A Subordinated Bonds to be Redeemed

Notwithstanding any other provision of the Subordinated Resolution to the contrary, so long as any 2020 Series A Subordinated Bonds is registered in the name of Cede, as nominee of DTC, if less than all of the 2020 Series A Subordinated Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity of 2020 Series A Subordinated Bonds to be redeemed. See "APPENDIX J - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Notice of Redemption

JEA shall give notice, or provide for the giving of notice, of the redemption of such 2020 Series A Subordinated Bonds, which notice shall specify the Series, maturities and interest rates within maturities, if any, of the 2020 Series A Subordinated Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the 2020 Series A Subordinated Bonds of any like Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such 2020 Series A Subordinated Bonds so to be redeemed, and, in the case of 2020 Series A Subordinated Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date, if there shall be sufficient moneys available therefor, then there shall become due and payable upon each 2020 Series A Subordinated Bonds to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of 2020 Series A Subordinated Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be mailed by first class mail, postage prepaid, by or on behalf of JEA, not less than 30 days before the redemption date, to the Holders of any 2020 Series A Subordinated Bonds or portions of 2020 Series A Subordinated Bonds which are to be redeemed, at their last addresses appearing upon the registry books.

Notwithstanding the foregoing, so long as any 2020 Series A Subordinated Bond is registered in the name of Cede, as nominee of DTC, all notices with respect to such 2020 Series A Subordinated Bond shall be made and given, respectively, to DTC. See "APPENDIX J - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Registration and Transfer

The Subordinated Bond Registrar will maintain the registry books of JEA for the 2020 Series A Subordinated Bonds. The Subordinated Bond Registrar has also been designated as Authenticating Agent for purposes of authenticating the 2020 Series A Subordinated Bonds issued under the Subordinated Resolution or issued in exchange or in replacement for 2020 Series A Subordinated Bonds previously issued.

In all cases in which the privilege of exchanging or transferring 2020 Series A Subordinated Bonds is exercised, the appropriate officers of JEA shall execute and the Subordinated Bond Registrar therefor or its agent shall authenticate and deliver 2020 Series A Subordinated Bonds in accordance with the provisions of the Subordinated Resolution. All 2020 Series A Subordinated Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Subordinated Bond Registrar therefor and cancelled or retained by such Subordinated Bond Registrar. For every such exchange or transfer of 2020 Series A Subordinated Bonds, JEA or the Subordinated Bond Registrar therefor may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither JEA nor the Subordinated Bond Registrar therefor shall be required (a) to transfer or exchange 2020 Series A Subordinated Bonds of any Series for the period next preceding any interest payment date for the 2020 Series A Subordinated Bonds of such Series beginning with the Regular Record Date for such interest payment date and ending

on such interest payment date, or for the period next preceding any date for the proposed payment of Defaulted Interest with respect to such 2020 Series A Subordinated Bonds beginning with the Special Record Date for the date of such proposed payment and ending on the date of such proposed payment, (b) to transfer or exchange 2020 Series A Subordinated Bonds of any Series for a period beginning 15 days before the mailing of any notice of redemption and ending on the day of such mailing, or (c) to transfer or exchange any 2020 Series A Subordinated Bonds called for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS

The information under this caption relates solely to the Series Three 2020A Bonds. For a description of the security and sources of payment for the 2020 Series A Subordinated Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A SUBORDINATED BONDS" herein.

General

The Bonds issued under the Electric System Resolution are referred to herein as the "Electric System Bonds." Under the terms of the Electric System Resolution, the payment of the principal of and interest on all Electric System Bonds, including the Series Three 2020A Bonds, is secured equally and ratably by an irrevocable first lien on (a) the Net Revenues derived from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and such Net Revenues and such amounts are irrevocably pledged to the payment of the principal of and interest on the Electric System Bonds, including the Series Three 2020A Bonds. **The payment of Contract Debts payable as a Cost of Operation and Maintenance from the Revenues of the Electric System, are payable prior to any payments from Revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Outstanding Electric System Bonds and any Additional Parity Obligations issued on a parity with the Outstanding Electric System Bonds.** See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

The term "Net Revenues" is defined in the Electric System Resolution to mean the Revenues or Gross Revenues after deduction of the Cost of Operation and Maintenance. The term "Revenues" or "Gross Revenues" is defined in the Electric System Resolution to mean all income or earnings, including any income from the investment of funds which is deposited in the Revenue Fund as provided in the Electric System Resolution, derived by JEA from the ownership or operation of the Electric System. Gross Revenues does not include customers' deposits and any other deposits subject to refund unless such deposits have become property of JEA. For any purpose of the Electric System Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, "Gross Revenues" or "Revenues"

includes such amounts derived by JEA from the ownership or operation of the Electric System during such period plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period (excluding from (x) amounts, if any, included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Electric System Resolution) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall not constitute "Gross Revenues" or "Revenues" for any purpose of the Electric System Resolution. For the definition of the term "Cost of Operation and Maintenance," see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Cost of Operation and Maintenance" below.

In addition, the payment of the principal of and interest on the Additionally Secured Bonds (as defined in the Electric System Resolution) is additionally secured by the amounts on deposit in the separate subaccount in the Debt Service Reserve Account in the Sinking Fund designated therefor as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and such amounts are irrevocably pledged to the payment of the principal of and interest on the Additionally Secured Bonds of such series. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Debt Service Reserve Account" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

Cost of Operation and Maintenance

The term "Cost of Operation and Maintenance" is defined in the Electric System Resolution to mean the current expenses, paid or accrued, of operation, maintenance and repair of the Electric System, including administration costs, as calculated in accordance with generally accepted accounting principles, and includes all Contract Debts as defined in the Electric System Resolution, but does not include any reserve for renewals and replacements or any allowance for depreciation or amortization and there is included in the Cost of Operation and Maintenance only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the Electric System. For the definition of the term "Contract Debts," see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Contract Debts" below and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

Contract Debts

Contract Debts payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution 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 Bonds.

"Contract Debts," a component of the Cost of Operation and Maintenance, is defined in the Electric System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk electric power 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, 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 (X) the Power Park (as defined herein) and (Y) the Bulk Power Supply System Projects 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 as may be determined by JEA to be payable from Revenues at any time remaining in the Revenue Fund on a parity with the payment of the principal and interest and redemption premium, if any, on any Subordinated Bonds.

See "APPLICATION OF ELECTRIC SYSTEM REVENUES" and "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto. For additional information regarding certain proposed amendments to the Electric System Resolution relating to the priority of payment of JEA's obligations with respect to the Power Park, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Proposed Amendments to the Electric System Resolution" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" attached hereto.

Contract Debts Relating to the Scherer 4 Project. Pursuant to the Restated and Amended Bulk Power Supply System Resolution adopted by the JEA Board on November 18, 2008, as amended and supplemented from time to time (the "Restated and Amended Bulk Power Supply System Resolution"), JEA is obligated to allocate to and make available for the account of the Electric System in each year 100 percent of the output, capacity, use and service of the Scherer 4 Project and any Additional Project (as defined in the Restated and Amended Bulk Power Supply System Resolution). JEA is also obligated to make payments from the Electric System into the Revenue Fund for such output, capacity, use and service of each Project at the times and in the amounts which (a) will produce Net Revenues in each Bond Year at least equal to 115 percent of the Aggregate Debt Service for such Bond Year; *provided*, *however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues; and (b) will produce Revenues sufficient, together with other available funds, for the payment during each month of: (i) the Operation and Maintenance Expenses due and payable during such month, (ii) the amount, if any, to be set aside in such month in the Revenue Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) as working capital or as reserves for Operation and Maintenance Expenses, (iii) the amount to be paid during such month into the Debt Service Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds,

Subordinated Indebtedness or other evidences of indebtedness of JEA), (iv) the amount, if any, to be paid during such month into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA), (v) the amount, if any, to be paid during such month into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA), (vi) the amount, if any, to be paid during such month into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA), (vii) if any Decommissioning Funds shall have been established pursuant to the Restated and Amended Bulk power Supply System Resolution, the amount, if any, to be paid during such month into each Decommissioning Fund (other than amounts required to be paid into any such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA), and (viii) all other charges and liens whatsoever payable out of Revenues during such month.

All of the foregoing payments constitute a Contract Debt of the Electric System, payable as a Cost of Operation and Maintenance of the Electric System. See "APPLICATION OF ELECTRIC SYSTEM REVENUES" and "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Outstanding Bulk Power Supply System Bonds, and - Proposed Issuance of Additional Bulk Power Supply System Bonds" herein and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION" attached hereto.

Contract Debts Relating to the Power Park. Pursuant to the St. Johns River Power Park System Second Revenue Bond Resolution adopted by the JEA Board on February 20, 2007, as amended and supplemented from time to time (the "Second Power Park Resolution"), JEA is obligated to allocate to and make available for the account of the Electric System in each year that portion of the output, capacity, use, and service of the Power Park which is in excess of the output, capacity, use, and service of the Power Park sold to FPL pursuant to the Power Park Joint Ownership Agreement (as defined herein). JEA is also obligated to make payments from the Electric System which will provide: (a) in each month, Revenues equal to: (i) the Operation and Maintenance Expenses due and payable during such month (but with no duplication for amounts paid therefor pursuant to the First Resolution), (ii) the amount, if any, to be set aside in the Revenue Fund 2d (other than amounts required to be paid into such Fund out of the proceeds of Bonds) as a general reserve for Operation and Maintenance Expenses or as a reserve for the acquisition of fuel in accordance with the then current Annual Budget, (iii) the Monthly Debt Service Deposit for such month, (iv) the amount, if any, to be paid during such month into the Debt Service Reserve Account in the Debt Service Fund 2d (other than amounts required to be paid into such Account out of the proceeds of Bonds), (v) to the extent not paid into the revenue fund established pursuant to the First Resolution, all other direct and indirect costs of operating and maintaining the System, if any, which are not payable under the Second Power Park Resolution, but which are required to be paid by JEA under the Power Park Joint Ownership Agreement, including but not limited to (X) all costs, expenses, liabilities and charges which constitute "Costs of Operation" under the Power Park Joint Ownership Agreement and (Y) all losses, costs, damages and expenses payable to FPL under Section 13.6 of the Power Park Joint Ownership Agreement, and (f) all other charges or liens (other than Costs of Acquisition and

Construction of Initial Facilities or any Additional Facilities) whatsoever payable out of Revenues during such month, including payments of damages awarded pursuant to judgments of any court; and (b) in each 12-month period ending September 30, the Renewal and Replacement Requirement for such period.

All of the foregoing payments constitute a Contract Debt of the Electric System, payable as 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. For information regarding the Power Park Joint Ownership Agreement and the decommissioning of the Power Park, see "ELECTRIC SYSTEM - Other Electric Utility Facilities - St. Johns River Power Park - Early Termination of Power Park Joint Ownership Agreement" herein.

In addition, Florida Power & Light Company ("FPL") has no obligation for debt service in respect of the Power Park Issue Three Bonds. See "APPLICATION OF ELECTRIC SYSTEM REVENUES" and "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Outstanding Power Park Issue Three Bonds, and - Proposed Issuance of Additional Power Park Issue Three Bonds" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" attached hereto.

For additional information regarding certain proposed amendments to the Electric System Resolution relating to the priority of payment of JEA's obligations with respect to the Power Park, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Proposed Amendments to the Electric System Resolution" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" attached hereto.

Debt Service Reserve Account

There is created within the Debt Service Reserve Account in the Sinking Fund established pursuant to the Electric System Resolution a subaccount designated as the "Initial Subaccount" for the benefit of (a) all Electric System Bonds Outstanding on February 29, 2000 and (b) all Additional Parity Obligations issued after such date, but only to the extent that the resolution of JEA supplemental to the Electric System Resolution authorizing the Additional Parity Obligations shall specify that such Additional Parity Obligations shall be additionally secured by amounts on deposit therein; *provided*, *however*, that no Capital Appreciation Bonds or Deferred Interest Bonds (as such terms are defined in the Electric System Resolution) may be additionally secured by amounts on deposit in the Initial Subaccount. The Supplemental Resolution specifies that the Series Three 2020A Bonds will be additionally secured by amounts on deposit in the Initial Subaccount.

If on any day on which the principal or sinking fund redemption price of or interest on the Electric System Bonds shall be due, the amount on deposit in the Debt Service Account in the Sinking Fund established pursuant to the Electric System Resolution shall be less than the amount required to pay such principal, redemption price or interest, then JEA shall apply

amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Bonds secured thereby.

Pursuant to the Electric System Resolution, JEA is required to maintain on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund an amount equal to the Debt Service Reserve Requirement related thereto. The term "Debt Service Reserve Requirement" is defined in the Electric System Resolution to mean, with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on the Additionally Secured Bonds secured thereby (including the Series Three 2020A Bonds) during the then current, or any future, Fiscal Year (assuming, for this purpose, that in the case of any Additionally Secured Bonds secured thereby that bear interest at a variable or floating rate (i) if the interest rate(s) on all or any portion of such Bonds shall have been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Bonds, such Bonds (or such portion thereof) shall be deemed to bear interest during such period at the greater of (A) the fixed rate payable by JEA under such interest rate swap transaction and (B) the Certified Interest Rate applicable to such Bonds and (ii) if the interest rate(s) on such Bonds (or portion thereof) shall not have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, such Bonds shall be deemed to bear interest during such period at the greater of (x) the actual rate of interest then borne by such Bonds or (y) the Certified Interest Rate applicable thereto). In the event that any Additionally Secured Bonds secured by the Initial Subaccount shall bear interest at a variable or floating rate, if the amount of the Debt Service Reserve Requirement for the Initial Subaccount shall increase as a result of either (x) any termination of any interest rate swap transaction described in clause (i) above prior to the final maturity date of such Bonds or (y) the actual rate of interest borne by such Bonds (or such portion thereof) that shall not have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction at any time being in excess of the Certified Interest Rate applicable thereto, the amount of such increase shall be required to be funded in equal semiannual installments over a three-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which the event resulting in such increase shall have occurred. For the purpose of the calculation of the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund in the event that any Additionally Secured Bonds secured thereby shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; *provided*, *however*, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such

funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five-year period and *provided*, *further*, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five-year period. Notwithstanding any other provision of the Electric System Resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Additionally Secured Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit (referred to herein as a "reserve fund credit instrument") satisfying the requirements set forth in the Electric System Resolution in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sum of moneys or value of Authorized Investments then on deposit in the Initial Subaccount, if any, and amounts available under all reserve fund credit instruments credited to the Initial Subaccount. See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION."

As of the date of this Official Statement, the Debt Service Reserve Requirement for the Initial Subaccount in the Debt Service Reserve Account was $44,574,482.83, and the amount credited to the Initial Subaccount was $53,948,575.33. Consistent with the provisions of the Electric System Resolution, JEA has elected to release $2,955,093.68 from the Initial Subaccount in the Debt Service Reserve Account in excess of the amount required under the Electric System Resolution to be maintained therein. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. As a result of the issuance of the Series Three 2020A Bonds and the

refunding of the Refunded Bonds refunded thereby, the Debt Service Reserve Requirement for the Initial Subaccount in the Debt Service Reserve Account will equal $42,920,591.82.

JEA has previously funded the Initial Subaccount with cash and reserve fund credit instruments (the "Surety Policies") to satisfy the Debt Service Reserve Requirement therefor. See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

As a result of rating actions by Fitch (as defined herein), Moody's (as defined herein) and S&P (as defined herein), pursuant to the Electric System Resolution, JEA has made deposits to the Initial Subaccount in an aggregate amount equal to the aggregate amount of the Surety Policies. See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

JEA may, by resolution supplemental to the Electric System Resolution, create within the Debt Service Reserve Account one or more additional subaccounts, for the benefit of such Electric System Bonds as may be specified in, or determined pursuant to, such supplemental resolution. In lieu of maintaining moneys or investments in any such subaccount, JEA at any time may cause to be deposited into such subaccount for the benefit of the Holders of the Additionally Secured Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the requirements set forth in such supplemental resolution in an amount equal to the difference between the Debt Service Reserve Requirement for such subaccount and the sum of moneys or value of Authorized Investments then on deposit therein, if any. Any such additional subaccount hereafter established will not additionally secure the Series Three 2020A Bonds.

Rate Covenant Under Electric System Resolution

JEA covenants to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use or the sale of the products, services and facilities of the Electric System which will always provide Revenues in each Fiscal Year sufficient to pay (a) 100 percent of all Cost of Operation and Maintenance, including Contract Debts, of the Electric System in such Fiscal Year; (b) 120 percent of the Debt Service Requirement on all Bonds Outstanding during such Fiscal Year; and (c) any additional amount required to make all reserve or other payments required to be made in such Fiscal Year by the Electric System Resolution. For purposes of such covenant, the Electric System Resolution provides that Revenues shall not include any proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance). Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes. For additional information relating to Contract Debts, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Contract Debts" and "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts" herein.

Issuance of Additional Bonds Payable Prior to Electric System Bonds

JEA may issue one or more series of additional Power Park Issue Three Bonds and Additional Bulk Power Supply System Bonds, which are Contract Debts payable as a Cost of Operation and Maintenance 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 Bonds.

Additional Power Park Issue Three Bonds. JEA may issue one or more series of additional Power Park Issue Three Bonds for any lawful purpose of JEA relating to the Power Park. JEA may also issue refunding Power Park Issue Three Bonds to refund outstanding Power Park Issue Three Bonds from time to time as it deems economical or advantageous. Any additional Power Park Issue Three Bonds or refunding Power Park Issue Three Bonds will be entitled to a lien on the Revenues (as defined in the Second Power Park Resolution) and other funds pledged pursuant to the Second Power Park Resolution equal to the lien of the outstanding Power Park Issue Three Bonds. For a description of the provisions of the Second Power Park Resolution relating to the issuance of additional Power Park Issue Three Bonds, see "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" attached hereto. For additional information regarding the proposed issuance of additional Power Park Issue Three Bonds, see "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Proposed Issuance of Additional Power Park Issue Three Bonds" herein. For additional information regarding the decommissioning of the Power Park, see "ELECTRIC SYSTEM - Other Electric Utility Functions - St. Johns River Power Park - Early Termination of Power Park Joint Ownership Agreement" herein.

Additional Bulk Power Supply System Bonds. JEA may issue one or more series of Additional Bulk Power Supply System Bonds for any lawful purpose of JEA relating to any Project (as defined in the Restated and Amended Bulk Power Supply System Resolution). JEA may also issue refunding Additional Bulk Power Supply System Bonds to refund outstanding Additional Bulk Power Supply System Bonds from time to time as it deems economical or advantageous. Any Additional Bulk Power Supply System Bonds or refunding Additional Bulk Power Supply System Bonds will be entitled to a lien on the Revenues (as defined in the Restated and Amended Bulk Power Supply System Resolution) and other funds pledged pursuant to the Restated and Amended Bulk Power Supply System Resolution equal to the lien of the outstanding Additional Bulk Power Supply System Bonds. For a description of the provisions of the Restated and Amended Bulk Power Supply System Resolution relating to the issuance of Additional Bulk Power Supply System Bonds, see "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION" attached hereto. For additional information regarding the proposed issuance of Additional Bulk Power Supply System Bonds, see "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Proposed Issuance of Additional Bulk Power Supply System Bonds" herein.

Issuance of Additional Electric System Bonds

JEA may issue Additional Parity Obligations, which includes Electric System Bonds, for any lawful purpose of JEA relating to the Electric System (other than for the purpose of

financing or refinancing the generating facilities of the Electric System) or to refund any of the Electric System Bonds and/or the interest payable thereon issued for any such purpose, upon satisfaction of the conditions set forth in the Electric System Resolution. The term "Additional Parity Obligations" is defined in the Electric System Resolution to mean additional obligations issued in compliance with the terms, conditions and limitations contained in the Electric System Resolution and which shall have an equal lien on the Net Revenues as defined in the Electric System Resolution and (except as otherwise expressly provided in the Electric System Resolution) the other amounts pledged thereunder, and shall rank equally in all respects with the Electric System Bonds initially issued thereunder. For additional information regarding the issuance of Additional Parity Obligations and the proposed issuance of additional Electric System Bonds, see "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Electric System Bonds - Proposed Issuance of Additional Electric Bonds" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" attached hereto.

For information regarding the issuance of additional Power Park Issue Three Bonds and Additional Bulk Power Supply System Bonds, which are Contract Debts payable as a Cost of Operation and Maintenance 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 Bonds, and the proposed issuance of additional Power Park Issue Three Bonds and Additional Bulk Power Supply System Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Issuance of Additional Bonds Payable Prior to Electric System Bonds," "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Proposed Issuance of Additional Power Park Issue Three Bonds" and "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Proposed Issuance of Additional Bulk Power Supply System Bonds" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION" attached hereto.

Issuance of Other Obligations

Except for (a) Contract Debts (including the obligation of JEA to make payments required to be made in respect of the Power Park System and the Bulk Power Supply System Projects) and (b) obligations, if any, relating to the cost of any separate electric generating utility or system for the purpose of furnishing and supplying electric energy as further described in the Electric System Resolution, payable as a Cost of Operation and Maintenance, JEA will not issue any other obligations payable from the Revenues of the Electric System, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Electric System Bonds issued pursuant to the Electric System Resolution and the interest thereon, upon said Revenues except under the conditions and in the manner provided in the Electric System Resolution. Any obligations issued by JEA other than (a) Contract Debts; (b) obligations, if any, relating to the cost of any separate electric generating utility or system for the purpose of furnishing and supplying electric energy as further described in the Electric System Resolution, payable as a Cost of Operation and Maintenance; (c) the Electric System Bonds authorized in the Electric System Resolution; and (d) Additional

Parity Obligations, payable from such Revenues, are junior and subordinate in all respects to the Electric System Bonds, including the Series Three 2020A Bonds, as to lien on and source and security for payment from such Revenues.

Without limiting the generality of the foregoing, Subordinated Bonds may be issued for any purpose of JEA relating to the Electric System including, without limitation, to refund Electric System Bonds and to finance any lawful purpose of JEA relating to the Electric System (including, without limitation, financing the costs of additions, extensions and improvements to the generating facilities of the Electric System and purposes incidental thereto). See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto.

Proposed Amendments to 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 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 (a) the consent of FPL; (b) the consent of the holders of 60 percent or more in principal amount of the Power Park Issue Two Bonds outstanding (all of the Power Park Issue Two Bonds have been defeased); and (c) 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 Official Statement, there were no Power Park Issue Two Bonds outstanding and 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 (a) debt service on obligations issued by JEA with respect to the Power Park (including the Power Park Issue Three Bonds) and any additional amounts relating to "debt service coverage" with respect thereto and (b) 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 Bonds.

The amendments to the Electric System Resolution contained in the May 1998 Amending Resolution would have also 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.

Limited Obligations

The Electric System Bonds will not be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State, but will be payable solely from and secured by a lien upon and a pledge of the Net Revenues and other amounts as provided in the Electric System Resolution. No Holder or Holders of any Electric System Bonds will ever have the right to compel the exercise of the ad valorem taxing power of the City or JEA, if any, or taxation in any form of any real property in the City to pay the Electric System Bonds or interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Electric System Resolution. JEA has no power to levy taxes for any purpose.

SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A SUBORDINATED BONDS

The information under this caption relates solely to the 2020 Series A Subordinated Bonds. For a description of the security and sources of payment for the Series Three 2020A Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS" herein.

General

The Subordinated Bonds issued under the Subordinated Resolution are referred to herein as the "Subordinated Bonds." The 2020 Series A Subordinated Bonds will be issued pursuant to the Constitution and laws of the State, particularly Article 21 of the Charter, other applicable provisions of law and the Electric System Resolution and the Subordinated Resolution. For a more extensive discussion of the terms and provisions of the Subordinated Resolution, including the levels at which the funds and accounts established thereby are to be maintained, the flow of funds thereunder and the purposes to which moneys in such funds and accounts may be applied, see "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED RESOLUTION" attached hereto. **The payment of Contract Debts payable as a Cost of Operation and Maintenance from the Revenues of the Electric System, are payable prior to any payments from Revenues for indebtedness not constituting Contract Debts issued for the Electric System, including the Outstanding Electric System Bonds, any Additional Parity Obligations issued on a parity with the Outstanding Electric System Bonds, including the Series Three 2020A Bonds, the Outstanding Subordinated Bonds, and any additional Subordinated Bonds issued on a parity with such Outstanding Subordinated Bonds under the Subordinated Resolution.** See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED RESOLUTION" attached hereto.

Sources of Payment

The payment of the principal of, premium, if any, and interest on all Subordinated Bonds, including the 2020 Series A Subordinated Bonds, is secured equally and ratably by a lien upon and a pledge of (a) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (b) the amounts on deposit in the Funds established under the

Subordinated Resolution, including the investments, if any, thereof, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Resolution; *provided*, *however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund established pursuant to the Subordinated Resolution) shall be junior and subordinate in all respects to the Electric System Bonds as to lien on and source and security for payment from the Revenues (as defined in the Electric System Resolution).

The Subordinated Resolution establishes a Subordinated Bond Construction Fund, a Subordinated Bond Fund and a Subordinated Bond Rate Stabilization Fund.

In the Subordinated Resolution, JEA has covenanted (a) until such time, if any, as the Electric System Resolution shall be discharged and no longer shall be in effect, that JEA will comply with the provisions of the Electric System Resolution relating to the receipt, deposit and application of the Revenues (see "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION"), and (b) in the event that the Electric System Resolution shall be discharged and no longer in effect, that it will make the deposits into the Subordinated Bond Fund and the Subordinated Bond Rate Stabilization Fund required to be made pursuant to the Subordinated Resolution from Revenues.

Amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution are required to be applied (a) to the payment of the Electric System's Cost of Operation and Maintenance, including the payment of Contract Debts (as such terms are defined in the Electric System Resolution), and (b) to make certain required deposits to the Sinking Fund established pursuant to the Electric System Resolution in respect of debt service on, and required reserves for, the Electric System Bonds, in each such case, prior to any payment from such amounts of amounts in respect of debt service on the Subordinated Bonds.

Contract Debts

Contract Debts payable as a Cost of Operation and Maintenance of the Electric System pursuant to the Electric System Resolution 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 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Contract Debts," "APPLICATION OF ELECTRIC SYSTEM REVENUES" and "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto. For information regarding certain proposed amendments to the Electric System Resolution relating to the priority of payment of JEA's obligations with respect to the Power Park, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Proposed Amendments to the Electric System Resolution" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" attached hereto.

No Subordinated Debt Service Reserve Account

No debt service reserve or similar account has been established under the Subordinated Resolution with respect to any outstanding Subordinated Bonds, and no such account will be established with respect to the 2020 Series A Subordinated Bonds.

Rate Covenant Under Subordinated Resolution

JEA covenants to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use or the sale of the products, services and facilities of the Electric System which will always provide Adjusted Net Revenues in each Fiscal Year sufficient to pay the greater of (X) the sum of (i) 115 percent of the Debt Service Requirement on the Outstanding Electric System Bonds in such Fiscal Year and (ii) 115 percent of the Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds in such Fiscal Year or (Y) without duplication, (i) 100 percent of the Debt Service Requirement on the Outstanding Electric System Bonds in such Fiscal Year, and any additional amount required to make all reserve or other payments required to be made in such Fiscal Year by the Electric System Resolution and (ii) 100 percent of Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds in such Fiscal Year, and any additional amount required to make all other payments required to be made in such Fiscal Year by the Subordinated Resolution, *provided*, *however*, that for purposes of this paragraph there shall be excluded from the calculation of Aggregate Subordinated Debt Service all Refundable Principal Installments. For purposes of this paragraph, Adjusted Net Revenues shall not include any amounts attributable to proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance). Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate Adjusted Net Revenues for such purpose.

For a description of the rate covenant made by JEA in the Electric System Resolution, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Rate Covenant" herein.

Issuance of Additional Subordinated Bonds

JEA may issue one or more Series of additional Subordinated Bonds for the purpose of (a) providing a portion of the funds necessary for the construction or acquisition of additions, extensions and improvements to the Electric System, and purposes incidental thereto; (b) providing funds for the refunding of Outstanding Electric System Bonds or Outstanding Subordinated Bonds; and (c) providing funds for any other lawful purpose of JEA relating to the Electric System. All additional Subordinated Bonds will rank equally and be on a parity, as to security and sources of payment, with the 2020 Series A Subordinated Bonds and the Outstanding Subordinated Bonds. For additional information regarding the issuance of additional Subordinated Bonds, see "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Subordinated Bonds - Proposed Issuance of Subordinated Bonds" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED RESOLUTION" attached hereto.

For information regarding the issuance of additional Power Park Issue Three Bonds and Additional Bulk Power Supply System Bonds, which are Contract Debts payable as a Cost of Operation and Maintenance 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 Bonds, and the proposed issuance of additional Power Park Issue Three Bonds and Additional Bulk Power Supply System Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Issuance of Additional Bonds Payable Prior to Electric System Bonds," "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Proposed Issuance of Additional Power Park Issue Three Bonds" and "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Proposed Issuance of Additional Bulk Power Supply System Bonds" herein and "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" and "APPENDIX E - SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION" attached hereto.

For information regarding the issuance of Additional Parity Obligations, including the Electric System Bonds, which are secured by, among other things, a first lien upon and pledge of Revenues after deduction of the Cost of Operation and Maintenance, including Contract Debts, and the proposed issuance of additional Electric System Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Issuance of Additional Electric System Bonds" and "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Electric System Bonds - Proposed Issuance of Additional Electric Bonds" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Issuance of Additional Electric System Bonds" attached hereto.

Proposed Amendments to Electric System Resolution

For a description of certain amendments to the Electric System Resolution, which have not yet become effective, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Proposed Amendments to Electric System Resolution" herein.

Limited Obligations

The Subordinated Bonds will not be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State but will be payable solely from and secured by a lien upon and a pledge of the amounts as provided in the Subordinated Resolution. No Holder or Holders of any Subordinated Bonds will ever have the right to compel the exercise of the ad valorem taxing power of the City or taxation in any form of any real property in the City to pay the Subordinated Bonds or interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds created by the Electric System Resolution and the Subordinated Resolution in the manner provided therein. JEA has no power to levy taxes for any purpose.

APPLICATION OF ELECTRIC SYSTEM REVENUES

The following chart presents a summary of the major components of the application of revenues under the Electric System Resolution, the Second Power Park Resolution, and the Restated and Amended Bulk Power Supply System Resolution. For a discussion of the terms and provisions of the Electric System Resolution, including the levels at which the funds and accounts established thereby are to be maintained, the flow of funds thereunder and the purposes to which moneys in such funds and accounts may be applied, see "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" attached hereto. For information regarding 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 "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES THREE 2020A BONDS - Proposed Amendments to the Electric System Resolution" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION - Proposed Amendments to the Electric System Resolution - May 1998 Amending Resolution" attached hereto.

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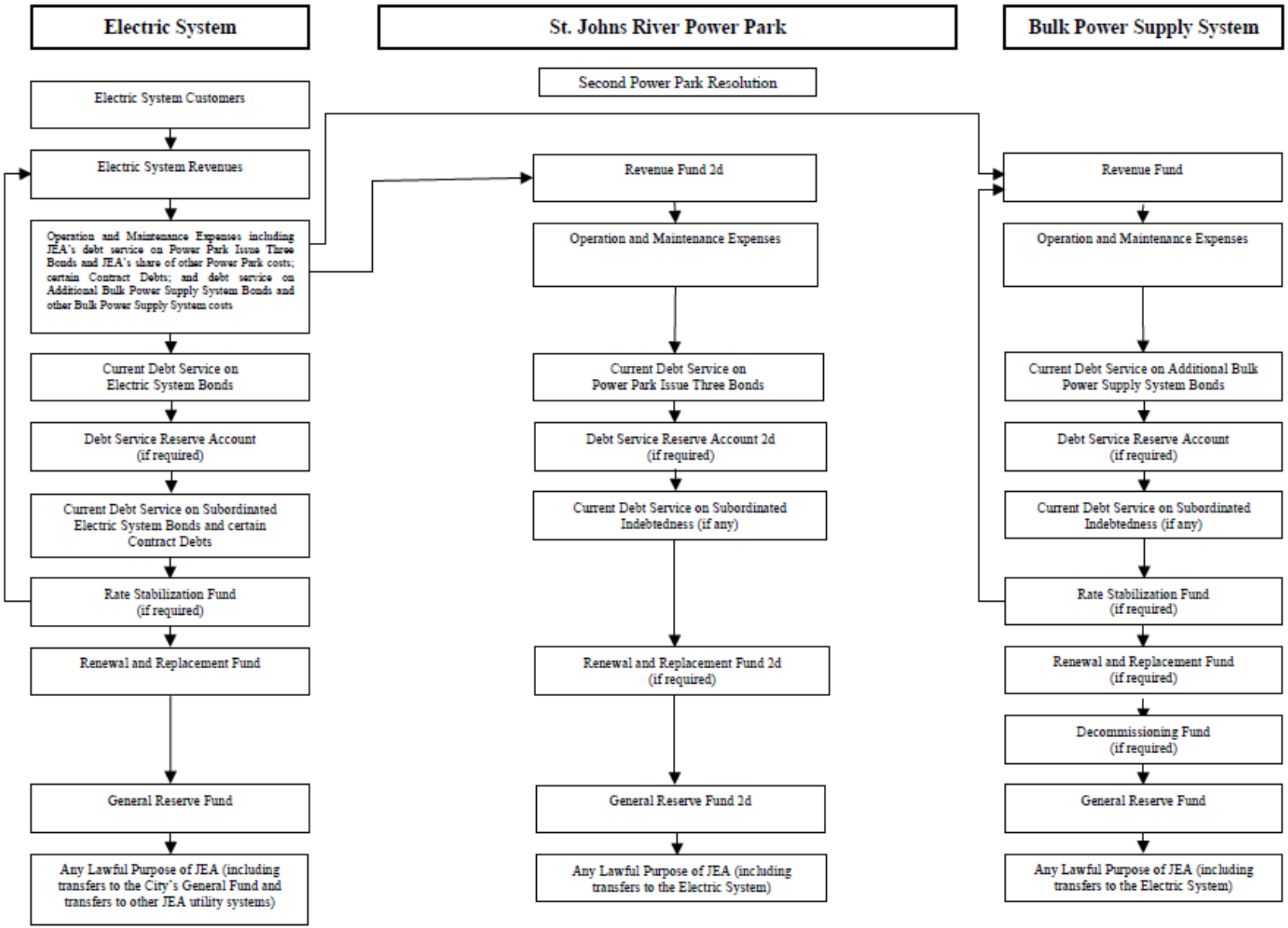
Electric System
St. Johns River Power Park
Bulk Power Supply System
Second Power Park Resolution
Electric System Customers
Electric System Revenues
Operation and Maintenance Expenses including JEA's debt service on Power Park Issue Three Bonds and JEA's share of other Power Park costs; certain Contract 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)

OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS

Contract Debts

Outstanding Bulk Power Supply System Bonds. As of the date of this Official Statement, the following are the outstanding Bulk Power Supply System Bonds under the Restated and Amended Bulk Power Supply System Resolution (the "Outstanding Bulk Power Supply System Bonds").

Outstanding Bulk Power Supply System Bonds

Bulk Power Supply System Bonds	Original Aggregate Principal Amount[(1)]	Outstanding Principal Amount[(1)]
Bulk Power Supply Revenue Bonds, Scherer 4 Project Issue, Series 2010A (Federally Taxable - Issuer Subsidy - Build America Bonds)	$ 48,140,000	$32,215,000
Bulk Power Supply Revenue Bonds, Scherer 4 Project Issue, Series 2014A	72,460,000	56,645,000
	$120,600,000	$88,860,000

(1) Numbers may not add up due to rounding.

Source: JEA.

Proposed Issuance of Additional Bulk Power Supply System Bonds. JEA does not currently plan to issue any Additional Bulk Power Supply System Bonds. However, JEA may issue Additional Bulk Power Supply System Bonds in connection with financing or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the JEA Board.

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Outstanding Power Park Issue Three Bonds. As of the date of this Official Statement, the following are the outstanding Power Park Issue Three Bonds under the Second Power Park Resolution (the "Outstanding Power Park Issue Three Bonds").

Outstanding Power Park Issue Three Bonds

Power Park Issue Three Bonds	Original Aggregate Principal Amount[(1)]	Outstanding Principal Amount[(1)]
St. Johns River Power Park Revenue Bonds, Issue Three, Series One	$150,000,000	$ 100,000
St. Johns River Power Park Revenue Bonds, Issue Three, Series Two	125,000,000	29,370,000
St. Johns River Power Park Revenue Bonds, Issue Three, Series Four	25,720,000	18,915,000
St. Johns River Power Park Revenue Bonds, Issue Three, Series Six	121,475,000	85,650,000
St. Johns River Power Park Revenue Bonds, Issue Three, Series Seven	88,790,000	75,380,000
St. Johns River Power Park Revenue Bonds, Issue Three, Series Eight	63,925,000	55,690,000
Total Outstanding Power Park Issue Three Bonds	$574,910,000	$265,105,000

(1) Numbers may not add up due to rounding.

Source: JEA.

Proposed Issuance of Additional Power Park Issue Three Bonds. JEA does not currently plan to issue any Additional Power Park Issue Three Bonds. However, JEA may issue Additional Power Park Issue Three Bonds in connection with financing or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the JEA Board.

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Electric System Bonds

Outstanding Electric System Bonds. Upon to the issuance of the Series Three 2020A Bonds and the refunding of the Refunded Bonds, the following will be the outstanding Electric System Bonds under the Electric System Resolution (the "Outstanding Electric System Bonds").

Outstanding Electric System Bonds

Electric System Bonds[1]	Original Aggregate Principal Amount[1]	Outstanding Principal Amount[1]
Electric System Revenue Bonds, Series Three 2004A	$ 101,890,000	$ 5,000
Electric System Revenue Bonds, Series Three 2005B	92,905,000	100,000
Variable Rate Electric System Revenue Bonds, Series Three 2008A (the "Series Three 2008A Bonds")	100,000,000	51,680,000
Variable Rate Electric System Revenue Bonds, Series Three 2008B-1 (the "Series Three 2008B-1 Bonds")	73,070,000	59,195,000
Variable Rate Electric System Revenue Bonds, Series Three 2008B-2 (the "Series Three 2008B-2 Bonds")	72,435,000	41,900,000
Variable Rate Electric System Revenue Bonds, Series Three 2008B-3 (the "Series Three 2008B-3 Bonds")	58,275,000	37,000,000
Variable Rate Electric System Revenue Bonds, Series Three 2008B-4 (the "Series Three 2008B-4 Bonds")	57,710,000	48,585,000
Variable Rate Electric System Revenue Bonds, Series Three 2008C-1 (the "Series Three 2008C-1 Bonds")	85,245,000	44,145,000
Variable Rate Electric System Revenue Bonds, Series Three 2008C-2 (the "Series Three 2008C-2 Bonds")	85,000,000	43,900,000
Variable Rate Electric System Revenue Bonds, Series Three 2008C-3 (the "Series Three 2008C-3 Bonds")	53,615,000	25,000,000
Variable Rate Electric System Revenue Bonds, Series Three 2008D-1 (the "Series Three 2008D-1 Bonds")	130,000,000	103,530,000
Electric System Revenue Bonds, Series Three 2009D	45,955,000	45,955,000
Electric System Revenue Bonds, Series Three 2010D	184,385,000	1,145,000
Electric System Revenue Bonds, Series Three 2010E	34,255,000	34,255,000
Electric System Revenue Bonds, Series Three 2012A	60,750,000	16,210,000
Electric System Revenue Bonds, Series Three 2012B	140,640,000	2,050,000
Electric System Revenue Bonds, Series Three 2013A	134,680,000	39,880,000
Electric System Revenue Bonds, Series Three 2013C	33,170,000	8,855,000
Electric System Revenue Bonds, Series Three 2015A	83,325,000	4,825,000
Electric System Revenue Bonds, Series Three 2015B	42,355,000	4,535,000
Electric System Revenue Bonds, Series Three 2017B	198,095,000	198,095,000
Electric System Revenue Bonds, Series Three 2020A[2]	129,255,000	129,255,000
Total Outstanding Electric System Bonds	$1,997,010,000	$940,100,000

(1) Numbers may not add up due to rounding.

(2) A portion of the proceeds of the Series Three 2020A Bonds will be used to refund the Refunded Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING - Series Three 2020A Bonds" herein and "APPENDIX K-1 - REFUNDED BONDS" attached hereto.

Source: JEA.

Proposed Issuance of Additional Electric System Bonds. Other than the Series Three 2020A Bonds, JEA does not currently plan to issue any additional Electric System Bonds. However, JEA may issue additional Electric System Bonds in connection with financing or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the JEA Board.

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Subordinated Bonds

Outstanding Subordinated Bonds. Upon the issuance of the 2020 Series A Subordinated Bonds and the refunding of the Refunded Subordinated Bonds, the following will be the outstanding Subordinated Bonds under the Subordinated Resolution (the "Outstanding Subordinated Bonds").

Outstanding Subordinated Bonds

Subordinated Bonds[1]	Original Aggregate Principal Amount[1]	Outstanding Principal Amount[1]
Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series A (the "2000 Series A Bonds")	$ 100,000,000	$ 30,965,000
Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series F-1 (the "2000 Series F-1 Bonds")	75,000,000	37,200,000
Variable Rate Electric System Subordinated Revenue Bonds, 2000 Series F-2 (the "2000 Series F-2 Bonds")	50,000,000	24,800,000
Variable Rate Electric System Subordinated Revenue Bonds, 2008 Series D (the "2008 Series D Bonds")	70,605,000	39,455,000
Electric System Subordinated Revenue Bonds, 2009 Series F	68,600,000	60,605,000
Electric System Subordinated Revenue Bonds, 2010 Series B	40,930,000	2,155,000
Electric System Subordinated Revenue Bonds, 2010 Series D	45,575,000	39,345,000
Electric System Subordinated Revenue Bonds, 2012 Series A	114,130,000	52,480,000
Electric System Subordinated Revenue Bonds, 2012 Series B	109,605,000	1,060,000
Electric System Subordinated Revenue Bonds, 2013 Series A	59,330,000	12,660,000
Electric System Subordinated Revenue Bonds, 2013 Series B	68,575,000	13,225,000
Electric System Subordinated Revenue Bonds, 2013 Series C	88,625,000	36,975,000
Electric System Subordinated Revenue Bonds, 2013 Series D	163,995,000	18,275,000
Electric System Subordinated Revenue Bonds, 2014 Series A	237,890,000	63,865,000
Electric System Subordinated Revenue Bonds, 2017 Series B	185,745,000	143,175,000
Electric System Subordinated Revenue Bonds, 2020 Series A[2]	92,415,000	92,415,000
Total Outstanding Subordinated Bonds	$1,571,020,000	$668,655,000

(1) Numbers may not add up due to rounding.

(2) A portion of the proceeds of the 2020 Series A Subordinated Bonds will be used to refund the Refunded Subordinated Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING - 2020 Series A Subordinated Bonds" herein and "APPENDIX K-2 - REFUNDED SUBORDINATED BONDS" attached hereto.

Source: JEA.

Proposed Issuance of Additional Subordinated Bonds. Other than the 2020 Series A Subordinated Bonds, JEA does not currently plan to issue any additional Subordinated Bonds. However, JEA may issue additional Subordinated Bonds in connection with financing or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives, and/or (b) provide funding for projects approved by the JEA Board.

Liquidity Support for Variable Rate Bonds

Outstanding Electric System Bonds. 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 Series Three 2008A Bonds, the Series Three 2008B-2 Bonds, the Series Three 2008B-3 Bonds, the Series Three 2008C-1 Bonds, the Series Three 2008C-2 Bonds, and the Series Three 2008C-3 Bonds (collectively, the "Senior Liquidity Supported Electric System Bonds") 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 "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Liquidity Support for Variable Rate Bonds - *Rating Triggers*" below. The standby bond purchase agreements are subject to periodic renewal at the discretion of the respective bank.

As of the date of this Official Statement, no Senior Liquidity Supported Electric Bonds are held by the banks providing such standby bond purchase agreements. The current expiration dates for the standby bond purchase agreements range from December 10, 2021 to May 8, 2023.

On July 27, 2010, the bank previously providing liquidity support for the Series Three 2008B-1 Bonds and the Series Three 2008D-1 Bonds and on October 22, 2012, the bank previously providing credit and liquidity support for the Series Three 2008B-4 Bonds (such Series Three 2008B-1 Bonds, Series Three 2008D-1 Bonds, and Series Three 2008B-4 Bonds are collectively referred to herein as the "Bank Purchased Bonds") purchased the applicable Bank Purchased Bonds pursuant to three substantially similar direct purchase agreements. As of the date of this Official Statement, the Bank Purchased Bonds are outstanding in the principal amounts of $59,195,000 relating to the Series Three 2008B-1 Bonds, $103,530,000 relating to the Series Three 2008D-1 Bonds, and $48,585,000 relating to the Series Three 2008B-4 Bonds. 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.

Outstanding Subordinated Bonds. Liquidity support in connection with tenders for purchase of the 2000 Series A Bonds, the 2000 Series F-1 Bonds, the 2000 Series F-2 Bonds, and the 2008 Series D Bonds (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 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 "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Liquidity Support for Variable Rate Bonds - *Rating Triggers*" below.

As of the date of this Official Statement, 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.

Rating Triggers. 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, "Baa3" by Moody's and/or "BBB-" by S&P, or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

Outstanding Interest Rate Swap Transactions. From time to time, and in accordance with both JEA's debt management policy and its investment policy, JEA enters into interest rate swap transactions for the account of the Electric System. As of March 31, 2020, JEA had interest rate swap transactions outstanding under interest rate swap master agreements relating to the Electric System in an aggregate notional amount of $405,985,000. For additional information regarding JEA's interest rate swap transactions relating to the Electric System, see "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 1. Summary of Significant

Accounting Policies and Practices - (k) Interest Rate Swap Agreements" and "- 8. Long-Term Debt - Debt Management Strategy" 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.

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As of March 31, 2020, 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) entered into for the account of the Electric System was approximately $143,998,000. The following table presents a summary of the floating-to-fixed rate interest rate swap transactions entered into for the account of the Electric System.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of March 31, 2020	Fixed Rate of Interest	Variable Rate Index[(1)]	Termination Date[(2)]
Series Three 2008A Bonds	Goldman Sachs Mitsui Marine Derivative Products, L.P. ("GSMMDP")	$100,000,000	$51,680,000	3.836%	BMA Municipal Swap Index	10/1/2036
Series Three 2008B-1 Bonds Series Three 2008B-2 Bonds	Morgan Stanley Capital Services Inc. ("MSCS")	$117,825,000	$82,575,000	4.351%	BMA Municipal Swap Index	10/1/2039
Series Three 2008B-3 Bonds Series Three 2008B-4 Bonds	JPMorgan Chase Bank, N.A. ("JPMorgan")	$116,425,000	$84,775,000	3.661%	68% of 1 month LIBOR	10/1/2035
Series Three 2008C-1 Bonds Series Three 2008C-2 Bonds	GSMMDP	$174,000,000	$84,800,000	3.717%	68% of 1 month LIBOR	9/16/2033
Series Three 2008D-1 Bonds	MSCS	$98,375,000	$62,980,000	3.907%	SIFMA Municipal Swap Index	10/1/2031
2008 Series D Bonds	JPMorgan	$40,875,000	$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.

Source: JEA.

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Revolving Credit Facility

Effective December 17, 2015, JEA entered into a revolving credit agreement with JPMorgan, as amended from time to time (the "Revolving Credit Agreement"). The total commitment under the Revolving Credit Agreement is for $500,000,000 (the "Revolving Credit Facility"). The Revolving Credit Facility expires on May 24, 2021. 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 the Electric System, the Bulk Power Supply System, the Power Park, the Water and Sewer System, and the District Energy System. Payment obligations allocable to the Electric System, Power Park, and the Bulk Power Supply System under the Revolving Credit Facility are payable from the respective revenues of the Electric System, Power Park, 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 Bonds, the Power Park Issue Three Bonds, and the Additional Bulk Power Supply System Bonds). As of the date of this Official Statement, JEA does not have any borrowings outstanding under the Revolving Credit Facility, which are for the account of the Electric System.

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 the 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. See "APPLICATION OF ELECTRIC SYSTEM REVENUES" herein.

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.

JEA and the City reached agreement on amendments to the Charter which affect the amount of the combined assessment that JEA is required to pay to the City from fiscal year 2016-2017 through fiscal year 2020-2021 (the "2016 Amendments") and from fiscal year 2021-2022 through fiscal year 2022-2023 (the "2019 Amendments," together with the 2016 Amendments, the "Charter Amendments"). 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) below, which increases by one percent per year for each fiscal year computed as provided in the Charter.

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 one percent per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-2016 combined assessment of $114,187,538 as the base year. The amounts applicable to clause (b) above are: $115,329,413 for fiscal year 2016-2017; $116,482,708 for fiscal year 2017-2018; $117,647,535 for fiscal year 2018-2019; $118,824,010 for fiscal year 2019-2020; $120,012,250 for fiscal year 2020-2021; $121,212,373 for fiscal year 2021-2022; and $122,424,496 for fiscal year 2022-2023. A "mill" is one one-thousandth of a U.S. Dollar.

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 Fiscal Year 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 Fiscal Year 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 Fiscal Year 2019 to $24,953,042 for Fiscal Year 2020. While the Charter requires JEA to pay JEA's 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 JEA's 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 any of its utilities systems, 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 (the "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 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 Net Revenues.

In November 2019, a bill was filed in the Florida House of Representatives that would prohibit any Florida municipal electric utility from using any revenue collected from its customers to finance general government functions. Revenue use would be restricted exclusively for utility functions. On March 14, 2020, the bill was "indefinitely postponed and withdrawn from consideration" by the Florida House. Because of the lack of legislative interest the bill received, JEA does not anticipate a comparable proposal prospectively.

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 Official Statement, there are no loans outstanding among the Electric System or any other utility systems.

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DEBT SERVICE REQUIREMENTS FOR THE ELECTRIC SYSTEM BONDS AND THE SUBORDINATED BONDS

Electric System Bonds

The following table presents the estimated debt service requirements for the Outstanding Electric System Bonds and the Refunded Bonds upon the issuance and delivery of the Series Three 2020A Bonds and the refunding of the Refunded Bonds. For additional information relating to the Outstanding Electric System Bonds, see "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Electric System Bonds" herein.

Fiscal Year Ending September 30	Debt Service on Outstanding Electric System Bonds[1][2][3][4][5]	Less: Debt Service on Refunded Bonds[1]			Plus: Debt Service on Series Three 2020A Bonds[1]			Total Debt Service on Electric System Bonds to be Outstanding After Issuance of Series Three 2020A Bonds[1][2][3][4][5]
		Principal	Interest	Total	Principal	Interest	Total	
2020	$ 40,509,042	-	$ 2,961,664	$ 2,961,664	-	$ 1,077,119	$ 1,077,119	$ 38,624,497
2021	56,286,322	-	5,923,328	5,923,328	-	5,619,750	5,619,750	55,982,745
2022	61,504,547	-	5,923,328	5,923,328	-	5,619,750	5,619,750	61,200,970
2023	42,162,422	-	5,923,328	5,923,328	-	5,619,750	5,619,750	41,858,845
2024	52,199,172	-	5,923,328	5,923,328	-	5,619,750	5,619,750	51,895,595
2025	54,694,897	-	5,923,328	5,923,328	-	5,619,750	5,619,750	54,391,320
2026	59,890,897	$ 2,505,000	5,923,328	8,428,328	$ 665,000	5,619,750	6,284,750	57,747,320
2027	103,096,672	4,705,000	5,840,803	10,545,803	2,815,000	5,586,500	8,401,500	100,952,370
2028	97,121,547	4,075,000	5,688,953	9,763,953	2,170,000	5,445,750	7,615,750	94,973,345
2029	95,903,705	3,585,000	5,552,065	9,137,065	1,655,000	5,337,250	6,992,250	93,758,890
2030	97,867,936	8,390,000	5,426,878	13,816,878	6,415,000	5,254,500	11,669,500	95,720,558
2031	76,262,791	7,440,000	5,137,428	12,577,428	5,500,000	4,933,750	10,433,750	74,119,114
2032	60,795,162	3,625,000	4,863,840	8,488,840	1,685,000	4,658,750	6,343,750	58,650,072
2033	71,774,762	4,200,000	4,735,500	8,935,500	2,215,000	4,574,500	6,789,500	69,628,762
2034	65,357,128	19,105,000	4,583,169	23,688,169	17,080,000	4,463,750	21,543,750	63,212,709
2035	82,217,666	18,675,000	3,883,994	22,558,994	16,805,000	3,609,750	20,414,750	80,073,423
2036	81,727,993	14,425,000	3,184,638	17,609,638	12,695,000	2,769,500	15,464,500	79,582,855
2037	66,429,036	17,990,000	2,625,600	20,615,600	16,210,000	2,261,700	18,471,700	64,285,136
2038	49,247,032	18,260,000	1,932,088	20,192,088	16,430,000	1,613,300	18,043,300	47,098,245
2039	43,661,160	16,740,000	1,227,188	17,967,188	14,865,000	956,100	15,821,100	41,515,073
2040	18,529,498	7,980,000	599,438	8,579,438	6,070,000	361,500	6,431,500	16,381,560
2041	13,183,308	8,005,000	300,188	8,305,188	5,980,000	179,400	6,159,400	11,037,521
2042	4,878,579	-	-	-	-	-	-	4,878,579
2043	4,877,542	-	-	-	-	-	-	4,877,542
2044	4,879,814	-	-	-	-	-	-	4,879,814
	$1,405,058,633	$159,705,000	$94,083,394	$253,788,394	$129,255,000	$86,801,619	$216,056,619	$1,367,326,858

(1) Row and column totals may not add due to rounding.

(2) In addition to the Electric System Bonds, JEA also has outstanding (a) $265,105,000 aggregate principal amount of Power Park Issue Three Bonds and (b) $88,860,000 aggregate principal amount of Additional Bulk Power Supply System Bonds. Payments with respect to debt service on the Power Park Issue Three Bonds and the Additional Bulk Power Supply System Bonds constitute Contract Debts, payable as Cost of Operation and Maintenance of the Electric System, and are payable prior to the payment of debt.

(3) Excludes interest paid on April 1, 2020.

(4) Interest on the variable rate debt is calculated at an assumed rate of 2.00% for 2020, 2.50% for 2021 and 3.50% thereafter.

(5) JEA's Electric System Revenue Bonds, Series Three 2009D (Federally Taxable - Issuer Subsidy - Build America Bonds) (the "Series Three 2009D Bonds") and Electric System Revenue Bonds, Series Three 2010E (Federally Taxable - Issuer Subsidy - Build America Bonds (the "Series Three 2010E Bonds") were issued as taxable Build America Bonds. Total Debt Service shown above includes interest on the Series Three 2009D Bonds and Series Three 2010E Bonds net of the direct subsidy payments expected to be received on such Bonds (such subsidy payments have been reduced by 5.9% for the period of October 1, 2019 through September 30, 2020).

Source: JEA.

Subordinated Bonds

The following table presents the estimated debt service requirements for the Outstanding Subordinated Bonds and the Refunded Subordinated Bonds upon the issuance and delivery of the 2020 Series A Subordinated Bonds and the refunding of the Refunded Subordinated Bonds. For additional information relating to the Outstanding Subordinated Bonds, see "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Subordinated Bonds" herein.

Fiscal Year Ending September 30	Debt Service on Outstanding Subordinated Electric System Bonds[1][2][3][4][5]	Less: Debt Service on Refunded Subordinated Bonds[1]			Plus: Debt Service on 2020 Series A Subordinated Bonds[1]			Total Debt Service on Subordinated Electric System Bonds to be Outstanding After Issuance of 2020 Series A Subordinated Bonds[1][2][3][4][5]
		Principal	Interest	Total	Principal	Interest	Total	
2020	$ 49,287,383	-	$ 2,188,614	$ 2,188,614	-	$ 793,979	$ 793,979	$ 47,892,748
2021	60,761,092	-	4,377,229	4,377,229	-	4,142,500	4,142,500	60,526,363
2022	44,223,955	-	4,377,229	4,377,229	-	4,142,500	4,142,500	43,989,227
2023	33,658,682	-	4,377,229	4,377,229	-	4,142,500	4,142,500	33,423,953
2024	36,204,420	-	4,377,229	4,377,229	-	4,142,500	4,142,500	35,969,691
2025	39,341,926	-	4,377,229	4,377,229	-	4,142,500	4,142,500	39,107,197
2026	81,744,930	-	4,377,229	4,377,229	-	4,142,500	4,142,500	81,510,201
2027	58,509,932	$ 910,000	4,377,229	5,287,229	-	4,142,500	4,142,500	57,365,204
2028	58,161,424	14,740,000	4,343,210	19,083,210	$12,830,000	4,142,500	16,972,500	56,050,714
2029	54,031,716	2,310,000	3,880,923	6,190,923	575,000	3,501,000	4,076,000	51,916,794
2030	49,593,448	11,900,000	3,791,660	15,691,660	10,105,000	3,472,250	13,577,250	47,479,038
2031	62,958,494	9,655,000	3,393,588	13,048,588	7,970,000	2,967,000	10,937,000	60,846,907
2032	72,697,582	10,455,000	2,993,144	13,448,144	8,765,000	2,568,500	11,333,500	70,582,939
2033	72,415,405	4,820,000	2,554,269	7,374,269	3,130,000	2,130,250	5,260,250	70,301,386
2034	61,508,570	2,930,000	2,372,888	5,302,888	1,215,000	1,973,750	3,188,750	59,394,432
2035	40,956,363	25,695,000	2,253,588	27,948,588	23,925,000	1,913,000	25,838,000	38,845,775
2036	43,225,725	10,985,000	1,206,675	12,191,675	9,125,000	956,000	10,081,000	41,115,050
2037	41,382,700	7,860,000	750,400	8,610,400	5,905,000	591,000	6,496,000	39,268,300
2038	19,762,050	10,900,000	436,000	11,336,000	8,870,000	354,800	9,224,800	17,650,850
2039	8,132,250	-	-	-	-	-	-	8,132,250
	$988,558,046	$113,160,000	$60,805,558	$173,965,558	$92,415,000	$54,361,529	$146,776,529	$961,369,017

(1) Row and column totals may not add due to rounding.
(2) Excludes interest paid on April 1, 2020.
(4) Interest on the variable rate debt is calculated at an assumed rate of 2.00% for 2020, 2.50% for 2021 and 3.50% thereafter.
(5) JEA's Electric System Subordinated Revenue Bonds, 2009 Series F (Federally Taxable - Issuer Subsidy - Build America Bonds) (the "2009 Series F Subordinated Bonds") and Electric System Subordinated Revenue Bonds, 2010 Series D (Federally Taxable - Issuer Subsidy - Build America Bonds) (the "2010 Series D Subordinated Bonds") were issued as taxable Build America Bonds. Total Debt Service shown above includes interest on the 2009 Series F Subordinated Bonds and 2010 Series D Subordinated Bonds that is net of the direct subsidy payments expected to be received on such bonds (such subsidy payments have been reduced by 5.9% for the period of October 1, 2019 through September 30, 2020).

Source: JEA.

JEA

General

JEA is a body politic and corporate organized and existing under the laws of the State and is an independent agency of the City, which is a consolidated city-county local government for Duval County, Florida ("Duval County") located in Northeast Florida. For certain demographic information relating to the City and Duval County, see "JEA - Certain Demographic Information" herein.

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 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. The revenues of each system do not constitute revenues of the other systems, and 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 systems, except as expressly authorized and approved. See "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts" herein.

The Charter authorizes JEA to construct, acquire (including acquisition by condemnation), establish, improve, extend, enlarge, maintain, repair, finance, manage, operate and promote the Electric System, the Water and Sewer System, the District Energy System, and 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 Electric System. 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. 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, including natural gas sales to commercial and industrial customers, 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.

JEA Board

The Charter assigns responsibility for the management of JEA's utility systems, including the Electric System, to the JEA Board. The JEA Board consists of seven members appointed by the Mayor of the City and confirmed by the Council. For information regarding a proposed change to the Charter relating to the process for appointing members to the JEA Board, see "JEA - Review of Strategic Alternatives and Potential Privatization" herein. 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	Occupation	Term[(1)]
John D. Baker II, *Chair*	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 - February 28, 2024
Robert L. Stein, *Vice Chair*	President, The Regency Group	April 16, 2020 - February 28, 2021
Martha T. Lanahan, *Secretary*	Executive Vice President & Regional President, IberiaBank	April 16, 2020 - February 28, 2023
Joseph P. DiSalvo	Lieutenant General, U.S. Army (Retired)	April 16, 2020 - February 28, 2022
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 - February 28, 2022
Dr. Leon L. Haley, Jr.	CEO, UF Health Jacksonville	April 16, 2020 - February 28, 2024
Thomas VanOsdol	President and CEO, Ascension Florida	April 16, 2020 - February 28, 2023

(1) At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the current members of the JEA Board were recently appointed and all of their terms commenced on April 16, 2020.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") 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, Nassau County Manager, as its representative to the JEA Board.

Management and Employees

Recent Developments. On December 17, 2019, the JEA Board placed Managing Director and Chief Executive Officer Aaron F. Zahn on administrative leave and named Melissa Dykes as Interim Managing Director and Chief Executive Officer ("Interim CEO"), effective immediately.

On January 28, 2020, the JEA Board unanimously voted to terminate Mr. Zahn's employment with cause, effective immediately based on the findings of the Office of General Counsel of the City ("OGC") investigation of Mr. Zhan's performance and conduct as Managing Director and Chief Executive Officer.

At its inaugural meeting on April 28, 2020, the current JEA Board voted to terminate the Interim Managing Director and Chief Executive Officer and President and Chief Operating Officer, Melissa Dykes, without cause and place her on administrative leave for the next 30 days. The JEA Board appointed Caren Anders, Vice President and General Manager, Energy to serve as the immediate Interim Managing Director and Chief Executive Officer and President and Chief Operating Officer, in accordance with JEA procedural guidelines.

The JEA Board convened a special meeting on May 5, 2020, at which it named the former JEA Managing Director and Chief Executive Officer, Paul E. McElroy, to act as Interim Managing Director and Chief Executive Officer effective May 11, 2020. At such meeting, members of the JEA Board provided input on and authorized JEA staff to publish a Request for Proposal to solicit responses from top executive recruiting firms to identify qualified candidates for a permanent Managing Director and Chief Executive Officer. A recruiting firm has been selected, and a search is underway.

On May 12, 2020, Paul E. McElroy, the Interim Managing Director and Chief Executive Officer, placed the Chief Administrative Officer on administrative leave. Effective June 9, 2020 Mr. McElroy placed eight members of the JEA's senior management team on paid administrative leave pending termination. Mr. McElroy stated that these individuals are or are perceived to be "complicit or implicitly involved with or simply a direct beneficiary of the ITN or the Performance Unit Plan [both defined below]." He concluded that these individuals "have lost the confidence of management, employees, [the Council], the media and the community." Interim replacements were named as indicated below.

Mr. McElroy also indicated on June 9, 2020 that Joe Orfano "has provided strong leadership as JEA's Interim Chief Financial Officer." He indicated that Mr. Orfano's "strengths reside in Capital Markets and Treasury Operations; therefore, he will be redirecting his efforts to leading JEA's Treasury Team." The transition of Mr. Orfano from Interim Chief Financial Officer went into effect on June 22, 2020 when he transitioned back to his sole role as Treasurer.

Management. 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 401 persons as of April 30, 2020, form the management team (the "Management Team") not subject to City's civil service system. The following are brief résumés of certain members of the Management Team involved in the administration and operation of the Electric System.

Paul E. McElroy, Interim Managing Director and Chief Executive Officer. The JEA Board of Directors named Mr. McElroy the company's Interim Managing Director and Chief Executive Officer effective May 11, 2020. He had previously served as JEA's Managing Director and Chief Executive Officer from October 1, 2012 until his retirement on April 6, 2018. From

January 1, 2006 to October 1, 2012, he served as JEA's Chief Financial Officer. Prior to that, he served as JEA's Vice President, Financial Services.

Mr. McElroy currently serves on the board of trustees of the University of North Florida. He is currently serving on the board of The Energy Authority, Inc. ("TEA"). He previously served on the boards of Florida Electric Power Coordinating Group, Inc., as Chair, Florida Reliability Coordinating Council, Inc., Northeast Florida Safety Council, Inc., and the Jacksonville Chamber of Commerce. Mr. McElroy served as a member of the American Public Power Association Board's Executive Committee, holding the position of Treasurer, as well as Chair of the Finance and Audit Committee and Chair of the Retirement Committee. He also served as Chair of the Tax and Finance Committee at the Large Public Power Council.

Before joining JEA, Mr. McElroy served as a Vice President and General Manager for Bombardier Capital Corporation in Jacksonville, Florida and Colchester, Vermont. Prior to that, he served as Vice President, Internal Finance Division of Pitney Bowes Credit Corporation in Norwalk, Connecticut.

Mr. McElroy holds a Bachelor of Science in accounting from St. Joseph's College in Rensselaer, Indiana and a certificate from the Advanced Management Program of the Wharton School of the University of Pennsylvania. He pursued graduate level studies at the University of Bridgeport and the University of New Haven in Connecticut.

Brian J. Roche, Interim Chief Financial Officer. Mr. Roche began his career with JEA in 1983, a co-op student, and went on to serve in the roles of Director, Financial Planning Budgets & Rates; Director, Meter, Billing and Collections; System Planning Coordinator, Account Executive, Project engineer. He served as JEA's VP/GM of Water/Wastewater from December 2012 to June 2018.

Mr. Roche has led teams and worked across both electric, water, and wastewater utility systems and functions including Finance, Engineering and Construction, System Planning and Development, Customer Service, and Operations. In addition to his 26 years of service at JEA, Mr. Roche most recently worked at Orlando Utilities Commission and has seven years of experience in private business including engineering positions at CH2M Hill and Amoco Oil Company.

Mr. Roche received a Bachelor of Mechanical Engineering degree from Georgia Institute of Technology, Bachelor of Science in Accounting from University of Florida, and Master of Accountancy and Master of Business Administration degrees from University of North Florida. Mr. Roche is a Certified Public Accountant and a registered Professional Engineer.

Ricky D. Erixton, Interim General Manager, Electric Systems. Mr. Erixton began his career as a co-op student at JEA in 1989 in the Substation Maintenance Department and joined JEA in a permanent role in 1991 as an engineer in the System Operations Department. During his 30-year career at JEA, Mr. Erixton has worked in the System Operations Department, managed Bulk Power Operations, had leadership positions in Transmission and Distribution Maintenance, Substation and Transmission Maintenance, and most recently was Senior Director

of Transmission and Distribution where he was responsible for the maintenance of the entire Electric System from the generation resources to the customer.

Mr. Erixton holds a Bachelor of Science in Electrical Engineering from the University of Florida and holds a NERC System Operator Certification.

Hai X. Vu, Interim General Manager, Water/Wastewater Systems. Mr. Vu has nearly 22 years of experience in the water and wastewater industry. Prior to joining JEA in 2004, Mr. Vu worked as a design engineer and project manager for a consulting firm. At JEA, he has served as the professional engineer for the Water and Sewer Expansion Authority, professional engineer for the development review group, project manager overseeing engineering and construction of various water and wastewater facilities, Manager of Water Plants Engineering and Construction, and Director of Water/Wastewater & Reuse Treatment and District Energy System.

Mr. Vu has a Bachelor of Science degree in Engineering Science and a Bachelor of Science degree in Environmental Engineering from the University of Florida. He received a Master of Business Administration from the University of North Florida and a Master of Science in Environmental Engineering from the University of Central Florida. He is a licensed Professional Engineer in Florida.

Kurtis R. Wilson, Interim Chief Government Affairs Officer. Mr. Wilson joined JEA in March 2020 on an interim basis to lead its Office of Government Affairs, which is responsible for fostering relationships with federal, state and local partners and legislative bodies that impact JEA.

Prior to joining JEA, Mr. Wilson served 25 years with the Jacksonville Fire & Rescue Department, moving through the ranks from firefighter to Director/Fire Chief. It is there that his government affairs responsibilities began in 2011, when he was appointed to Division Chief of Administrative Services. Following that, he was appointed to Division Chief of Fire Prevention in 2012, Division Chief of Operations in 2013, and ultimately Chief of the Department in 2015. In that role he worked with most city agencies, department heads and local elected officials to help solve problems they faced in the realm of public safety. His responsibilities included managing 1,600 personnel, all budget and legislative affairs, delivering state-of-the-art fire-rescue services to Duval County residents, and managing responses to large-scale events such as hurricanes Matthew and Irma, industrial accidents and multi-alarm structure fires.

Mr. Wilson earned a Bachelor of Science in Public Administration from Flagler College and holds numerous certifications in Incident Command System, Hazardous Materials, and Urban Search and Rescue.

R. Bruce Dugan, Interim Chief Customer Officer. Mr. Dugan has more than 30 years of electric, water and wastewater utility experience in Texas and Florida. At JEA, Mr. Dugan led JEA's Customer Satisfaction Improvement Initiative; Organizational Performance Improvement; Customer Care & Billing Project and Special Assignments; and Customer Sales and Service. As JEA's spokesperson, he created the innovative news segment called Power for Pennies, designed

to educate customers on ways to lower their energy and water bills, which aired on a local television station for more than a decade.

Mr. Dugan holds a Bachelor of Arts Business Administration from Columbia College.

Steven V. Tuten, Interim Chief Compliance Officer. Mr. Tuten was appointed as Interim Chief Compliance Officer in May 2020 and continues to serve as the Director of Audit Services. Mr. Tuten is responsible for JEA's primary governance, risk and compliance areas, including Audit Services, CIP Compliance, Electric Compliance, Ethics and Security. He has served as JEA's Director of Audit Services since November 2015.

Mr. Tuten has more than 35 years of internal audit, finance and consulting experience, primarily in the financial services industry. His Audit Services position is his third time serving as a Chief Audit Executive, having served in similar roles at Southern National Bank (now Truist Bank) in Winston-Salem, North Carolina, and EverBank (now TIAA Bank) in Jacksonville.

Mr. Tuten is a graduate of the University of South Florida, with a B.A. in Accounting and is a graduate of the Bank Administration Institute's Internal Audit program at the University of Wisconsin. He is a Certified Internal Auditor (CIA), Certified Management Accountant (CMA) and Certified Treasury Professional (CTP). He currently serves as President/Treasurer of New Leaf Foundation, Inc., a fundraising board for New Leaf School for Change, Neptune Beach, Florida, which offers dynamic learning opportunities for special needs students.

Jody L. Brooks, Chief Legal Counsel. Jody L. Brooks rejoined the OGC in April 2020 and serves as Chief Legal Counsel to JEA. She provides operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County, Florida.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000.

Angelia (Angie) R. Hiers, Interim Chief Human Resources Officer. Ms. Hiers served as JEA's Chief Human Resources Officer from January 2013 to April 2019. She is a career human resource professional, with industry knowledge and experience at strategic and tactical levels, in all aspects of human resources and organizational development. During her career, she has been responsible for employee and labor relations, compensation, benefits, recruiting, training and development, safety and wellness, diversity and inclusion, executive coaching and career transition.

She served as Vice President, Human Resources for Baker Distributing Company, a subsidiary of the publicly traded company, Watsco, Inc. She also worked as a senior human resources leader for CSX Technology and Senior Vice President/Managing Director, Right Management Consultants. In addition, Ms. Hiers held leadership positions in operations and human resources for Barnett Bank.

Ms. Hiers received her Bachelor of Arts degree in Organizational Management from Edward Waters College, and Master of Business Administration from Jacksonville University.

Stephen H. Datz, Interim Chief Information Officer. Mr. Datz has worked in the Information Technology field for more than 30 years. His career at JEA includes positions as Director, IT Infrastructure and Compliance Assurance; Director, Technology Infrastructure; Manager, Technical Services; as well as system project leader for data architect. His previous roles, working for the St. Johns River Power Park, included responsibilities for supporting a global network infrastructure in addition to leading the planning, analysis, design, construction, testing and implementation of several IT enterprise system upgrades.

Mr. Datz received his Bachelor of Science in Information Systems from the University of North Florida.

Alan D. McElroy, Interim Chief Supply Chain Officer. Mr. McElroy (no relation to Paul E. McElroy) joined JEA six years ago as the Director of Fleet Services. Most recently, he served as the Director of Operations Support Services, which includes fleet services, facilities, supply chain (warehousing, investment recovery operations), utility locates and emergency preparedness.

Mr. McElroy joined JEA after a 32-year career at Duke Energy, where he served as Vice President of Fleet Services and Meter Operations. After the 2006 merger of Duke Energy and Cinergy in the Midwest, Mr. McElroy led the combined Fleet Services and Meter Operations team.

Mr. McElroy earned a Bachelor of Science in Civil Engineering from the University of Alabama, where he also received the Distinguished Fellow of Civil, Construction and Environmental Engineering recognition. He received a Master of Business Administration from Queens University.

O. Wayne Young, Interim Chief Environmental Services Officer. Mr. Young is a Jacksonville native. His 13 years at JEA was preceded by a highly decorated military career. During his career at JEA, Mr. Young has served as Director, Meter Reading, Billing and Revenue Collections; Director, Advanced Network Metering; Director, Industrial, Commercial and Business Client Relations; Director, Government Affairs and Economic Development; and Director, Environmental Programs. He has authored nationally published articles on applying leadership and technology to enhance performance in the utility industry.

Mr. Young's military career is highlighted by service in the Pentagon as Political Affairs Officer to numerous foreign countries and wartime Command of two Naval Warships - AEGIS Cruiser and Guided Missile Frigate. He also served as Director of the Navy's Surface Warfare

Engineering School and has earned certifications in operating mechanical, electrical, and water generation and distribution systems.

Mr. Young holds a Bachelor of Science degree from the U.S. Naval Academy, and a Master of Science in Telecommunications Systems and Master of Arts in Strategic Policy and Decision Making.

Employees. 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 employees were budgeted to the Electric System. Except for the Management Team and a minor number of contract employees, such employees have civil service status.

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.

Approximately 1,547 employees of the Electric System 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.

Strategic Planning

JEA has been 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 previously increased the size of its Revolving Credit Facility by

$200,000,000 for a total commitment equal to $500,000,000. See "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Revolving Credit Facility" herein. 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 JEA Board approval. In addition to the STAR Plan, JEA is also evaluating cost cuts and changes to its rate structure.

Review of Strategic Alternatives and Potential Privatization

At the JEA Board meeting on November 28, 2017, the retiring chairman of the JEA Board requested that the JEA Board and the City consider the financial benefits that would result from a privatization of the 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 should be evaluated in order to make any decisions regarding JEA's future. In early 2018, the Council appointed a special committee (the "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 and published a final report addressing its findings as of that date.

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 10 percent of the total of JEA's utilities system to any other utility, public or private, which sale has been approved by the Council.

As part of an ongoing strategic planning process and following a multi-month review of various strategic scenarios, on July 23, 2019, the JEA Board unanimously approved Resolution 2019-07, authorizing a competitive solicitation process for offers, proposals, options and/or replies ("Replies") from various industry sectors for alternatives for JEA ownership and operations. At that same JEA Board meeting a bonus compensation plan (the "Performance Unit Plan") proposed by management was approved. On August 2, 2019, JEA released its Invitation to Negotiate #127-19 for Strategic Alternatives ("ITN") requesting Replies, among others, for non-governmental alternative structures. On October 7, 2019, JEA received 16 Replies in response to the ITN. On October 14, 2019, the evaluation team announced that JEA would commence negotiations with nine respondents.

On December 24, 2019, after significant community opposition to the sale of JEA continued to surface and investigative inquiries by the Council had begun, the JEA Board voted unanimously to cancel the ITN and reject all Replies; and on January 28, 2020, the JEA Board adopted Resolution 2020-01, which rescinded Resolution 2019-07 in its entirety. It later became publicly known that a federal grand jury had begun investigating certain aspects of the proposed privatization of JEA. That investigation and the Council's investigation are ongoing. See "LITIGATION AND OTHER MATTERS - Other Matters" herein.

The Performance Unit Plan was the subject of severe criticism by the Council auditor in a November 2019 memorandum to the Council as being "a very costly use of JEA resources" and providing a significant pay-out to upper-level JEA employees were JEA's assets later to be capitalized or sold. On December 17, 2019 the JEA Board adopted Resolution 2019-17 which rescinded the Performance Unit Plan.

During the events described above, senior level management of JEA experienced significant change. Paul E. McElroy, Managing Director and Chief Executive Officer, retired from his position on April 6, 2018. On that date, the JEA Board named Melissa Dykes (JEA's then Chief Financial Officer) to replace Mr. McElroy on an interim basis. Aaron Zahn, who had been appointed to the JEA Board on February 28, 2018, resigned from the JEA Board on April 13, 2018 and was named JEA's Managing Director and Chief Executive Officer on April 17, 2018. After an executive search Mr. Zahn was named permanent Managing Director and Chief Executive Officer of JEA on November 27, 2018. On December 17, 2019, the JEA Board voted to remove Mr. Zahn as Managing Director and Chief Executive Officer without cause, placing him on administrative leave. Melissa Dykes (JEA's then Chief Operating Officer) was named as interim Managing Director and Chief Executive Officer by the JEA Board on that date.

Mr. Zahn's employment by JEA was terminated for cause on January 28, 2020. Later that day, the Mayor of the City announced that all members of the JEA Board would resign at the end of February; and the Mayor on February 12, 2020 appointed new members to the JEA Board who were all confirmed by the Council on April 14, 2020. On April 28, 2020, the JEA Board removed Ms. Dykes as Interim Managing Director and Chief Executive Officer without cause; and on May 5, 2020 the JEA Board voted to rehire Mr. McElroy as interim Managing Director and Chief Executive Officer until a permanent replacement could be hired. Mr. McElroy's contract has a term of one year (from May 11, 2020) and is full-time for the first six months and part time thereafter. A search is underway for Mr. McElroy's replacement. See "JEA - Management and Employees - *Recent Developments*" herein.

The Council has enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asks the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. Other legislation concerning JEA may be proposed by the Council from time to time. JEA cannot predict whether such legislative proposals will be approved by Council or the outcome of such legislation proposals. Although it has not adopted a resolution to that effect, the current JEA Board has publicly stated that JEA is not for sale and that it is JEA's intent to remain a municipally-owned, independent authority of the City.

Pension Plans

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). For certain information relating to the GEPP, see "JEA - Pension Plans - GEPP" below and "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY

INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 12. Pension Plans" attached hereto. The Actuarial Valuation and Review dated as of October 1, 2019 and the Actuarial Valuation and Review dated as of October 1, 2018 for the City's GEPP are available on the City's website at: http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements.

Employees of the Power Park participate in a separate pension plan. See "JEA - Pension Plans - SJRPP Plan" below and "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 12. Pension Plans" attached hereto.

GEPP. 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, respectively, to the GEPP. JEA's minimum required contribution to the GEPP for the Fiscal Year ending September 30, 2020 is $37,592,034.

JEA expects that its annual contributions to the GEPP will be at lower levels in the near term than they had been for Fiscal Years prior to Fiscal Year ended September 30, 2018 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 the 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, 2019, the aggregate unfunded actuarial accrued liability for the GEPP was $1,278,140,150, which represented an increase of $103,004,940 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2018 of $1,175,135,210. 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. JEA was informed by the City that the actuary for the GEPP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2019 of $616,855,471 (an increase of $51,062,602 from JEA's allocated share for Fiscal Year 2018) of the aggregate amount of $1,278,140,150 and (b) 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. 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.

SJRPP Plan. 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 the Power Park. 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 beginning with the Actuarial Valuation performed as of October 1, 2018. The SJRPP Plan's assumed rate of return was 7.0 percent for use in the Annual Actuarial Valuation performed as of October 1, 2012 through October 1, 2017.

As of October 1, 2019, the SJRPP Plan's actuarial value of assets was $149,807,117, the actuarial accrued liability entry-age normal was $169,806,566, the unfunded actuarial accrued liability was $(887,024), the funded ratio was 88.2 percent, the covered payroll was $452,525 and the unfunded actuarial accrued liability as a percentage of covered payroll was (196.0) percent. 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.

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. Excess contributions were set aside to create a reserve credit balance that can be used to pay future contributions. JEA made no additional contributions during the Fiscal Year ended September 30, 2019, and $12,205,496 of excess contributions remained as of September 30, 2019. That amount, adjusted for projected interest earnings, will offset $12,585,746 of the required employer contribution of $17,167,965 for the Fiscal Year ended September 30, 2020, leaving JEA's required employer contribution for the Fiscal Year ended September 30, 2020 of $4,582,219. JEA's required employer contribution for the Fiscal Year ended September 30, 2021 is $3,901,061 and will need to be made in full from JEA's resources. The decrease in the required total employer contribution to $3,901,061 for the Fiscal Year ended September 30, 2021 resulted from a combination of the Plan's prior funding policy, which included the objective of achieving a 100 percent funded ratio by October 1, 2019 and a statutorily-required change in the plan's mortality assumption to be the same as that used by the Florida Retirement System as updated in its July 1, 2019 valuation.

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 SYSTEM - Other Electric Utility Facilities - St. Johns River Power Park - Early Termination of Power Park Joint Ownership Agreement" herein.

Other Postemployment Benefits

JEA maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees.

See "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 13. Other Postemployment Benefits" attached hereto.

Certain Demographic Information

The information provided in this section relates to the City and the Jacksonville Metropolitan Statistical Area (the "Jacksonville MSA"). The service areas for the Water System and the Sewer System do <u>not</u> encompass all of the City or the Jacksonville MSA. For additional

information regarding the service areas for the Electric System, see "ELECTRIC SYSTEM - Area Served" herein.

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

The Jacksonville 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 1,559,514 as of July 1, 2019. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

Population

Year	Jacksonville MSA
1980	722,252
1990	906,727
2000[(1)]	1,122,750
2010	1,345,596
2019	1,559,594

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

Source: United States Census Bureau

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. 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 following table presents the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for the most recent 10 calendar years, March 2020, and April 2020.

	Jacksonville MSA Labor Force			Unemployment Rate (%)	
Year	Civilian	Employment	Unemployment Rate (%)	Florida	U.S.
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	718,820	680,220	5.4	5.5	5.3
2016	735,105	701,068	4.6	4.8	4.9
2017	759,045	728,247	4.1	4.2	4.4
2018	770,771	743,987	3.5	3.6	3.9
2019	785,189	760,810	3.1	3.1	3.7
March 2020	789,928	755,877	4.3	4.3	4.5
April 2020	708,603*	629,173*	11.2*	13.3*	14.4

*Preliminary data.

Source: Florida Research and Economic Information Database Application.

The following table presents the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the most recent 12 months ended April 30, 2020.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	156,700	21.6
Professional and Business Services	111,900	15.5
Education and Health Services	111,100	15.4
Leisure and Hospitality	83,700	11.6
Government	77,700	10.7
Finance	67,500	9.3
Construction	46,400	6.4
Other Services[(1)]	36,300	5.0
Manufacturing	32,500	4.5
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	723,800	100.0

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

Source: United States Department of Labor.

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ELECTRIC SYSTEM

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. 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 Official Statement, 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 SYSTEM - Electric System Generating Facilities" below. 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") for electric energy to be produced from two under-construction nuclear generating units. See "ELECTRIC SYSTEM - Power Purchase Contracts" below. JEA also has an option to purchase an ownership interest in a to-be-constructed nuclear power plant, but plans to build such plant have been suspended. See "ELECTRIC SYSTEM - Resource Requirements - Option to Purchase Interest in Lee Nuclear Station" herein.

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.

Power and Energy Resources

Electric power and energy sold by JEA to its customers is provided from the following sources: (a) JEA's interest in Scherer Unit 4 (as defined herein); (b) the generating facilities owned by JEA as part of the Electric System; and (c) various power purchase arrangements. 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 TEA, the joint power marketing alliance, from time to time when such energy is available at a lower cost than energy produced from JEA's generating facilities. For additional information regarding TEA, see "ELECTRIC SYSTEM - Other Electric Utility Facilities - Scherer Unit 4," "ELECTRIC SYSTEM - Electric System Generating Facilities," and "ELECTRIC

SYSTEM - Power Purchase Contracts" and "ELECTRIC SYSTEM - Participation in The Energy Authority" below.

Electric System Generating Facilities

The generating facilities of the Electric System are located at four plant sites; (a) the J. Dillon Kennedy Generating Station ("Kennedy"); (b) the Northside Generating Station ("Northside"); (c) the Brandy Branch Generating Station ("Brandy Branch"); and (d) the Greenland Energy Center ("GEC"). 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 Fiscal Year 2024. See "ELECTRIC SYSTEM - Other Electric Utility Facilities - St. Johns River Power Park" below.

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The following table presents the pertinent statistics regarding the generating facilities of the Electric System as of the date of this Official Statement.

Electric System Generating Facilities

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.

Source: JEA.

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 Fiscal Years 2015 through 2019 and JEA's projected fuel mix for Fiscal Years 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.

Percent Fuel Mix[1]

Fiscal Year	Oil	Gas	Power Park (Coal)[2]	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 SYSTEM - Other Electric Utility Facilities - St. Johns River Power Park - Early Termination of Power Park Joint Ownership Agreement" herein.

(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 nonfirm 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.

Source: JEA.

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 Fiscal Year 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 Fiscal Year 2019, JEA supplied approximately 15 percent of its coal requirements by transferring approximately 54,000 tons of coal remaining at the Power Park 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 (the "Shell Energy Agreement") 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 January 3, 2020, 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 "ELECTRIC SYSTEM - 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, which expires on November 30, 2030.

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 "ELECTRIC SYSTEM - Fuel Mix" herein. For a discussion of JEA's fuel management program, see "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 10. Fuel Purchase and Purchased Power Commitments" and "- 11. Energy Market Risk Management Program" attached hereto.

As of April 30, 2020, JEA had 16 commodity swap transactions with an aggregate notional quantity of 69,420,000 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 $87,300 as of April 30, 2020.

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.

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 JEA 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 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"), 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 (as defined herein), 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.

For information regarding the ongoing litigation between MEAG and JEA relating to the Additional Vogtle Units PPA, see "ELECTRIC SYSTEM - Power Purchase Contracts - *Litigation and Regulatory Proceedings*" below.

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, (a) 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 (b) 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 (the "2019 PPA Bonds"). JEA was not asked to, and did not, provide updated disclosure regarding JEA in connection with the preparation of the Official Statement, dated July 18, 2019, relating to the 2019 PPA Bonds, 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 2019 PPA 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.

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The following table presents a summary of the financing plan associated with Project J:

Project J Capital Requirements[(1)]
($ millions)

	Project J
Capital Requirements[(2)]	**$2,895.4**
Long-term Bonds Issued by MEAG	
Series 2010A - Build America Bonds	$1,224.3
Series 2010B - Tax Exempt Bonds	24.2
Series 2015A - Tax Exempt Bonds	185.2
Series 2019A - Tax Exempt Bonds	570.9
Total Long-term Bonds Issued by MEAG	**$2,004.6**
DOE Advances to MEAG[(3)]	
2015 DOE Advances	$346.0
2019 DOE Advances	229.7
Total DOE Advances to MEAG	**$575.7**
Estimated Interest Earnings and Bond Premiums	$ 182.9
Remaining DOE Capacity[(4)]	111.5
Total Funded	**$2,874.8**
Remaining Financing Requirement	**$20.6**

(1) Column and row totals may not add due to rounding.
(2) Represents estimated total construction costs and required reserve deposits, net of payments received from Toshiba under the Guarantee Settlement Agreement (as defined in the hereinafter defined 2019 MEAG Official Statement).
(3) Includes Advances and related capitalized interest accretion (as defined in the 2019 MEAG Official Statement).
(4) Amounts remaining to be borrowed under Additional DOE Guaranteed Loans.

Source: Official Statement, dated November 8, 2019, relating to $242,960,000 Municipal Electric Authority of Georgia Project One Subordinated Bonds, Series 2019A and $9,425,000 Municipal Electric Authority of Georgia General Resolution Projects Subordinated Bonds, Series 2019A (the "2019 MEAG Official Statement"), which is available on EMMA.

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Based on information provided by MEAG, the following table presents JEA's portion of the debt service on the outstanding Project J debt as of September 30, 2019 (in thousands):

Fiscal Year Ending September 30,	Principal	Interest	Annual Debt Service	Build America Bonds Subsidy	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

Source: MEAG.

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 Project J'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. Direct testimony and exhibits recently filed with the Georgia Public Service Commission on behalf of the Georgia Public Service Commission Public Interest Advocacy Staff stated that the Additional Vogtle Units are unlikely to meet state-approved deadlines and will probably have additional cost overruns. As of the date of this Official Statement, Georgia Power has not announced changes to the planned in-service dates or cost estimate for the Additional Vogtle Units.

In addition, the Vogtle Co-owners are subject to risks related to the outbreak of the novel coronavirus ("COVID-19"), including, but not limited to, disruption to the construction of Plant Vogtle Units 3 and 4. Accordingly, on June 23, 2020, Georgia Power announced a resequencing of certain planned activities for Vogtle Unit 3 and for Vogtle Unit 4. According to Georgia Power, the current regulatory-approved in-service dates remain November 2021 and November 2022 for Vogtle Unit 3 and for Vogtle Unit 4, respectively. For additional information regarding COVID-19, see "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY - Preliminary Assessment of Initial Impacts from COVID-19 Pandemic - General" herein.

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. JEA continues to make payments under the Additional Units PPA. See the "ELECTRIC SYSTEM - Power Purchase Contracts - Overview" and "- Financing and In-Service Costs" sections above and "*Litigation and Regulatory Proceedings*" 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. On September 11, 2018, MEAG filed a complaint in the United States District Court for the Northern District of Georgia alleging claims for (a) a declaratory judgment that the Additional Vogtle Units PPA is lawful and enforceable against JEA, (b) breach of contract for JEA's alleged failure to adhere to the Additional Vogtle

Units PPA's cooperation clause, and (c) specific performance requiring JEA to continue to comply with 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 and is therefore ultra vires, void ab initio, 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'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 Additional Vogtle Units PPA based on a negligent undertaking theory, which claim is contingent and brought only in the event of a finding that the Additional Vogtle Units PPA is enforceable.

On June 17, 2020, the district court issued an order granting MEAG's motion for judgement on the pleadings and declaring that the Additional Vogtle Units PPA is valid and enforceable. The order further granted MEAG's counterclaim for declaratory judgment and dismissed JEA's amended complaint for declaratory judgment. Finally, the district court

terminated its prior stay order and allowed discovery to resume on MEAG's counterclaim for breach of contract and JEA's alternative counterclaim for negligent performance of undertaking. JEA is evaluating its options in order to determine its path forward. The ultimate outcome of this matter cannot be determined at this time.

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 (the "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

In 2004, JEA entered into a 20-year agreement (the "Wind Generation Agreement") with Nebraska Public Power District ("NPPD") 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 agreed to buy back the energy at specified on/off peak charges. JEA made all environmental attributes from this facility available to sell in order to lower rates for its 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, additional landfill gas generation and new solar facilities, JEA exercised its right to terminate the Wind Generation Agreement. JEA and NPPD terminated the Wind Generation Agreement effective December 31, 2019.

In 2006, JEA signed a Power Purchase Agreement with Trail Ridge Energy, LLC ("TRE") 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. In 2011, JEA and TRE executed an amendment to the Power Purchase Agreement 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 its customers.

In 2009, JEA signed a power purchase contract with Jacksonville Solar LLC for the purchase of all of the electricity and renewable energy credits generated by a 12.6 MW solar power facility for 30 years, 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 its 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 seven megawatts of alternating current ("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 JEA's 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. (the "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 appealed the ruling to the Florida's First District Court of Appeals.

Participation in The Energy Authority

In May 1997, JEA, MEAG 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 nine directors. The TEA 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 natural gas 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 "ELECTRIC SYSTEM - Fuel Contracts" herein.

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, 2020, 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 $33,800,000, 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 "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 7. Investment in The Energy Authority" attached hereto.

Order No. 889 of the 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 Fiscal Years 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 JEA's 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 presents 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

Source: JEA.

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 JEA's service territory. JEA also owns two 500 kV lines jointly with FPL. These lines are connected between the FPL Duval Substation and the Georgia Power 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. JEA currently expects the new transmission line will be broken and looped into the new 26.4kV Nocatee load-serving substation in the fall of 2020. The Nocatee substation will be located adjacent to the new 230kV line.

The following table presents JEA's tie line interconnections with neighboring utilities within FRCC:

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").

Source: JEA.

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.

Customers and Sales

In Fiscal Year 2019, JEA's total energy sales 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"). In Fiscal Year 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, prior to the cessation of operations of the Power Park on January 5, 2018, JEA 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 (such sale being referred to herein as the "FPL-Power Park Sale"). See "ELECTRIC SYSTEM - Other Electric Utility Facilities - St. Johns River Power Park - Ownership" herein.

The following table presents energy sales and the average number of accounts for Fiscal Years 2015 through 2019.

Electric Revenues, Sales and Customers[(1)]

	Fiscal Year				
	2019	**2018**	**2017**	**2016**	**2015**
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	-	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

(1) Includes JEA's 50 percent share of the Power Park's two coal-fired generating units (638 net megawatts each) and JEA's 23.64 percent share of Scherer's 846 net megawatt coal-fired generating Unit 4. System installed capacity is reported based on winter capacity.

Source: JEA.

In Fiscal Year 2019, 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. The following table presents the 10 largest Electric System accounts by MWh purchases for Fiscal Year 2019.

Largest Customer Accounts

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%

Source: JEA.

Regulation

Municipal electric utilities in the State, 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. 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.

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. 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. 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 JEA's 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 two 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, carbon dioxide ("CO2") cost and 100 percent solid fuel retirement by 2030. The Final Draft was issued in April 2020, and indicated the following:

(a) JEA's near-term capacity requirements are driven primarily by retirement of Northside 3, which is assumed to occur in September 2025 (although it may be as late as 2027). Given this assumption, a significant amount of new capacity is projected to be required in the 2025/26 timeframe in order to maintain JEA's reserve margin and meet capacity requirements.

(b) Specific to the Baseline Scenario and with the base load forecast and natural gas price projections, the Cumulative Present Worth Cost (CPWC) of the expansion plan that includes retirement of Northside 3 and replacement with a new 7HA.02 1x1 combined cycle is the least cost expansion plan, but the other expansion plans are very close (within three percent) in CPWC.

(c) In general, regardless of the scenario or sensitivity considered, the CPWCs of the various expansion plans are close to one another. Comparisons of the CPWCs of expansion plans within each scenario and sensitivity indicates that the CPWCs of the expansion plans are within approximately one percent to three percent of one another.

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 (a) receives NRC approval of the combined construction and operating license for the Lee Project (such approval was obtained on December 21, 2016) and (b) 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 the 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 following table presents the yearly recorded values.

Peak Demand for Power on the Electric System

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.

Source: JEA.

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.

Source: JEA.

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Environmental Matters

Environmental Liabilities. 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 March 31, 2020, JEA had accrued liabilities of approximately $26,158,000 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 "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 15. Commitments and Contingent Liabilities - Pollution Remediation Obligations" and "- Northside Generating Station Byproduct" attached hereto and "ELECTRIC SYSTEM - Environmental Matters - Other Environmental" below. While the final outcome of the foregoing proceedings 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 became 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. For additional information regarding SO_2 and NOx emissions and allowance programs, see "ELECTRIC SYSTEM - Environmental Matters - Cross-State Air Pollution Rule and Clean Air Interstate Rule" below.

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 ruling in 2014. The 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 U.S. 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 U.S. 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 the 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 the State 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 one year (up to three 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 CO_2 fossil fuel-fired electric generating units:

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

(b) The Final Carbon Pollution Standards Rule ("CPS"), applicable to new, modified and reconstructed fossil fuel-fired EGUs.

(c) 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 U.S. 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. For ACE compliance, JEA is currently working on establishing a baseline CO_2 emissions and initiating a Heat Rate Improvement study for NGS Units 1 and 2. JEA will propose a CO_2 emissions standard for each unit and submit an application to FDEP towards the end of 2021. The State will submit its plan in 2022 for EPA's approval by 2024.

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 the 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, the EPA published a final rule establishing initial area designations for the 2015 NAAQS for ozone EPA, designating 2,646 counties (including all counties in the State) as "attainment/unclassifiable." The 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, the 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 ("PM2.5") standards in September 2006. Since then, the EPA established a more stringent 24-hour average PM2.5 standard and kept the annual average PM2.5 standard and the 24-hour coarse particulate matter standard unchanged. The EPA issued a final PM2.5 rule on December 14, 2012, that reduced the annual PM2.5 standard from 15 µg/m3 to 12 µg/m3. The rule left the 24-hour PM2.5 standard of 35 µg/m3 unchanged. The change in the PM2.5 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, the 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 the EPA in future rounds of area designations for the 2010 one-hour SO_2 NAAQS. A March 2015 court order requires the 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 (including JEA's NGS) 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). The 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 the EPA for approval.

On June 12, 2015, the EPA published a final rule concerning how provisions in the 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 the 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 the State and 35 other states requiring them to submit corrective SIP revisions by November 22, 2016. The State 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 the State'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. On April 28, 2020, the EPA published the final action withdrawing the SSM SIP Call for North Carolina. Environmental Non-governmental Organizations (ENGOs) are expected to challenge this action and then seek to consolidate it in the D.C. Circuit with the nationwide case.

On May 1, 2020, the EPA has determined that the State will not contribute significantly to nonattainment or interfere with maintenance of the 2010 1-hour SO_2 NAAQS in any other state. Therefore, the EPA is approving the September 18, 2018, SIP revision as meeting the requirements of the good neighbor provision for the 2010 1-hour SO_2 NAAQS.

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, HAPs metals, acid gases and organic HAPs.

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 the EPA's rule did not properly consider costs in developing MATS and directed the 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 U.S. 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, the 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. The 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. The EPA has submitted its final rule regarding the MATS Supplemental Cost Finding Reconsideration and Risk and Technology Review (RTR). The final rule was issued on April 16, 2020.

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. As a precautionary measure, JEA is in the process of implementing an Activated Carbon Injection (ACI) system to further control Hg emissions from Units 1 and 2 at NGS if necessary.

National Emissions Standard for Hazardous Air Pollutants (NESHAP) for Combustion Turbines. On March 9, 2020, the EPA published the final rule regarding 40 CFR 63 Subpart YYYY; *i.e.*, NESHAP for stationary combustion turbines. This final action completes EPA's RTR obligations for this rule. This final action (a) concludes that no revisions are necessary as a result of its RTR, (b) revises the startup, shutdown, and malfunction provisions to define when startup ends, as reaching stable operation or less than one hour for simple cycle turbines and less than three hours for combined cycle, whichever is less, (c) requires electronic reporting, and (d) does not lift the stay for new combustion turbines as it was previously proposed, pending EPA's review of a petition to delist the entire combustion turbine source category with respect to this NESHAP. JEA's combustion turbine plants are minor sources of HAPs and are not impacted by this rule. JEA also conducted HAP emissions testing at BBGS (specifically, for formaldehyde) to confirm that the facility is indeed a minor source of HAPs.

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 the 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 the 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 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 the Power Park 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. Georgia Power 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.

The 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, the 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 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 the State'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 SYSTEM - Other Electric Utility Facilities - St. Johns River Power Park - Fuel Supply and Transportation Contracts" 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 the 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.

A new visibility model by EPA showed that NGS can contribute to visibility impairment at a nearby Class I area (specifically, due to SO_2 emissions and potential impacts at Wolf Island). As such, JEA will need to provide an analysis to FDEP before the end of 2020. Units 1 and 2 at NGS are considered "well-controlled" for SO_2 due to surrogate HCl limits per MATS regulations. Unit 3 is likely to be subject to further analysis but no additional controls are expected to be necessary.

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 completed these studies in March 2020. Analyses of that data is underway, and a full peer reviewed submittal to the regulatory agency is expected to be completed in 2023. Accordingly, costs have not been determined for Northside and are not currently included in JEA's capital program for the Electric System.

Other Environmental. On May 27, 2015, the 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 (the "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, the 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. On January 23, 2020, the EPA and the U.S. Army Corps of Engineers (Corps) released a pre-publication version of the rule. The final Rule repeals the 2015 Rule and restores the regulatory text that existed prior to

the 2015 Rule. The official version of "The Navigable Waters Protection Rule: Definition of "Waters of the United States" was published in the Federal Register April 21, 2020. This Rule will be effective June 22, 2020 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.

Capital Improvement 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 following table presents the projected amount of the capital program for the Electric System for the five-year period ending September 30, 2024.

Electric System Capital Program
(000's omitted)

Fiscal Year	Amount[(1)(2)]
2020	$237,000
2021	224,000
2022	178,000
2023	156,000
2024	162,000
	$957,000

(1) Rounded to nearest millions.

(2) Reflects the projected amount of the capital program for the Electric System as reflected in the budget for Fiscal Year 2021, which was approved by the JEA Board on June 23, 2020.

Source: JEA.

The total amount of the capital program for the five-year period ending September 30, 2024 is estimated to be approximately $957 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.

Other Electric Utility Facilities

JEA's electric utility facilities are composed of the Electric System, the Bulk Power Supply System, and JEA's interest in the Power Park. The Scherer 4 Project and JEA's interests in the Power Park are separate bulk power supply systems pursuant to the Bulk Power Act, and are not part of the Electric System. Accordingly, JEA maintains separate accounting records for the Electric System, the Bulk Power Supply System, and its interest in the Power Park. The debt obligations relating to the Electric System, including the 2020A Bonds, are solely payable from the Net Revenues from the operation of the Electric System. The District Energy System and the Water and Sewer System are owned and operated by JEA as a distinct utilities system, separate and apart from the Electric System. Accordingly, information relating to the District Energy System and the Water and Sewer System is not relevant to the debt of JEA relating to the Electric System.

Scherer Unit 4. Unit 4 ("Scherer Unit 4") at the Robert W. Scherer Electric Generating Plant ("Plant Scherer") is one of four coal-fired steam electric generating units located 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 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 Bulk Power Supply System Resolution. For a discussion of the potential decommissioning of Scherer Unit 4, see "ELECTRIC SYSTEM - Other Electric Utility Facilities - Scherer Unit 4 - Recent Developments" below.

Ownership. 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. 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 Georgia Power, 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: (a) certain common facilities shared by Unit 3 ("Scherer Unit 3") at Plant Scherer and Scherer Unit 4; (b) certain common facilities shared by Unit 1 ("Scherer Unit 1") and Unit 2 ("Scherer Unit 2") at Plant Scherer, Scherer Unit 3, and Scherer Unit 4; and (c) an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). Under a separate agreement, JEA also purchased a proportionate undivided ownership interest in substation and switchyard facilities. Oglethorpe, MEAG, Georgia Power and the City

of Dalton, Georgia ("Dalton"), as co-owners of Scherer Unit 1 and Scherer Unit 2, and Gulf Power Company ("Gulf Power") and Georgia Power, 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 Unit 3 and Scherer Unit 4. Georgia Power and Gulf Power, as co-owners of Scherer Unit 3, also have proportionate ownership interests in such common facilities.

Oglethorpe, MEAG, Dalton, Gulf Power, Georgia Power, 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 presents the total plant availability factors and capacity factors for Scherer Unit 4 since calendar year 2015.

Scherer Unit 4
Plant Availability Factors and Capacity Factors

Calendar Year	Availability Factor	Capacity Factor
2015	99.0%	76.9%
2016[(1)]	84.6	64.9
2017	96.3	62.1
2018[(2)]	76.6	52.5
2019	98.7	53.5

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

Source: JEA.

Transmission Arrangements. As a part of the purchase by JEA of its interest in Scherer Unit 4, Georgia Power and Southern Company Services, Inc. provide JEA with firm transmission service through the Georgia Power 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. Georgia Power, 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 Unit 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, Georgia Power 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 Santa Fe Railway Company has been extended through calendar year 2028. The current agreement with Norfolk Southern Railway Company extends through December 2020, and negotiations for a renewal or extension of such agreement have commenced.

Capital Program. The following table presents JEA's share of the Scherer 4 Project Capital Program (the "Scherer 4 Project Capital Program") for Fiscal Years 2020 through 2024.

JEA's Share of the
Scherer 4 Project Capital Program

Fiscal Year	Amount
2020	$ 7,000
2021	9,000
2022	13,000
2023	7,000
2024	8,000
	$44,000

Source: JEA.

JEA expects that the total amount required to fund its share of the Scherer 4 Project Capital Program will be provided from available funds of the Bulk Power Supply System. The projected total amount of the Scherer 4 Project Capital Program and JEA's share may be affected by future environmental legislation and regulation.

Recent Developments. On June 26, 2020, the Board adopted Resolution 2020-06 which delegates authority to the Interim Managing Director and Chief Executive Officer to enter into a Cooperation Agreement with FPL (the "FPL Cooperation Agreement") for the closure on or before January 1, 2022 of the jointly-owned Scherer Unit 4 with the capacity and energy therefrom to be replaced by a 20-year power purchase agreement between JEA and FPL for natural gas-fired system product (the "FPL PPA"). JEA also plans to enter into a 10-year natural gas hedge. The proposed transaction has multiple benefits to JEA, including but not limited to, cost reductions, replacement of coal generation with lower cost and lower carbon alternatives, increased availability, diversification of fuel supply, and avoidance of future environmental compliance costs of Scherer Unit 4. The FPL Cooperation Agreement calls for the parties to cooperate in good faith in a joint effort to consummate the retirement of Scherer Unit 4 and to enter into the FPL PPA. Material terms of the FPL PPA and the 10-year hedge have been established, but the agreements have yet to be finalized. The FPL Cooperation Agreement may be terminated by the mutual consent of both parties.

St. Johns River Power Park. The St. Johns River Power Park, formerly a coal- and petcoke-fired steam electric generating station, was located on an approximately 1,900-acre site in the northeast section of the City, and 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 Joint Facilities, defined in the Power Park Joint Ownership Agreement as the coal-fired, steam electric generating facility consisting of two units, together with their associated improvements, are collectively referred to herein as the "Power Park."

Ownership. Pursuant to the Bulk Power Act and the provisions of 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, 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.

Operation. The following table shows the total plant capacity factors for the Power Park for Fiscal Years 2015 through 2019. 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.

Power Park Capacity Factor

Fiscal Year	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 Unit 2 were permanently shut down on January 5, 2018.
(5) Not applicable beginning Fiscal Year 2019.

Source: JEA.

Early Termination of Power Park Joint Ownership Agreement. On March 21, 2017, staff informed the JEA 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. JEA and FPL obtained all required approvals, including those of the JEA Board, FPL's Board, and the 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 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 and JEA's 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 "Power Park 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 Power Park Closing. See "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Outstanding Power Park Issue Three Bonds" herein.

JEA's obligation to pay JEA's portion of the Power Park operating and maintenance expenses 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. See "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Outstanding Power Park Issue Three Bonds" herein.

The November 21, 2017 estimate for decommissioning the Power Park was $68.0 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 approximately $17.7 million. The contractor retains the salvage value for process equipment which is estimated to be $18.0 million. Demolition costs incurred through April 30, 2020 were approximately $38.3 million.

The total demolition is scheduled to be completed by August 1, 2020. The soil and groundwater remediation is scheduled to be completed by November 15, 2020. At that time final closing will occur and all land and real assets will be transferred to JEA. The active landfill will begin closure on November 1, 2020.

Fuel Supply and Transportation Contracts. JEA has satisfied all existing coal supply contracts and railcar lease contract for the Power Park. In addition, JEA reached a confidential settlement with CSX Transportation in connection with a dispute relating to transportation services to Power Park.

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.

ELECTRIC SYSTEM REVENUES

None of the revenues derived by JEA from the operation of the Power Park under 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 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.

Rates

JEA has sole discretion to set rate levels and revenue requirements for the Electric System and 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") 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 and enable additional early pay down of outstanding debt.

Over the next several months, JEA's senior leadership team will evaluate the long-range forecast for the Electric System taking into account savings from the Scherer Unit 4 shutdown and associated FPL PPA (as defined herein), reductions in operations and maintenance expenses and capital spending, and debt service savings from the refunding of the Refunded Bonds and the Refunded Subordinated Bonds.

It is not anticipated that base rate increases will be required prior to 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 SYSTEM - Environmental Matters" and "CERTAIN 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 (Georgia Power)	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).

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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:

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 (Georgia Power)	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, Georgia Power (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%	
2013	100	10	lesser of
2014	75	7.5	**Fiscal Year 2008**
2015	50	5	through
2016	25	2.5	**Fiscal Year 2010**
2017	100%	0%	
2018	100	0	greater of
2019	75	0	**Fiscal Year 2008**
2020	50	0	through
2021	25	0	**Fiscal Year 2016**
2022 and thereafter	0%	0%	

Source: JEA.

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 JEA's 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:

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

Source: JEA.

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 JEA's service area. This rate rider would allow JEA to negotiate rates in certain controlled circumstances, given the following:

(a) 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

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

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 Fiscal Year 2020. Actual uncollectible accounts were 0.13 percent of gross Electric System revenues for Fiscal Year 2019. For information relating to the preliminary impact of COVID-19 on JEA's customer billing procedures, see "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY - Preliminary Assessment of Initial Impacts from COVID-19 Pandemic" herein.

ELECTRIC SYSTEM FINANCE MATTERS

Management's Discussion and Analysis (Unaudited)

Revenues. Total revenues decreased $11.9 million, or 2.0 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related to

an increase in amounts paid from the Revenue Fund into the Rate Stabilization Fund and lower investment income offset, in part, by an increase in amounts paid from the Rate Stabilization Fund into the Revenue Fund and modestly higher electric revenues.

Electric sales volume decreased 20,924 MWh, or 0.4 percent, to 5,557,965 MWh for the six months ended March 31, 2020 from 5,578,889 MWh for the six months ended March 31, 2019, primarily related to off-system sales decreasing 45,980 MWh, or 75.8 percent, to 14,666 MWh from 60,646 MWh offset, in part, by territorial sales increasing 25,056 MWh, or 0.5 percent, to 5,543,299 MWh from 5,518,243 MWh, between such periods.

Investment income decreased $3.0 million, 50.0 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, related to lower investment yields and lower investable balances as a result of the combined retirement of approximately $148.2 million of Electric System debt as described in the STAR Plan. For a discussion of the STAR Plan, see "JEA - Strategic Planning" herein.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund increased $9.9 million, or 25.8 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related a $29.9 million increase in debt management withdrawals used to retire Electric System debt in October 2019 as part of the STAR plan, a $6.3 million increase in environmental withdrawals and a $3.4 million increase in non-fuel purchased power withdrawals offset, in part, by a $30.1 million decrease in fuel withdrawals.

Amounts paid from the Revenue Fund into the Rate Stabilization Fund increased $22.2 million, or 436 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related a $20.8 million increase in fuel contributions.

Operating Expenses. Total operating expenses decreased $53.8 million, or 13.6 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019. Total fuel and purchased power expenses decreased $50.1 million, or 19.5 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related to a 13.1 percent decrease in fuel expense and a 27.6 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 decreased 1.0 percent for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, to 5,742,450 MWh from 5,798,023 MWh, with an increase of 26.4 percent for MWh generated and a decrease of 45.8 percent for MWh purchased. The cost per MWh of power generated decreased 37.1 percent and the cost per MWh of purchased power increased 31.0 percent.

Net Revenues. Net revenues available for debt service increased $41.9 million, or 19.9 percent, to $252.2 million for the six months ended March 31, 2020 from $210.3 million for the six months ended March 31, 2019. Total revenues decreased $11.9 million, or 2.0 percent, and total operating expenses decreased $53.8 million, or 13.6 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, as described above.

Debt Service on Electric System Bonds. The debt service coverage ratio on Electric System Bonds increased to 9.59 times for the six months ended March 31, 2020 as compared to the debt service coverage ratio of 5.35 times for the six months ended March 31, 2019 as a result of the 19.9 percent increase in net revenues available for debt service and 33.1 percent decrease in the debt service requirement on Electric System Bonds between such periods.

JEA did not issue any Electric System Bonds during the six months ended March 31, 2020 or during the Fiscal Year ended September 30, 2019.

Aggregate Subordinated Debt Service on Subordinated Bonds. Aggregate subordinated debt service on Subordinated Bonds decreased $20.8 million, or 40.1 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related to lower scheduled principal amortization and lower interest expense as a result of lower outstanding debt balances.

JEA did not issue any Subordinated Bonds during the six months ended March 31, 2020 or during the Fiscal Year ended September 30, 2019.

Debt Service Coverage Ratio on Electric System Bonds and Subordinated Bonds. The debt service coverage ratio on Electric System Bonds and Subordinated Bonds increased to 4.39 times for the six months ended March 31, 2020 as compared to the debt service coverage ratio of 2.30 times for the six months ended March 31, 2019 as a result of the 19.9 percent increase in net revenues available for debt service and the 37.1 percent decrease in the debt service requirement on Electric System Bonds and Subordinated Bonds between such periods. For additional information regarding the debt service coverage ratio on Electric System Bonds and Subordinated Bonds for the six months ended March 31, 2020 as compared to the debt service coverage ratio for the six months ended March 31, 2019, see "ELECTRIC SYSTEM FINANCE MATTERS - Historical Debt Service Coverage" below.

See also, "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Management's Discussion and Analysis" attached hereto.

Historical Debt Service Coverage

The following table presents Schedules of the Debt Service Coverage for the Electric System for the twelve months ended September 30, 2019 and September 30, 2018. Such information should be read in conjunction with "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018" attached hereto.

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 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	**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 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 Bonds. Minimum annual coverage is 1.15x.

Source: JEA.

The following table shows the Electric System Schedules of Debt Service Coverage for the six months ended March 31, 2020 and March 31, 2019, respectively.

	Six months ended	
	March 31, 2020 (unaudited)	**March 31, 2019 (unaudited)**
Revenues:		
Electric	$ 556,621	$ 555,149
Investment income [1]	3,023	6,051
Earnings from The Energy Authority	723	743
Other, net [2]	13,193	11,313
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	48,410	38,475
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	(27,232)	(5,080)
Total revenues	594,738	606,651
Operating expenses [3]		
Fuel	123,765	142,388
Purchased power [4]	82,439	113,874
Other operation and maintenance	108,224	111,547
Utility taxes and franchise fees	28,081	28,518
Total operating expenses	342,509	396,327
Net revenues	$ 252,229	$ 210,324
Debt service on Electric System Bonds	$ 28,007	$ 41,143
Less: investment income on sinking fund	(951)	(1,079)
Less: Build America Bonds subsidy	(766)	(764)
Debt service requirement on Electric System Bonds	$ 26,290	$ 39,300
Debt service coverage on Electric System Bonds[5]	9.59x	5.35x
Net revenues (from above)	$ 252,229	$ 210,324
Debt service requirement on Electric System Bonds (from above)	26,290	39,300
Plus: aggregate subordinated debt service on Subordinated Bonds	32,131	52,997
Less: Build America Bonds subsidy	(973)	(1,001)
Debt service requirement on Subordinated Bonds	31,158	51,996
Debt service requirement on Electric System Bonds and Subordinated Bonds	$ 57,448	$ 91,296
Debt service coverage on Electric System Bonds and Subordinated Bonds [6]	4.39x	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 Bonds. Minimum annual coverage is 1.15x.

Source: JEA.

CERTAIN 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: (a) effects of compliance with changing environmental, licensing and regulatory requirements, (b) regulatory changes and changes that might result from a national energy policy, (c) uncertain access to low cost capital for replacement of aging fixed assets, (d) increases in operating costs, (e) effects of competition from other suppliers of electricity, and (f) 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.

Preliminary Assessment of Initial Impacts from COVID-19 Pandemic

General. The outbreak of a novel strain of coronavirus and the disease caused thereby ("COVID-19") has been characterized as a pandemic by the World Health Organization and has resulted in a declaration of a state of emergency by various state governments, including by the State on March 9, 2020 and local governments, including by the City on March 13, 2020. There has also been a declaration of a national emergency by the federal government on March 13, 2020. The State and the City have since commenced a step-by-step plan for reopening and recovery.

The effects of COVID-19 pandemic have substantially altered the behavior of federal, state and local governments, businesses and individuals in a manner that is having serious negative impacts on global and local economies. Financial markets in the U.S. and globally have seen significant recent declines that have been attributed to concerns related to the COVID-19 pandemic, including decreases in business activity attributable thereto and capital markets in the U.S. have been severely disrupted. These adverse impacts continue to evolve daily.

The operating data and information provided by JEA in this Official Statement and previous filings on the Electronic Municipal Market Access website ("EMMA") were provided as of the respective dates and for the periods specified therein and are subject to change without

notice; and any subsequent statements made by JEA do not, under any circumstances, imply that there have not been any changes since the specified dates of this Official Statement and such previous filings on EMMA. In particular, the dates as of and periods for which information was provided in this Official Statement and such previous filings on EMMA may have occurred before the COVID-19 pandemic and before realizing the economic impact of measures instituted to slow the spread of the COVID-19 pandemic. Accordingly, the information in this Official Statement and such previous filings on EMMA may not be indicative of future results or performance due to these and other factors.

JEA Response. JEA has been taking steps to address the ongoing COVID-19 pandemic, first, to ensure the health and safety of its employees and second, to sustain the System's facilities.

While JEA continues to closely monitor and assess the effects of the COVID-19 pandemic and its impact on JEA's financial position and operations, due to the evolving nature of the COVID-19 pandemic and the responses of governments, businesses, and individuals to the COVID-19 pandemic, JEA is unable, at this time, to predict, among other things: (a) the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic on: (i) the existing restrictions and warnings or any additional restrictions and warnings which may be imposed by local, state or federal governments, or the timing of the relaxation or release of such restrictions and (ii) any additional short- or long-term effects the restrictions and warnings imposed by local, state or federal governments may have on JEA's operations, revenues or expenditures; (b) the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic on the local, the State, national or global economy or the impact of such disruption on JEA's operations, revenues and expenditures; or (c) whether any of the foregoing may have a material adverse effect on the finances and operations of JEA. There can be no assurances that the spread of COVID-19 or other highly contagious or epidemic diseases will not adversely impact JEA, its financial condition, operations, supply chains and customers. The effects of the COVID-19 pandemic on JEA's financial performance or operations could be material. JEA cannot predict costs associated with the COVID-19 pandemic or any other potential infectious disease outbreak, including whether there will be any increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. If the COVID-19 pandemic and its consequences are prolonged, the likelihood of adverse impacts occurring from these risks or others could be increased. JEA believes that it may be some time before it is able to determine the full impact of the various events surrounding the COVID-19 pandemic.

Employee Safety. All non-field employees, including call center staff, worked remotely under Jacksonville Mayor Curry's "Safer-at-Home" order and JEA has established shelter-in-place policies for critical non-redundant facilities. JEA has established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. As of June 29, 2020, 17 JEA employees have tested positive for COVID-19 and 47 employees are currently in isolation.

In early April 2020, all five JEA bargaining units agreed to memoranda of agreements ("MOAs"), which modified collective bargaining agreements to address staffing and scheduling flexibility needed to continue to maintain essential utility services while maintaining employee safety. The MOAs were in effect retroactively beginning March 30, 2020 through May 31, 2020. During this period, employees who were required to physically report and perform work at a JEA facility or field location were entitled to a flat rate "COVID Stipend" equivalent to their base hourly rate times 40. COVID Stipends were paid to employees for each week they met eligibility requirements. Employees who were authorized to telecommute received a $100 per month business expense allowance to offset utilization of personal cell phones and/or home internet while the MOAs were in effect. JEA has not experienced a material impact on employees' ability to work either in the field, at JEA facilities or remotely since the Safer-at-Home order was declared.

Financial Assistance for Customers. JEA has implemented several COVID-19 specific programs to minimize the number of potential disconnections. In May 2020, JEA implemented a one-time fuel charge rebate to electric customers of approximately $27 million. In March 2020, JEA suspended disconnections for non-payment. As of March 16, 2020, there were 1,260 Electric System accounts eligible for disconnection. As of June 3, 2020, there were 23,201 Electric System accounts (4.7 percent) eligible for disconnection. The normal rate for such disconnections is 0.26 percent. Effective March 31, 2020, JEA waived any newly accrued late fees until further notice. Beginning April 6, 2020, JEA waived credit and debit card convenience fees for payments up to $10,000 for six months. JEA resumed the process of customer disconnections on July 10, 2020. JEA currently intends to conduct such customer disconnections using a phased approach to allow customers the opportunity to avoid disconnection and will begin with customer accounts that were delinquent before JEA suspended disconnections for non-payment in March 2020. JEA has provided customers eligible for disconnection three weeks' advance notice to pay their outstanding balances or request a payment extension or payment arrangement before disconnections resume.

Current Financial Preparedness and Liquidity. As of May 31, 2020, the Electric System had liquidity of approximately $333.7 million in cash and approximately $396.5 million of undrawn but committed revolving credit capacity and expects to have approximately 323 days liquidity. JEA has established a process to track COVID-19 related costs for which it will seek reimbursement from the federal government.

Preliminary Assessment of Initial Impact to Customer Demand. JEA saw a 12.9 percent reduction in Electric System commercial MWh sales and an 8.4 percent reduction in industrial MWh sales during April 2020, compared to April 2019, which were partially offset by a 3.0 percent increase in residential customer MWh sales between the same months. Total MWH sales were down 5.6 percent in April 2020 compared to April 2019. For May 2020, MWh sales reductions were 16.3 percent for commercial, 12.3 percent for industrial and 5.9 percent for residential compared to May 2019. Total sales were down 11.7 percent in May 2020 compared to May 2019.

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:

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

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

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

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

(e) 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, the 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. On January 9, 2020, the Court ruled, in a unanimous decision, the initiative would not be on the 2020 ballot citing that "the ballot summary affirmatively misleads voters." The Court action, for the time being, ends the ballot initiative.

LITIGATION AND OTHER MATTERS

General

The OGC is not aware of litigation now pending or, to the knowledge of the OGC, threatened against JEA which restrains or enjoins the issuance or delivery of the 2020A Bonds or the use of the proceeds of the 2020A Bonds or which questions or contests the validity of the 2020A Bonds, the Electric System Resolution, the Subordinated Resolution or the proceedings and authority under which the 2020A Bonds are to be issued, executed and delivered. Neither the creation, organization, nor existence of JEA, nor the title of the present members or other officials of JEA to their respective offices, is being currently contested or questioned to the knowledge of the OGC.

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Electric System.

Other Matters

For information regarding the ongoing litigation between MEAG and JEA relating to the Additional Vogtle Units PPA, see "ELECTRIC SYSTEM - Power Purchase Contracts - Litigation and Regulatory Proceedings" above.

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, the former ITN, and a bonus pay plan for senior executives established during the administration of the former CEO. JEA has complied with the subpoena and provided the requested documents and records.

On June 5, 2020, JEA filed a civil action in state court against Mr. Zahn. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which JEA must continue to meet after the issuance of the 2020A Bonds in order that the interest on the 2020A Bonds be and remain excludable from gross income for federal income tax purposes. JEA's failure to meet these requirements may cause the interest on the 2020A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2020A Bonds. JEA has covenanted in the Electric System Resolution and the Subordinated Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the 2020A Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of JEA and continuing compliance by JEA with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the 2020A Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and, further, interest on the 2020A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that the 2020A Bonds and the income thereon are not subject to taxation under the laws of the State, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. Bond Counsel will express no opinion as to any other tax consequences regarding the 2020A Bonds. Prospective purchasers of the 2020A Bonds should consult their own tax advisors as to the status of interest on the 2020A Bonds under the tax laws of any state other than the State.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the 2020A Bonds, or the ownership or disposition of the 2020A Bonds. Prospective purchasers of 2020A Bonds should be aware that the ownership of 2020A Bonds may result in other collateral federal tax consequences, including (a) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the 2020A Bonds, (b) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the 2020A Bonds, (c) the inclusion of the interest on the 2020A Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (d) the inclusion of the interest on the 2020A Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with

Subchapter C earnings and profits at the close of the taxable year and (e) the inclusion of interest on the 2020A Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the 2020A Bonds. Prospective purchasers of the 2020A Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Premium

The 2020A Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity), or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly accruable in any period with respect to the Premium Bonds and as to other federal tax consequences, and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the 2020A Bonds, adversely affect the market price or marketability of the 2020A Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be

predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Bonds. Prospective purchasers of the 2020A Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the 2020A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of 2020A Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the 2020A Bonds and proceeds from the sale of 2020A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of 2020A Bonds. This withholding generally applies if the owner of 2020A Bonds (a) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (b) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the 2020A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of the Rule, simultaneously with the issuance of the 2020A Bonds, JEA will execute and deliver the Continuing Disclosure Agreement for the benefit of the holders of the 2020A Bonds, substantially in the form attached hereto as "APPENDIX I - FORM OF CONTINUING DISCLOSURE AGREEMENT." JEA, as an "obligated person" under the Rule, will undertake in the Continuing Disclosure Agreement to provide: (a) certain financial information and operating data relating to the Electric System and the 2020A Bonds in each year (the "Annual Disclosure Report"); and (b) notice of the occurrence of certain enumerated events (each a "Listed Event Notice"). The Annual Disclosure Report and each Listed Event Notice, if applicable, will be filed by JEA, on EMMA, a service of the Municipal Securities Rulemaking Board. The specific nature and timing of filing the Annual Disclosure Report and each Listed Event Notice, and other details of JEA's undertakings are more fully described in "APPENDIX I - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

The following disclosure is being provided by JEA for the sole purpose of assisting the Underwriters in complying with the Rule: JEA previously entered into continuing disclosure undertakings as an "obligated person" under the Rule (the "Prior Undertakings"). In the previous five-year period beginning on July 10, 2015 and ending on July 10, 2020 (the "Compliance Period"), JEA may have, on certain instances during the Compliance Period, failed to comply with certain provisions of the Prior Undertakings, including inadvertently failing to associate

certain CUSIP numbers with the annual financial information that JEA timely filed on EMMA in 2016 and 2017 and failing to timely file a notice relating to the downgrade by Moody's of various series of JEA's outstanding bonds in 2018 (collectively, the "Potential Non-Compliance Events"). JEA has not made any determination regarding the materiality of any of the Potential Non-Compliance Events.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, validity, sale and delivery of the 2020A Bonds are subject to the approving opinions of Greenberg Traurig, P.A., in its capacity as Bond Counsel to JEA ("Bond Counsel"). The approving opinions of Bond Counsel relating to the Series Three 2020A Bonds and the 2020 Series A Subordinated Bonds, in substantially the forms attached hereto as APPENDIX G and APPENDIX H, respectively, will be delivered concurrently with the issuance of the 2020A Bonds. Certain legal matters in connection with the 2020A Bonds will be passed upon for JEA by the Office of General Counsel of the City of Jacksonville, Florida, as counsel to JEA. Greenberg Traurig, P.A., Orlando, Florida, has served as Disclosure Counsel in connection with the 2020A Bonds. Certain legal matters in connection with the 2020A Bonds will be passed upon for the Underwriters by Rogers Towers, P.A., Jacksonville, Florida, as Underwriters' Counsel.

FINANCIAL STATEMENTS

JEA maintains separate accounting records for the Electric 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, the Water and Sewer System, and the District Energy System. The financial statements of JEA as of and for the Fiscal Years ended September 30, 2019 and 2018 (the "2019 Financial Statements") have been audited by Ernst & Young, LLP, independent auditors (the "Auditors"). Attached hereto as APPENDIX A are: (a) the 2019 Financial Statements, together with the report of the Auditors on such financial statements; (b) certain supplemental data as of September 30, 2019 and for the year then ended; and (c) certain statements of bond compliance information, together with the report of the Auditors on such schedules.

The assets reflected in the statement of net position included in the 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 outstanding bonds for 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. 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 Water and Sewer System, the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System.

FINANCIAL ADVISOR

PFM Financial Advisors LLC has served as financial advisor to JEA (the "Financial Advisor") with respect to the sale of the 2020A Bonds. The Financial Advisor assisted in matters related to the planning, structuring and issuance of the 2020A Bonds and provided other advice. The Financial Advisor did not engage in any underwriting activities with respect to the issuance and sale of the 2020A Bonds.

RATINGS

S&P Global Ratings ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings Inc. ("Fitch," together with S&P and Moody's, the "Rating Agencies") have assigned ratings of "A+," "A2" and "AA," respectively, to the Series Three 2020A Bonds. S&P, Moody's and Fitch have assigned ratings of "A," "A3" and "AA," respectively, to the 2020 Series A Subordinated Bonds.

The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of the Rating Agencies, and an explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings or other actions by the Rating Agencies or either of them, may have an adverse effect on the liquidity and/or market price of the affected 2020A Bonds. JEA has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

UNDERWRITING

J.P. Morgan Securities LLC ("JPM") and the other underwriters listed on the front cover page of this Official Statement (collectively, the "Underwriters") have agreed jointly and severally, pursuant to a Bond Purchase Agreement between JPM and JEA (the "Bond Purchase Agreement") to purchase: (a) the Series Three 2020A Bonds at a price equal to $157,487,303.45 (representing the par amount of the Series Three 2020A Bonds of $129,255,000.00, plus bond premium of $28,761,133.45, and less an Underwriters' discount of $528,830.00); and (b) the 2020 Series A Subordinated Bonds at a price equal to $113,679,475.34 (representing the par amount of the 2020 Series A Subordinated Bonds of $92,415,000.00, plus bond premium of $21,620,000.65, and less an Underwriters' discount of $355,525.31). The Bond Purchase Agreement provides that the obligations of the Underwriters to purchase and accept delivery of the 2020A Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all of the 2020A Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the 2020A Bonds to the public.

The prices and other terms with respect to the offering and sale of the 2020A Bonds may be changed from time to time by the Underwriters after such 2020A Bonds are released for sale, and the 2020A Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers whom may sell the 2020A Bonds into investment accounts.

Disclosure of Multiple Roles. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for JEA, for which they received or will receive customary fees and expenses. Specifically, JPM and Morgan Stanley served as financial advisors to JEA in connection with the execution of the competitive and open solicitation process more fully described under "JEA - Review of Strategic Alternatives and Potential Privatization" herein.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of JEA.

The Underwriters have provided the following information for inclusion in this Official Statement:

J.P. Morgan Securities LLC. JPM, one of the Underwriters of the 2020A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2020A Bonds from JPM at the original issue price less a negotiated portion of the selling concession applicable to any 2020A Bonds that such firm sells.

Morgan Stanley. Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the 2020A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2020A Bonds.

US Bancorp. US Bancorp is the marketing name for U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is serving as one of the Underwriters for the 2020A Bonds, and U.S. Bank National Association, which is serving as the bond registrar and paying agent for the 2020A Bonds, as well as the Escrow Agent for the Refunded Bonds and the Refunded Subordinated Bonds.

Wells Fargo Securities. Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Exchange Act.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the 2020A Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the 2020A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2020A Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2020A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FORWARD LOOKING STATEMENTS

Any statements made in this Official Statement, including in the appendices attached hereto, involving estimates, forecasts or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates, forecasts or matters of opinion will be realized.

Use of the words "shall" or "will" in this Official Statement or in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

The statements contained in this Official Statement, including in the appendices attached hereto, that are not purely historical, are "forward looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "intend," "anticipate," "project," "forecast," "estimate," "budget" or other similar words. Readers should not place undue reliance on forward looking statements. All forward-looking statements included or incorporated by reference in this Official Statement are based on information available on the date hereof and JEA does not assume any obligation to update any such forward looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and

possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of JEA. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices attached hereto, will prove to be accurate.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the 2020A Bonds, the security for and the source for repayment for the 2020A Bonds and the rights and obligations of the holders of the 2020A Bonds. Copies of such documents may be obtained as specified under "INTRODUCTION - Other Information" herein.

The appendices attached hereto, are integral parts of this Official Statement and should be read together with all other part of this Official Statement.

Any statements made in this Official Statement involving matters of opinion or of estimates or forecasts, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or forecasts will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the 2020A Bonds.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement, and its distribution and use by the Underwriters in connection with the original public offering, sale and distribution of the 2020A Bonds by the Underwriters, have been duly authorized and approved by JEA.

JEA

By: */s/ Paul E. McElroy*
Paul E. McElroy,
Interim Managing Director and Chief Executive Officer

APPENDIX A

FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION

JEA

Years Ended September 30, 2019 and 2018
With Report of Independent Auditors

Ernst & Young LLP



JEA

Financial Statements, Supplementary Information, and Bond Compliance Information

Years Ended September 30, 2019 and 2018

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Ernst & Young LLP
12926 Gran Bay Parkway West
Suite 500
Jacksonville, FL 32258

Tel: +1 904 358 2000
Fax: +1 904 358 4598
ey.com

Report of Independent Auditors

The Board of Directors
JEA
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of JEA, a component unit of the City of Jacksonville as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise JEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JEA as of September 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

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Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of JEA's Proportionate Share of the Net Pension Liability and Schedule of JEA Contributions, SJRPP Pension Plan – Schedule of Changes in Net Pension Liability and Related Ratios, SJRPP Pension Plan – Investment Returns and Schedule of Contributions, OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios and OPEB Plan – Investment Returns and Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position, revenues, expenses and changes in net position and cash flows and Schedules of Debt Service Coverage as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statements of net position, revenues, expenses and changes in net position and cash flows and schedules of debt service coverage, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 9, 2019, on our consideration of JEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JEA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JEA's internal control over financial reporting and compliance.

Ernst & Young LLP

December 9, 2019

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Management's Discussion and Analysis

Introduction

JEA is a municipal utility operating in Jacksonville, Florida (Duval County) and parts of three adjacent counties. The operation is composed of three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). Electric Enterprise, Water and Sewer, and DES funds are presented on a combined basis in the accompanying statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

Overview of the Combined Financial Statements

This discussion and analysis serves as an introduction to JEA's basic financial statements. The information presented here should be read in conjunction with the financial statements and accompanying notes.

The basic financial statements are presented on a comparative basis for the fiscal years ended September 30, 2019 and 2018. The statements of net position present JEA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Revenue and expense information is presented in the accompanying statements of revenues, expenses, and changes in net position. The accompanying statements of cash flows present JEA's sources and uses of cash and cash equivalents and are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing, and financing activities.

The notes to the financial statements are an integral part of JEA's basic financial statements and contain information on accounting principles and additional information on certain components of these statements.

The following tables summarize the financial condition and operations of JEA for the 2019 and 2018 fiscal years:

Condensed Statements of Net Position

	2019	2018	2017*
		(In millions)	
Assets and deferred outflows of resources			
Current assets	**$ 753**	$ 874	$ 902
Other noncurrent assets	**1,517**	1,677	1,624
Net capital assets	**5,466**	5,380	5,814
Deferred outflows of resources	**461**	435	438
Total assets and deferred outflows of resources	**$ 8,197**	$ 8,366	$ 8,778
Liabilities and deferred inflows of resources			
Current liabilities	**$ 200**	$ 207	$ 189
Current liabilities payable from restricted assets	**371**	367	449
Net pension liability	**566**	544	554
Other noncurrent liabilities	**110**	91	90
Long-term debt	**3,696**	4,053	4,410
Deferred inflows of resources	**301**	348	457
Net position			
Net investment in capital assets	**2,249**	1,857	1,622
Restricted	**400**	542	614
Unrestricted	**304**	357	393
Total liabilities, deferred inflows of resources, and net position	**$ 8,197**	$ 8,366	$ 8,778

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2019	2018	2017*
		(In millions)	
Operating revenues	**$ 1,752**	$ 1,790	$ 1,875
Operating expenses	**(1,340)**	(1,399)	(1,380)
Operating income	**412**	391	495
Nonoperating expenses, net	**(111)**	(131)	(149)
Contributions	**(103)**	(89)	(91)
Special Item	**–**	(45)	–
Change in net position	**198**	126	255
Net position – beginning of the year	**2,755**	2,629	2,377
Effect of adoption of GASB Statement No. 75	**–**	–	(3)
Net position – beginning of the year, restated	**2,755**	2,629	2,374
Net position – end of the year	**$ 2,953**	$ 2,755	$ 2,629

*Restated for implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Financial Analysis of JEA for fiscal years 2019 and 2018

2019 Compared to 2018

Electric Enterprise

Operating Revenues

Total operating revenues decreased approximately $66 million (4.8%) compared to fiscal year 2018. Electric revenues decreased $7 million and other operating revenues decreased by $59 million.

The $7 million decrease in electric revenues was driven by a $29 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018. That decrease was mostly offset by a $16 million net increase in transfers from stabilization funds (see note 2, Regulatory Deferrals, for additional information) and a $6 million increase in territorial sales. Territorial MWh sales were up 40,695 megawatt hours (MWh) (0.3%), driven by a 0.9% increase in degree days that was partially offset by a 1.6% decrease in average MWhs per customer. SJRPP Sales to FPL decreased by 332,467 MWh and off-system sales increased by 25,494 MWh, which brought the change to a net decrease in MWh sales of 266,278 MWh (2.1%).

The decrease in other operating revenues was due to the cycling of the prior year FPL shutdown payment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for further details.

Operating Expenses

Total operating expenses decreased approximately $83 million (7.5%), compared to fiscal year 2018.

Fuel and purchased power expense decreased approximately $65 million (12.2%), compared to fiscal year 2018. Costs decreased by $76 million while MWh generated and purchased increased by $11 million. 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. In addition, the shutdown of the SJRPP power plant has decreased power production sourced by coal significantly. Total MWh power volumes increased 0.7% compared to fiscal year 2018 to 12,964,577 MWh, with an increase of 39.8% for MWh purchased and a decrease of 8.2% for MWh generated. Detailed below is JEA's power supply mix.

	FY 2019	FY 2018
Natural gas	**49%**	48%
Purchases	**26%**	18%
Coal	**16%**	22%
Petroleum coke	**9%**	12%
Total	**100%**	100%

Operating expenses, other than fuel and purchased power, decreased approximately $18 million, compared to fiscal year 2018.

Maintenance and other operating expenses decreased $46 million. The drivers for the decrease were a $49 million reduction in SJRPP operating expenses due to the plant shutdown, a $14 million decrease in Scherer capital improvements and operating costs as outage years are in even-numbered years, and a $4 million decrease in industrial services. These decreases were offset by an $11 million increase in professional services, an $8 million increase in compensation and benefits, a $1 million increase in insurance, and a $1 million increase in maintenance.

Recognition of deferred costs and revenues, net increased $33 million due to a $22 million increase in environmental projects paid from the rate stabilization fund and $11 million in higher deferred cost amortization, primarily related to the reduced depreciation for SJRPP capital assets subsequent to the impairment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for additional details. Depreciation expense decreased $6 million due to a decrease in the depreciable base, driven by the impairment of the SJRPP capital assets due to the shutdown of the SJRPP plant. State utility and franchise taxes increased $1 million due to higher electric revenue taxable sales.

Water and Sewer Enterprise

Operating Revenues

Total operating revenues increased approximately $28 million (6.5%) compared to fiscal year 2018. Water revenues increased $8 million (4.5%) due to a 4.2% increase in consumption and a 2.1% increase in customer accounts. Water consumption increased 1,509,513 kilogallons (kgals) to 37,696,072 kgals. Sewer revenues increased approximately $9 million (3.9%) primarily related to a 5.3% increase in sales and a 2.6% increase in sewer accounts. Sewer sales increased 1,386,174 kgals to 27,726,796 kgals. Reuse revenues increased approximately $4 million (31.1%), primarily related to a 24.1% increase in reuse accounts and a 24.5% increase in sales. Reuse sales increased 764,471 kgals to 3,884,210 kgals. Water and sewer revenues also increased due to a $5 million net increase in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. Other operating revenues increased by $2 million as a result of increases in miscellaneous service revenues.

Operating Expenses

Operating expenses increased $24 million (7.6%), compared to fiscal year 2018. Maintenance and other expenses increased $11 million due to a $7 million increase in compensation and benefits and a $4 million increase in professional and industrial services. Depreciation expense increased $8 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net increased $5 million due to an increase in environmental projects paid from the rate stabilization fund.

District Energy System

Operating Revenues

Operating revenues remained flat when compared to fiscal year 2018 at $9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2018 at $7 million.

2018 Compared to 2017

Electric Enterprise

Operating Revenues

Total operating revenues decreased approximately $62 million (4.4%) compared to fiscal year 2017. Electric revenues decreased $114 million and other operating revenues increased by $52 million. The $114 million decrease in electric revenues was due to a $97 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018, and a $40 million decrease in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. The decrease was partially offset by $23 million increase in territorial sales. Territorial MWh sales were up 314,205 megawatt hours (MWh) (2.6%), resulting in a 1.0% increase in average MWhs per customer, driven by a 13.9% increase in degree days. SJRPP Sales to FPL decreased by 1,360,616 MWh and off-system sales decreased by 115,206 MWh, which brought the change to a net decrease in MWh sales of 1,161,617 MWh (8.4%). The increase in other operating revenues was driven by the FPL shutdown payment. See note 3, St. Johns River Power Park Decommissioning, for further details.

Operating Expenses

Total operating expenses increased approximately $14 million (1.3%), compared to fiscal year 2017.

Fuel and purchased power expense decreased approximately $6 million (1.1%), compared to fiscal year 2017. Costs decreased by $19 million while MWh generated and purchased increased by $13 million. 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. In addition, the shutdown of the SJRPP power plant has decreased power production sourced by coal significantly. Total MWh power volumes increased 1.6% compared to fiscal year 2017 to 12,874,102 MWh, with an increase of 41.6% for MWh purchased and a decrease of 4.5% for MWh generated. Detailed below is JEA's power supply mix.

	FY 2018	FY 2017
Natural gas	**48%**	39%
Coal	**22%**	43%
Purchases	**18%**	12%
Petroleum coke	**12%**	6%
Total	**100%**	100%

Operating expenses, other than fuel and purchased power, increased approximately $20 million, compared to fiscal year 2017.

Maintenance and other operating expenses increased $30 million. The drivers for the increase were a $19 million increase in Scherer capital improvements and operating costs, $14 million in SJRPP renewal and replacement expenses, and $5 million increase in maintenance costs. These increases were offset by an $8 million reduction in SJRPP operating expenses due to the plant shutdown.

Depreciation expense decreased $28 million due to a decrease in the depreciable base, driven by the impairment of the SJRPP capital assets due to the shutdown of the SJRPP plant. State utility and franchise taxes increased $2 million due to higher electric revenue taxable sales. Recognition of deferred costs and revenues, net increased $16 million as a result of higher deferred cost amortization, primarily related to the reduced depreciation for SJRPP capital assets subsequent to the impairment. See note 3, St. Johns River Power Park Decommissioning, for additional details.

Water and Sewer Enterprise

Operating Revenues

Total operating revenues decreased approximately $22 million (4.9%) compared to fiscal year 2017. Water revenues decreased $10 million (5.5%) due to a 2.8% decrease in consumption, which was partially offset by a 2.1% increase in customer accounts. Water consumption decreased 1,058,629 kgals to 36,186,559 kgals. Sewer revenues decreased approximately $4 million (1.6%) primarily related to a 1.4% decrease in sales, which was partially offset by a 2.5% increase in sewer accounts. Sewer sales decreased 372,148 kgals to 26,340,622 kgals. The water and sewer revenue decreases were driven by a 22.4% increase in rain days. Reuse revenues increased approximately $1 million (3.4%), primarily related to a 22.4% increase in reuse accounts, which was partially offset by a 5.2% decrease in sales. Reuse sales decreased 170,572 kgals to 3,119,739 kgals. Water and sewer revenues were impacted by an $11 million net decrease in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. Other operating revenues increased by $2 million due to additional waste disposal revenues.

Operating Expenses

Operating expenses increased $5 million (1.7%), compared to fiscal year 2017. Maintenance and other expenses increased $8 million due to a $5 million increase in professional services, industrial services, and compensation and a $3 million increase in interfund charges. Depreciation expense increased $2 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net decreased $5 million due to a decrease in environmental projects paid from the rate stabilization fund.

District Energy System

Operating Revenues

Operating revenues remained flat when compared to fiscal year 2017 at $9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2017 at $7 million.

Nonoperating Revenues and Expenses

2019 Compared to 2018

There was a decrease of approximately $20 million (14.9%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2019 *(in millions)*
Changes in nonoperating expenses, net	
Write-off of losses on refundings due to defeasances	$ (24)
Investment gains – fair value adjustments	17
Decrease in scheduled interest on debt	16
Increase in investment income	11
Increase in allowance for funds used during construction	2
Cycling of prior year gain on sale of assets	(2)
Decrease in The Energy Authority earnings	(2)
Increase in other nonoperating income - timber	2
Total change in nonoperating expenses, net	$ 20

2018 Compared to 2017

There was a decrease of approximately $18 million (12.1%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2018 *(in millions)*
Changes in nonoperating expenses, net	
Decrease in interest on debt	$ 16
Investment gains – fair value adjustments	4
Decrease in investment income	(3)
Decrease in The Energy Authority earnings	(2)
Gain on sale of assets	2
Decrease in other nonoperating expenses - timber	2
Increase in other interest expense	(1)
Total change in nonoperating expenses, net	$ 18

Capital Assets and Debt Administration for Fiscal Years 2019 and 2018

Capital Assets

As of September 30, 2019, JEA had approximately $5,465 million in capital assets, net of accumulated depreciation. This included $2,684 million in electric plant, $2,748 million in water and sewer plant, and $33 million in chilled water plant. During fiscal year 2019, capital additions were $487 million, which included $277 million in electric plant, $209 million in water and sewer plant, and $1 million in chilled water plant. As of September 30, 2018, JEA had approximately $5,380 million in capital assets, net of accumulated depreciation. This included $2,662 million in electric plant, $2,683 million in water and sewer plant, and $35 million in chilled water plant. During fiscal year 2018, capital additions were $387 million, which included $183 million in electric plant, $203 million in water and sewer plant, and $1 million in chilled water plant. Also during fiscal year 2018, a $451 million write down was recorded to the Electric Enterprise capital accounts due to the shutdown of the SJRPP power plant. More detailed information is presented in note 3, St. Johns River Power Park Decommissioning, to the financial statements.

With the adoption of the depreciation ratemaking policy in 2014, the depreciation of contributed assets are not included in rates charged to customers, because it has already been recovered with the contribution. In accordance with GASB 62, the contributed assets will be expensed in capital contributions as a reduction of plant cost through contributions. During fiscal year 2019, $5 million of contributed capital related to the Electric System and $62 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions. During fiscal year 2018, $2 million of contributed capital related to the Electric System and $52 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program is planned to be provided from revenues generated from operations and existing construction fund balances.

Scherer is subject to a joint ownership agreement. JEA's share of the estimated capital expenditures relating to this plant is $10 million and is included in the Electric Enterprise Fund amount above.

Debt Administration

Debt outstanding at September 30, 2019, was $3,621 million, a decrease of approximately $379 million from the prior fiscal year. This decrease was due to defeasance of principal of $195 million and regular principal payments of $186 million, being partially offset by new debt issued of $2 million.

Debt outstanding at September 30, 2018, was $3,999 million, a decrease of approximately $402 million from the prior fiscal year. This decrease was due to defeasance of principal of $994 million and regular principal payments of $229 million, being partially offset by new debt issued of $821 million.

JEA's debt ratings on its long-term debt per Standard & Poor's and Fitch remained unchanged from fiscal year 2018. On October 11, 2018, Moody's Investors Service lowered its ratings with respect to the Bonds of JEA as follows:

(a) with respect to Electric System Revenue Bonds, Bulk Power Supply System Revenue Bonds, and SJRPP System Revenue Bonds, the long-term debt ratings were lowered from "Aa2" to "A2";

(b) with respect to Electric System Subordinated Revenue Bonds, the long-term ratings were lowered from "Aa3" to "A3";

(c) with respect to Water and Sewer Revenue Bonds and Water and Sewer Subordinated Revenue Bonds, the long term ratings were lowered from "Aa2" to "A2"; and

(d) with respect to DES Revenue Bonds, the long-term ratings were lowered from "Aa3" to "A3".

	2019					2018				
	Electric System	**Water and Sewer System**	**SJRPP**	**Scherer**	**District Energy System**	**Electric System**	**Water and Sewer System**	**SJRPP**	**Scherer**	**District Energy System**
Senior debt:										
Moody's Investors Service	**A2**	**A2**	**A2**	**A2**	**A3**	Aa2	Aa2	Aa2	Aa2	Aa3
Standard & Poor's	**A+**	**AAA**	**A+**	**A+**	**AA+**	A+	AAA	A+	A+	AA+
Fitch	**AA**	**AA**	**AA**	**AA**	**AA**	AA	AA	AA	AA	AA
Subordinated debt:										
Moody's Investors Service	**A3**	**A2**	*	*	*	Aa3	Aa2	*	*	*
Standard & Poor's	**A**	**AA+**	*	*	*	A	AA+	*	*	*
Fitch	**AA**	**AA**	*	*	*	AA	AA	*	*	*

* There are no subordinated bonds related to this system.

Currently Known Facts Expected to have a Significant Effect on Financial Position and/or Changes in Operations

Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval.

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services. As part of this initiative, the Board approved, at its March 2019 meeting, the following two changes to the electric tariff:

- Residential Demand Rate Pilot modifications to continue evaluating a pricing platform that may provide revenue stability, deliver positive customer impact, and promote efficient system utilization and
- removal of the expiration date of the JEA SolarMax Rider to continue to provide large commercial customers a choice to have up to 100 percent of their business's energy needs met by solar power.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

Audited Financial Statements

JEA

Statements of Net Position
(In Thousands)

	September 2019	2018
Assets		
Current assets:		
Cash and cash equivalents	**$ 414,438**	$ 441,206
Investments	**2,399**	85,310
Customer accounts receivable, net of allowance ($1,341 for 2019 and $1,830 for 2018)	**226,848**	232,858
Inventories:		
Materials and supplies	**58,962**	59,204
Fuel	**30,898**	36,871
Other current assets	**19,592**	18,290
Total current assets	**753,137**	873,739
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	**265,784**	114,576
Investments	**380,250**	731,627
Accounts and interest receivable	**1,071**	62
Total restricted assets	**647,105**	846,265
Costs to be recovered from future revenues	**851,046**	808,096
Other assets	**19,016**	22,686
Total noncurrent assets	**1,517,167**	1,677,047
Net capital assets	**5,465,444**	5,380,259
Total assets	**7,735,748**	7,931,045
Deferred outflows of resources		
Unrealized pension contributions and losses	**131,554**	171,367
Unamortized deferred losses on refundings	**108,875**	143,722
Accumulated decrease in fair value of hedging derivatives	**161,485**	86,356
Unrealized asset retirement obligation	**50,329**	29,173
Unrealized OPEB contributions and losses	**9,100**	4,078
Total deferred outflows of resources	**461,343**	434,696
Total assets and deferred outflows of resources	**$ 8,197,091**	$ 8,365,741

See accompanying notes to financial statements.

JEA

Statements of Net Position (continued)

(In Thousands)

	September 2019	2018
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	**$ 53,827**	$ 81,770
Customer deposits and prepayments	**73,974**	70,213
Billings on behalf of state and local governments	**26,292**	25,970
Current portion of asset retirement obligations	**18,884**	6,646
Compensation and benefits payable	**17,228**	12,688
City of Jacksonville payable	**10,269**	9,957
Total current liabilities	**200,474**	207,244
Current liabilities payable from restricted assets:		
Debt due within one year	**192,555**	185,790
Interest payable	**64,775**	73,737
Renewal and replacement reserve	**46,955**	54,370
Construction contracts and accounts payable	**66,775**	53,369
Total current liabilities payable from restricted assets	**371,060**	367,266
Noncurrent liabilities:		
Net pension liability	**566,372**	544,203
Asset retirement obligation	**31,445**	22,526
Net OPEB liability	**18,256**	18,835
Other liabilities	**59,840**	49,227
Total other noncurrent liabilities	**675,913**	634,791
Long-term debt:		
Debt payable, less current portion	**3,428,080**	3,813,680
Unamortized premium, net	**118,125**	152,891
Fair value of debt management strategy instruments	**149,887**	86,356
Total long-term debt	**3,696,092**	4,052,927
Total liabilities	**4,943,539**	5,262,228
Deferred inflows of resources		
Revenues to be used for future costs	**238,690**	286,832
Unrealized pension gains	**50,880**	50,124
Unrealized OPEB gains	**11,249**	8,712
Accumulated increase in fair value of hedging derivatives	**-**	2,536
Total deferred inflows of resources	**300,819**	348,204
Net position		
Net investment in capital assets	**2,248,863**	1,856,725
Restricted for:		
Capital projects	**165,186**	331,157
Debt service	**193,063**	187,172
Other purposes	**42,005**	23,708
Unrestricted	**303,616**	356,547
Total net position	**2,952,733**	2,755,309
Total liabilities, deferred inflows of resources, and net position	**$ 8,197,091**	$ 8,365,741

See accompanying notes to financial statements.

JEA

Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)

	September 2019	2018
Operating revenues		
Electric	**$ 1,259,815**	$ 1,267,202
Water and sewer	**450,116**	423,480
District energy system	**8,504**	8,348
Other	**33,526**	90,952
Total operating revenues	**1,751,961**	1,789,982
Operating expenses		
Operations and maintenance:		
Fuel	**330,328**	421,052
Purchased power	**135,245**	109,194
Maintenance and other operating expenses	**395,692**	431,269
Depreciation	**362,313**	360,609
State utility and franchise taxes	**71,569**	70,027
Recognition of deferred costs and revenues, net	**44,792**	6,856
Total operating expenses	**1,339,939**	1,399,007
Operating income	**412,022**	390,975
Nonoperating revenues (expenses)		
Interest on debt	**(175,046)**	(166,508)
Investment income	**39,745**	11,826
Allowance for funds used during construction	**14,099**	11,764
Other nonoperating income, net	**9,082**	9,857
Earnings from The Energy Authority	**2,412**	4,074
Other interest, net	**(1,626)**	(1,825)
Total nonoperating expenses, net	**(111,334)**	(130,812)
Income before contributions	**300,688**	260,163
Contributions (to) from		
General Fund, City of Jacksonville, Florida	**(132,802)**	(116,620)
Developers and other	**97,726**	82,157
Reduction of plant cost through contributions	**(68,188)**	(54,114)
Total contributions, net	**(103,264)**	(88,577)
Special items	**-**	(45,099)
Change in net position	**197,424**	126,487
Net position, beginning of year	**2,755,309**	2,628,822
Net position, end of year	**$ 2,952,733**	$ 2,755,309

See accompanying notes to financial statements.

JEA

Statements of Cash Flows
(In Thousands)

	September 2019	2018
Operating activities		
Receipts from customers	**$ 1,679,527**	$ 1,740,598
Payments to suppliers	**(709,908)**	(799,895)
Payments to employees	**(233,377)**	(258,636)
Other operating activities	**33,088**	84,869
Net cash provided by operating activities	**769,330**	766,936
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	**(132,707)**	(116,569)
Net cash used in noncapital and related financing activities	**(132,707)**	(116,569)
Capital and related financing activities		
Defeasance of debt	**(195,045)**	(993,690)
Proceeds received from debt	**2,000**	821,000
Acquisition and construction of capital assets	**(466,730)**	(375,544)
Repayment of debt principal	**(185,790)**	(229,095)
Interest paid on debt	**(169,836)**	(182,849)
Capital contributions	**29,538**	28,043
Other capital financing activities	**(3,835)**	63,197
Net cash used in capital and related financing activities	**(989,698)**	(868,938)
Investing activities		
Purchase of investments	**(415,403)**	(1,037,966)
Proceeds from sale and maturity of investments	**863,004**	1,179,471
Investment income	**27,471**	15,301
Distributions from The Energy Authority	**2,443**	3,513
Net cash provided by investing activities	**477,515**	160,319
Net change in cash and cash equivalents	**124,440**	(58,252)
Cash and cash equivalents at beginning of year	**555,782**	614,034
Cash and cash equivalents at end of year	**$ 680,222**	$ 555,782
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 412,022**	$ 390,975
Adjustments:		
Depreciation and amortization	**363,534**	361,889
Recognition of deferred costs and revenues, net	**44,792**	6,856
Other nonoperating income, net	**2,035**	1,073
Changes in noncash assets and noncash liabilities:		
Accounts receivable	**(2,403)**	26,486
Accounts receivable, restricted	**8**	16
Inventories	**6,215**	46,419
Other assets	**2,418**	(2,612)
Accounts and accrued expenses payable	**(22,743)**	979
Current liabilities payable from restricted assets	**(5,299)**	(49,998)
Other noncurrent liabilities and deferred inflows	**(31,249)**	(15,147)
Net cash provided by operating activities	**$ 769,330**	$ 766,936
Noncash activity		
Contribution of capital assets from developers	**$ 68,188**	$ 54,114
Unrealized gains (losses) on fair value of investments, net	**$ 13,314**	$ (3,386)

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies and Practices

(a) Reporting Entity

JEA is currently organized into three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the Electric System; the Bulk Power Supply System (Scherer), which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company (Georgia Power) and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); and St. Johns River Power Park System (SJRPP), which is jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). Water and Sewer consists of water and sewer system activities. DES consists of chilled water activities. Separate accounting records are currently maintained for each system. These financial statements include JEA's ownership interest in Scherer. The following information relates to JEA's ownership interest in Scherer as of September 30, 2019 and 2018:

	2019	2018
Inventories	**$ 4,753**	$ 7,463
Costs to be recovered from future revenues	**3,970**	6,155
Capital assets, net	**127,207**	135,595
Unrealized asset retirement obligations	**32,282**	-
Current portion of asset retirement obligations	**837**	-
Debt due within one year	**6,150**	5,710
Asset retirement obligations	**31,445**	-
Long-term debt	**88,403**	94,602
Revenues to be used for future costs	**33,682**	37,560

The funds are governed by the JEA Board of Directors (Board). The Board is responsible for setting rates based on operating and maintenance expenses and depreciation of the operations. The operations of Scherer and SJRPP are subject to joint ownership agreements and rates are established on a cost-of-service basis, including operating and maintenance expenses and debt service. See note 1(t), Setting of rates.

At the July 23, 2019 board meeting, the JEA board authorized JEA's senior leadership team to explore four different forms of ownership: 1) community ownership, 2) initial public offering, 3) private placement offering equity shares, or 4) a conversion to a corporation with controlling interest purchased by a tech-focused company, oil and gas-focused company, or utility company. On August 2, 2019, as part of this process, JEA issued an invitation to negotiate (ITN) for strategic alternatives. Negotiations are ongoing with the nine respondents that have been moved to the negotiation phase. The impact to JEA's financial reporting of the results of the ITN process is unknown at this time.

1. Summary of Significant Accounting Policies and Practices (continued)

(b) Basis of Accounting

JEA is presenting financial statements combined for the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. JEA uses the accrual basis of accounting for its operations and the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund.

The financial statements have been prepared in conformity with the Governmental Accounting Standards Board (GASB) codification, which defines JEA as a component unit of the City of Jacksonville, Florida (City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City.

JEA presents its financial statements in accordance with the GASB pronouncements that establish standards for external financial reporting for all state and local governmental entities that include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.

- Restricted consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

- Unrestricted consists of net position that does not meet the definition of restricted or net investment in capital assets.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

(c) Revenues

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

1. Summary of Significant Accounting Policies and Practices (continued)

Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to stabilization funds. Discounts and allowances totaled $34,996 in fiscal year 2019 and $32,441 in 2018. JEA withdrew the net amount of $36,713 in fiscal year 2019 and $15,813 in 2018 from stabilization funds. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. JEA earned 0.1% of its electric revenue from billings to FPL in fiscal year 2019 and 2.4% in 2018. Operating revenues include amounts estimated for unbilled services provided during the reporting period of $78,973 in 2019 and $82,576 in 2018.

(d) Capital Assets

Utility plant represents four classes of capital assets – real property, tangible property, tangible personal property, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP and Scherer are required by its bond resolutions to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system or applied to other designated uses as specifically allowed under the bond resolutions. The Electric Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund is not capitalized by SJRPP or Scherer.

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds and renewal and replacement funds. The average AFUDC rate for the debt of each system is listed in the table below.

Average AFUDC Rate (%)	**2019**	**2018**
Electric Enterprise Fund	**4.4%**	4.3%
Water and Sewer Fund	**4.3%**	4.3%
District Energy System	**3.8%**	3.7%

The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was $175,046 for fiscal year 2019 and $166,508 for 2018, of which $14,099 was capitalized in fiscal year 2019 and $11,764 in 2018. Investment income on bond proceeds was $186,189 in fiscal year 2019 and $0 in 2018.

1. Summary of Significant Accounting Policies and Practices (continued)

(f) Depreciation

Depreciation of capital assets is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. Depreciation begins on the date the assets are placed in service. Generally, recurring renewal and replacement capital additions are placed in service at the end of each fiscal year. The depreciation rates are based on depreciation studies performed by an outside consultant that are updated periodically. The latest depreciation study was completed during fiscal year 2019 and the rates for that study become effective in fiscal year 2020. The effective rate of depreciation based upon the average depreciable plant in service balance was 3.18% and 3.24% for fiscal years 2019 and 2018, respectively. The average depreciable life in years of the depreciable capital assets for each system is listed in the table below.

Average Depreciable Life *(Years)*	**2019**	**2018**
Electric Enterprise Fund	**23.7**	23.9
Water and Sewer Fund	**27.4**	27.6
District Energy System	**23.7**	23.7

(g) Amortization

Amortization of bond discounts and premiums is computed on a straight-line basis, which approximates the effective-interest method over the remaining term of the outstanding bonds.

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as deferred outflows of resources on the accompanying statements of net position. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

(i) Investments

Investments are presented at fair value or cost, which is further explained in note 14, *Fair Value Measurements*. Realized and unrealized gains and losses for all investments are included in investment income on the statements of revenues, expenses, and changes in net position. The investment in The Energy Authority (TEA) is recorded on the equity method (see note 7, Investment in The Energy Authority, for additional information).

1. Summary of Significant Accounting Policies and Practices (continued)

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of debt management to take advantage of favorable market interest rates. Interest rate swaps are authorized under the policy to be used in the area of investment management to increase the yield on revolving short-term investments.

JEA applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded on the statements of net position as deferred outflows and inflows of resources. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the statements of revenues, expenses, and changes in net position as an adjustment to investment income.

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated) or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as either an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when JEA enters into a new interest rate swap transaction.

During fiscal years 2019 and 2018, JEA did not have any interest rate swaps outstanding under JEA's asset management interest rate swap program. See the Debt Management Strategy section in note 8, Long-Term Debt, for more information on JEA's debt management interest rate swap program.

(l) Inventory

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet generation requirements. Inventories are valued at average cost, with obsolete items being expensed when identified.

1. Summary of Significant Accounting Policies and Practices (continued)

(m) Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred outflow of resources or a deferred inflow of resources until such time that the transactions end. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position.

(n) Capital Contributions

Capital contributions represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the accompanying statement of revenues, expenses, and changes in net position at the time of receipt. Assets received are recorded as contributions from developers and others at acquisition cost. Corresponding expenses of $68,188 and $54,114 were recorded in fiscal years 2019 and 2018 to recognize the costs of the assets since it will not be included in revenue requirements charged to customers in the future.

(o) Pension

For purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and fiduciary net position; JEA's portion of the City's General Employees' Retirement Plan (GERP) and St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) have been determined on the same basis as reported in the GERP and SJRPP Plan financial statements. Employer contributions made subsequent to the measurement date and before the fiscal year end are recorded as a deferred outflow of resources.

Basis of Accounting – The pension trust financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contribution, benefit payments and refunds are recognized when due and payable in accordance with the terms of the plans. Florida law and the Florida Division of Retirement require plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll or in dollars. The Florida Division of Retirement reviews and approves the GERP actuarial report to ensure compliance with actuarial standards. The SJRPP Plan is governed by a three-member Pension Committee to ensure compliance with actuarial standards.

1. Summary of Significant Accounting Policies and Practices (continued)

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments in GERP is based on independent appraisals or estimates of fair value as provided by third-party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third-party fund managers. Investments are managed by third-party money managers while cash and securities are generally held by the independent custodians.

(p) Compensated Absences

JEA employees accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in collective bargaining agreements and other employment plans. Accrued leave may be taken at any time when authorized. In addition, employees may elect to sell back any leave accrued during the fiscal year. Leave accrued over the maximum allowed leave balances is paid to the employee after the end of the fiscal year.

Upon termination from employment, employees are paid for their unused leave balances. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16), the amount reflected as the current portion is estimated based upon historical trends of retirements and attrition.

This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB 16.

Compensated absences liabilities are accrued when incurred in the financial statements in conformity with generally accepted accounting principles (GAAP). The compensated absences liability is determined based on current rates of pay.

The compensated absence liability as of September 30, 2019 was $32,094. Of this amount, $2,660 was included in compensation and benefits payable on the accompanying statements of net position. The remaining balance of $29,434 was included in other liabilities on the accompanying statements of net position. During fiscal year 2019, annual leave earned totaled $22,794 and annual leave taken totaled $21,583. The compensated absence liability as of September 30, 2018, was $30,854. Of this amount, $1,423 was included in compensation and benefits payable on the accompanying statements of net position. The remaining balance of $29,431 was included in other liabilities on the accompanying statements of net position. During fiscal year 2018, annual leave earned totaled $21,983 and annual leave taken totaled $22,788.

(q) Pollution Remediation Obligations

JEA applies GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. See note 15, Commitments and Contingent Liabilities, for further discussion.

1. Summary of Significant Accounting Policies and Practices (continued)

(r) Asset Retirement Obligations

JEA applies GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). See note 3, Asset Retirement Obligations, for further discussion.

(s) Costs to Be Recovered from Future Revenues/Revenues to Be Used for Future Costs

JEA records certain assets and liabilities (or deferred inflows) that result from the effects of the ratemaking process that would not be recorded under GAAP for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased and utilities might be required to reduce their statements of net position amounts to reflect market conditions.

Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

(t) Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval.

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services. As part of this initiative, the Board approved, at its March 2019 meeting, the following two changes to the electric tariff:

- Residential Demand Rate Pilot modifications to continue evaluating a pricing platform that may provide revenue stability, deliver positive customer impact, and promote efficient system utilization and
- removal of the expiration date of the JEA SolarMax Rider to continue to provide large commercial customers a choice to have up to 100 percent of their business's energy needs met by solar power.

(u) Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

1. Summary of Significant Accounting Policies and Practices (continued)

(v) Pervasiveness of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(w) Newly Adopted Standards for Fiscal Year 2019

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. See note 8, Long-Term Debt, for the additional disclosures.

(x) Recently Issued Accounting Pronouncements Not Yet Effective

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for JEA in fiscal year 2020. The impact on JEA's financial reporting will be the reporting of its pension and other postemployment benefit plans in fiduciary fund financial statements.

1. Summary of Significant Accounting Policies and Practices (continued)

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for JEA in fiscal year 2021. The impact on JEA's financial reporting has not been determined.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. However, GASB allows those entities meeting the criteria for regulated operations, and electing to apply the related provisions of Statement 62, to continue to capitalize qualifying interest cost as a regulatory asset. This statement is effective for JEA in fiscal year 2021. The impact on JEA's financial reporting has not been determined.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for JEA in fiscal year 2020. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for JEA in fiscal year 2022. The implementation of this statement is not expected to have an impact on JEA's financial statements.

2. Regulatory Deferrals

Based on regulatory action taken by the Board and in accordance with the Regulated Operations section within GASB Statement 62, JEA has recorded the following regulatory assets and liabilities that will be included in the ratemaking process and recognized as expenses and revenues, respectively, in future periods. These amounts are shown under costs to be recovered from future revenues or deferred inflows of resources on the accompanying statements of net position.

Regulatory Assets

The following is a summary of JEA's regulatory assets at September 30:

Regulatory Asset	2019	2018
Unfunded pension costs	**$ 485,698**	$ 433,583
SJRPP and Bulk Power cost to be recovered	**248,343**	264,526
Environmental projects	**74,129**	59,859
Unfunded OPEB costs	**20,405**	23,469
Storm costs to be recovered	**15,683**	18,966
Debt issue cost	**6,788**	7,693
Total regulatory assets	**$ 851,046**	$ 808,096

Unfunded Pension Costs – Accrued pension represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation. In fiscal year 2019, the balance includes amounts attributable to JEA's portion of the GERP and amounts related to the SJRPP Plan. In fiscal year 2018, the asset consisted of amounts attributable to JEA's portion of the GERP. For the SJRPP pension plan, JEA made excess contributions during fiscal year 2018 that resulted in a regulatory liability. See excess pension contributions in the Regulatory Liabilities section of this footnote. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

2. Regulatory Deferrals (continued)

SJRPP and Bulk Power costs to be recovered – SJRPP deferred debt-related costs of $245,104 at September 30, 2019 and $259,165 at September 30, 2018 are the result of differences between expenses in determining rates and those used in financial reporting. During fiscal year 2018, operations of SJRPP, as generating facility, ceased and the majority of the assets were dismantled. A write down of $451,037 of undepreciated book value of the assets was recognized during fiscal year 2018 and $128,280 of bonds were defeased as a result of the shutdown of SJRPP. As of September 30, 2019, SJRPP has remaining plant in service assets of $9,734 and outstanding debt of $278,885. The details relating to the shutdown of SJRPP are further discussed in the St. Johns River Power Park section of note 3, Asset Retirement Obligations. The JEA board approved the deferral of this regulatory asset. SJRPP has a contract with the JEA Electric System to recover these costs from future revenues that will coincide with retirement of long-term debt. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the accompanying statements of revenues, expenses, and changes in net position. The Bulk Power Supply System deferred debt-related costs were $3,239 at September 30, 2019 and $5,361 at September 30, 2018. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation. The Bulk Power Supply System will recover these costs from future revenues that will coincide with the retirement of long-term debt.

Environmental Projects – The Board approved the recovery of previously approved water environmental capital projects that had not been collected through the environmental surcharge over a ten-year period beginning October 1, 2015. The amount approved for recovery and transferred out of capital assets was $101,277 of which $51,307 and $59,859 remained unrecovered as of September 30, 2019 and 2018, respectively. This deferral is being amortized over ten years. The Board also approved the recovery of previously approved electric environmental capital projects that had not been collected through the environmental surcharge over a five-year period beginning October 1, 2018. The amount approved for recovery and transferred out of capital assets was $28,527 of which $22,822 remained unrecovered as of September 30, 2019. This deferral is being amortized over five years.

Unfunded OPEB Costs – Accrued OPEB represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's other postemployment benefit plan. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for OPEB. The Board approved the recovery of the unfunded amounts in future revenue requirements with the adoption of GASB 75 in fiscal year 2018. In addition, the Board approved the deferral of the difference between the annual contributions (funding) and OPEB expense.

Storm costs to be recovered – This amount represents storm costs that are expected to be recovered from insurance and the Federal Emergency Management Agency (FEMA). See note 16, Storm Costs, for further details.

Debt issue costs – With the application of regulatory accounting in fiscal year 2015, the Board approved deferral of the issue costs on all new debt issues with the amounts being amortized over the life of the bonds, as they are included in revenue requirements. These costs are incurred in connection with the issuance of debt obligations and are mainly underwriter fees and legal costs.

2. Regulatory Deferrals (continued)

Regulatory Liabilities

The following is a summary of JEA's regulatory liabilities at September 30:

Regulatory Liabilities	2019	2018
Fuel stabilization	**$ 47,153**	$ 74,376
Environmental	**41,319**	55,077
Nonfuel purchase power	**56,870**	53,493
Debt management stabilization	**44,093**	44,093
Bulk Power revenues to be used for future costs	**33,682**	37,560
Excess pension contributions	**–**	10,624
Self-insurance medical reserve	**11,210**	8,139
Customer benefit stabilization	**4,363**	3,470
Total regulatory liabilities	**$ 238,690**	$ 286,832

Fuel stabilization – This account represents the difference between the fuel costs incurred and fuel charge revenues collected from customers, inclusive of accrued utility revenue and fuel costs. Net expense incurred in excess of the revenue collected and recognized as a reduction of the regulatory liability during fiscal years 2019 and 2018 was $27,223 and $57,339, respectively.

Environmental – The Board has authorized an environmental surcharge that is applied to all electric customer kilowatt-hour and water customer kilogallon sales. Electric costs included in the surcharge include all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Water costs included in the surcharge include operating and capital costs of environmentally driven or regulatory required projects approved by the Board to be included in the surcharge. Any amounts under or over-collected are recorded as a regulatory asset or liability. During fiscal year 2019, $32,678 was collected through the surcharge with $14,257 of recovery of previously approved environmental capital projects, $26,827 of capital projects, and $5,352 of operations and maintenance costs being incurred with the remaining $13,758 recognized as a reduction of the regulatory liability. During fiscal year 2018, $31,401 was collected through the surcharge with $8,551 of recovery of previously approved environmental capital projects, $6,169 of capital projects, and $3,234 of operations and maintenance costs being incurred with the remaining $13,447 recognized as an addition to the regulatory liability.

Nonfuel purchased power – JEA entered into a power purchase agreement related to the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia (Plant Vogtle). This agreement is discussed in further detail in note 10, Fuel Purchase and Purchased Power Commitments. Related to that agreement, the JEA Board approved a nonfuel purchased power stabilization fund to balance the timing of the payments for Plant Vogtle's debt service with the anticipated in service date. It may be used for other purposes with the Board's approval. The amounts included in the fund are to be used for Plant Vogtle or refunded to customers if not needed. Deposits made to the stabilization fund were $17,566 and $40,000 for fiscal years 2019 and 2018, respectively.

2. Regulatory Deferrals (continued)

Debt management stabilization – The Board has authorized the use of a debt management stabilization fund. Amounts are included in the fund based on differences between budgeted and actual debt cost up to an established maximum reserve fund. At the September 2019 board meeting, the Board approved the elimination of the debt management stabilization fund and the use of the corresponding funds to execute Phase 2 of the Strategic and Timely Asset Realignment (STAR) plan. See note 18, Subsequent Events, for more information.

Bulk Power revenues to be used for future costs – This amount represents Bulk Power Supply System early debt principal paid in excess of straight-line depreciation.

Excess pension contributions – Excess pensions contributions represents a regulatory liability related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to the SJRPP Plan. The regulatory liability is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

Self-insurance medical reserve – The Board has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program over medical and prescription benefits. The Board, as part of the budget process, will approve amounts to be collected in rates that include both the current anticipated cost less approved amounts to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Under the self-insurance program, JEA is liable for all claims. JEA retains an additional stop-loss policy for claims in excess of $250 per employee. There have been no significant reductions in coverage from the prior year. The health insurance benefits program is administered through a third-party insurance company and, as such, the administrator is responsible for processing the claims in accordance with the benefit specifications with JEA reimbursing the insurance company for its payouts. Liabilities associated with the health care program are determined based on an actuarial study and include claims that have been incurred but not reported.

The changes in the self-insurance medical reserve for the years ended September 30, 2019 and 2018 are as follows:

	2019	2018
Beginning balance	**$ 8,139**	$ 9,214
Contributions	**32,116**	29,561
Incurred claims	**(29,045)**	(30,636)
Ending balance	**$ 11,210**	$ 8,139

Customer benefit stabilization – The pricing policy adopted by the Board includes a demand side management surcharge. The costs approved for recovery through the surcharge included programs for the electrification, direct load control, demand side management, residential low-income efficiency programs, and customer utility optimization education programs.

3. Asset Retirement Obligations

Scherer

As part of JEA's ownership of Scherer, it has a proportionate ownership interest in associated common facilities (Common Facilities) of 5.91% (23.64% divided by 4, as there are 4 units in total). There is no majority owner of the Common Facilities. Georgia Power is the nongovernmental minority owner that has operational responsibility of the Common Facilities and, as such, is responsible for calculating any associated asset retirement obligations (AROs). The AROs at Scherer are primarily related to the ash pond.

In accordance with GASB 83, JEA's minority share of the AROs is reported using the measurement produced by Georgia Power, who is registered with the Securities and Exchange Commission and is subject to accounting rules set by the Financial Accounting Standards Board.

At September 30, 2019, the total amount of the AROs at Scherer are $546,227, with JEA's minority share being $32,282. Of the total liability, $837 is recorded in current portion of asset retirement obligations and $31,445 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by $32,282, which is recorded in the separate line item, unrealized asset retirement obligation, in deferred outflows of resources.

There are no legally required funding or assurance provisions associated with JEA's minority share of the AROs and JEA has not restricted any of its assets for payment of this liability.

St. Johns River Power Park

JEA and FPL entered into an Agreement for Joint Ownership, Construction and Operation of SJRPP Coal Units #1 and #2 (JOA) dated as of April 2, 1982. JEA owns 80% and FPL owns 20% of SJRPP. A Purchased Power Agreement (PPA) in the JOA assigned 37.5% of JEA's 80% generation to FPL, which effectively provided 50% of the generation to both owners of SJRPP. The JOA ends on April 2, 2022. JEA and FPL reached an agreement to close SJRPP, including early termination of the PPA. On May 16, 2017, JEA's board of directors approved the Asset Transfer and Contract Termination Agreement, which outlined the terms of the retirement, decommissioning, and dismantling of the plant. The week following, FPL approved the contract and filed a petition with the Florida Public Service Commission (FPSC) for approval to shut down SJRPP. The final order was approved by FPSC in October 2017.

Shutdown occurred on January 5, 2018. On that date, FPL paid JEA $90,400, made up of FPL's cash reserves at SJRPP and a shutdown cash payment of $51,869 as a result of the early termination of the PPA. The payment was recorded as other operating revenue and the expenses related to the shutdown were charged to maintenance and other operating expenses on the statement of revenues, expenses, and changes in net position. In addition, on that date, FPL paid JEA the FPL Debt Service Reserves, which JEA then paid to an escrow account to consummate the bond defeasance of $128,280 of Issue Two debt. On January 5, 2018, JEA defeased all of the SJRPP System Revenue Issue Two debt and, on March 21, 2018, JEA satisfied and discharged the First Power Park Resolution.

3. Asset Retirement Obligations (continued)

As part of the agreement, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited into the SJRPP Pension Fund. JEA paid a total of $8,974 in separation benefits for SJRPP employees in fiscal year 2018.

FPL conveyed their 20% interest in SJRPP's fuel inventory to JEA. The fuel inventory received, totaling $4,595, was recorded at fair value. The remaining coal at SJRPP was transferred and consumed at JEA Northside Units 1 and 2. These transactions were recorded at the book value of the coal as the coal was transferred. Based on a physical inventory, the book balance of coal inventory at September 30, 2018 was written down by $11,484 to reflect the remaining coal at SJRPP of $1,015. As of September 30, 2019, all of the SJRPP coal has been consumed.

FPL received a credit for their estimated share of the material and supplies inventory balance at shutdown, pending sale of the inventory. After the sales period passed, FPL paid a shutdown payment adjustment for their share of 20% of the loss on the remaining materials and supplies inventory. JEA is in the process of liquidating the material and supplies inventory. The remaining materials and supplies was written down to fair value in fiscal year 2018 with the recording of an adjustment of $22,444. The value remaining is $106 and $665 at September 30, 2019 and 2018, respectively.

As part of the agreement, the parties agreed that all operation of SJRPP as a generating facility would cease at shutdown. As such, the majority of the plant assets were dismantled. Because of the shutdown of SJRPP and in accordance with GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets*, an impairment loss of $451,037 was recorded, as a special item, on the un-depreciated book value of the assets that are being dismantled in fiscal year 2018. In conjunction with the recording of the impairment loss related to SJRPP decommissioning, it was determined that there were certain items included in the regulatory asset balance that were no longer going to be recovered through the ratemaking process, primarily those costs deferred related to debt issues that were defeased. As a result, an additional adjustment of $45,099 to regulatory balances was included in the statement of revenues, expenses and changes in net position in the current period, as a special item in fiscal year 2018. The remaining regulatory balance will be amortized over the life of the remaining debt outstanding related to Issue Three debt. See note 2, Regulatory Deferrals, for additional information related to SJRPP's regulatory deferrals.

FPL conveyed their 20% undivided ownership of plant in service assets to JEA. The retained plant in service assets were recorded at fair value. In addition, FPL will convey their 20% undivided ownership interest in the SJRPP site to JEA upon completion of dismantlement and environmental remediation. Under a service management agreement, FPL will pay 20% of the dismantlement and remediation costs incurred. Dismantlement and remediation is expected to be complete by July 2020. Monitoring of the site will continue for thirty years subsequent to the completion date. JEA's share of the estimated cost for dismantlement and remediation is approximately $42,400. The remaining liability, $18,047, is recorded in current portion of asset retirement obligations and is offset by the separate line item, unrealized asset retirement obligation, in the statement of net position. Currently, JEA does not possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on the site until completion of future environmental studies. In addition, conditions that are currently unknown could result in additional exposure, the amount and materiality of which cannot presently be reasonably estimated. Based upon information currently available, however, JEA believes its ARO accurately reflects the estimated cost of remedial actions currently required.

4. Restricted Assets

Restricted assets were held in the following funds at September 30, 2019 and 2018:

	September 30, 2019				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	**$ 83,017**	**$ 46,955**	**$ 48,803**	**$ 4,398**	**$ 183,173**
Sinking Fund	**153,650**	**19,635**	**80,775**	**2,356**	**256,416**
Debt Service Reserve Fund	**65,433**	**10,984**	**63,441**	**–**	**139,858**
Revenue Fund	**–**	**28,079**	**–**	**–**	**28,079**
Adjustment to fair value of investments	**4,388**	**107**	**4,225**	**–**	**8,720**
Environmental Fund	**–**	**–**	**1,891**	**–**	**1,891**
Construction Fund	**–**	**–**	**28,968**	**–**	**28,968**
Total	**$ 306,488**	**$ 105,760**	**$ 228,103**	**$ 6,754**	**$ 647,105**

	September 30, 2018				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	$ 189,929	$ 52,610	$ 141,423	$ 1,078	$ 385,040
Sinking Fund	167,483	7,446	81,242	2,340	258,511
Debt Service Reserve Fund	65,433	11,354	102,850	–	179,637
Revenue Fund	–	26,014	–	–	26,014
Adjustment to fair value of investments	(3,302)	66	(1,347)	–	(4,583)
Environmental Fund	–	–	1,159	–	1,159
Construction Fund	203	–	284	–	487
Total	$ 419,746	$ 97,490	$ 325,611	$ 3,418	$ 846,265

The Electric System, SJRPP System, Bulk Power Supply, Water and Sewer System, and DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

4. Restricted Assets (continued)

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined, on bonds issued under the First SJRPP Bond Resolution. An amount equal to 12.5% of aggregate debt service, as defined, on bonds issued under the Second SJRPP Bond Resolution. However, no such deposit is required under the Second SJRPP Bond Resolution as long as the First SJRPP Bond Resolution has not been discharged. On January 5, 2018, JEA defeased all the SJRPP System Revenue Issue Two bonds in their entirety and on March 21, 2018, JEA satisfied and discharged the First Power Park Resolution; therefore, the deposits required under the Second SJRPP Bond Resolution began in fiscal year 2018.
Bulk Power Supply System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.

5. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes. Amounts subject to Chapter 280, Florida Statutes, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians.

JEA follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value or cost, which is further explained in note 14, Fair Value Measurements.

5. Cash and Investments (continued)

At September 30, 2019 and 2018, the fair value of all securities, regardless of statement of net position classification as cash equivalent or investment, was as follows:

	2019	2018
Securities:		
U.S. Treasury and government agency securities	**$ 184,525**	$ 462,897
State and local government securities	**183,116**	223,845
Local government investment pool	**188,130**	194,786
Commercial paper	**44,266**	133,074
Money market mutual funds	**126,452**	23,208
Total securities, at fair value	**$ 726,489**	$ 1,037,810

These securities are held in the following accounts:

	2019	2018
Current assets:		
Cash and cash equivalents	**$ 414,438**	$ 441,206
Investments	**2,399**	85,310
Restricted assets:		
Cash and cash equivalents	**265,784**	114,576
Investments	**380,250**	731,627
Total cash and investments	**1,062,871**	1,372,719
Plus: interest due on securities	**1,838**	2,878
Less: cash on deposit	**(338,220)**	(337,787)
Total securities, at fair value	**$ 726,489**	$ 1,037,810

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2019, JEA's investments in securities and their maturities are categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. It is assumed that callable investments will not be called. Puttable securities are presented as investments with a maturity of less than one year.

5. Cash and Investments (continued)

The maturity distribution of the investments held at September 30, 2019 is listed below.

Type of Investments	Less than One Year	One to Five Years	Five to Ten Years	Ten to Twenty Years	Total
U.S. Treasury and government agency securities	$ 30,085	$ 140,128	$ 5,144	$ 9,168	$ 184,525
State and local government securities	44,301	44,897	26,489	67,429	183,116
Local government investment pools	188,130	–	–	–	188,130
Commercial paper	44,266	–	–	–	44,266
Money market mutual funds	126,452	–	–	–	126,452
Total securities, at fair value	$ 433,234	$ 185,025	$ 31,633	$ 76,597	$ 726,489

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the bond resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

Credit Risk – JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the Florida Statutes and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; (2) the state and local government securities are rated by two nationally recognized rating agencies and are rated at least AA- by Standard & Poor's, Aa3 by Moody's Investors Services, or AA- by Fitch Ratings; and (3) the money market mutual funds are rated AAA by Standard & Poor's or Aaa by Moody's Investors Services. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S., or the governments of Canada or Canadian provinces and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2019, JEA's investments in commercial paper are rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. In addition, JEA's investment policy limits the commercial paper investment in any one issuer to $12,500. Additionally, JEA's investment policy limits investments in commercial paper to 25% of the total cash and investment portfolio regardless of statement of net position classification as cash equivalent or investment. As of September 30, 2019, JEA had 6.1% of its investments in commercial paper.

5. Cash and Investments (continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name.

Concentration of Credit Risk – As of September 30, 2019, investments in any one issuer representing 5% or more of JEA's investments included $148,467 (20.4%) invested in issues of the Federal Home Loan Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total cash and investments regardless of statement of net position classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total cash and investment portfolio (regardless of statement of net position classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2019, investments in all security types were within the allowable policy limits.

6. Capital Assets

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance September 30, 2018	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2019
Electric Enterprise Fund:					
Generation assets	$ 3,699,914	$ –	$ (2,114)	$ 100,217	$ 3,798,017
Transmission assets	593,858	–	(3,853)	3,906	593,911
Distribution assets	2,000,076	–	(16,326)	66,556	2,050,306
Other assets	448,877	–	(5,558)	29,079	472,398
Total capital assets	6,742,725	–	(27,851)	199,758	6,914,632
Less: accumulated depreciation and amortization	(4,385,170)	(208,287)	27,851	–	(4,565,606)
Land	130,286	–	(3)	834	131,117
Construction work-in-process	174,527	276,978	–	(247,604)	203,901
Net capital assets	2,662,368	68,691	(3)	(47,012)	2,684,044
Water and Sewer Fund:					
Pumping assets	525,648	–	(2,320)	38,547	561,875
Treatment assets	646,269	–	(1,746)	36,778	681,301
Transmission and distribution assets	1,206,880	–	(1,226)	48,374	1,254,028
Collection assets	1,508,598	–	(52)	23,737	1,532,283
Reclaimed water assets	137,534	–	–	1,309	138,843
General and other assets	407,065	–	(3,768)	20,464	423,761
Total capital assets	4,431,994	–	(9,112)	169,209	4,592,091
Less: accumulated depreciation	(2,108,027)	(148,250)	9,111	4,189	(2,242,977)
Land	61,215	–	(11)	89	61,293
Construction work-in-process	297,682	209,331	–	(169,297)	337,716
Net capital assets	2,682,864	61,081	(12)	4,190	2,748,123
District Energy System:					
Chilled water plant assets	56,376	–	(261)	1,035	57,150
Total capital assets	56,376	–	(261)	1,035	57,150
Less: accumulated depreciation	(25,554)	(2,429)	255	–	(27,728)
Land	3,051	–	–	–	3,051
Construction work-in process	1,154	679	–	(1,029)	804
Net capital assets	35,027	(1,750)	(6)	6	33,277
Total	$ 5,380,259	$ 128,022	$ (21)	$ (42,816)	$ 5,465,444

6. Capital Assets (continued)

Capital asset activity for the year ended September 30, 2018 is as follows:

	Balance September 30, 2017	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2018
Electric Enterprise Fund:					
Generation assets	$ 3,685,363	$ –	$ (5,686)	$ 20,237	$ 3,699,914
Transmission assets	571,810	–	(175)	22,223	593,858
Distribution assets	1,927,058	–	(5,881)	78,899	2,000,076
Other assets	459,240	–	(1,754)	(8,609)	448,877
Total capital assets	6,643,471	–	(13,496)	112,750	6,742,725
Less: accumulated depreciation and amortization	(3,718,060)	(680,606)	13,496	–	(4,385,170)
Land	130,246	–	(197)	237	130,286
Construction work-in-process	106,012	183,278	–	(114,763)	174,527
Net capital assets	3,161,669	(497,328)	(197)	(1,776)	2,662,368
Water and Sewer Fund:					
Pumping assets	509,490	–	(9,533)	25,691	525,648
Treatment assets	627,165	–	(7,037)	26,141	646,269
Transmission and distribution assets	1,182,420	–	(312)	24,772	1,206,880
Collection assets	1,485,168	–	(427)	23,857	1,508,598
Reclaimed water assets	138,535	–	(730)	(271)	137,534
General and other assets	397,765	–	(1,512)	10,812	407,065
Total capital assets	4,340,543	–	(19,551)	111,002	4,431,994
Less: accumulated depreciation	(1,991,742)	(140,025)	19,551	4,189	(2,108,027)
Land	61,259	–	(11)	(33)	61,215
Construction work-in-process	205,890	202,761	–	(110,969)	297,682
Net capital assets	2,615,950	62,736	(11)	4,189	2,682,864
District Energy System:					
Chilled water plant assets	55,240	–	(940)	2,076	56,376
Total capital assets	55,240	–	(940)	2,076	56,376
Less: accumulated depreciation	(24,091)	(2,403)	940	–	(25,554)
Land	3,051	–	–	–	3,051
Construction work-in process	1,980	1,250	–	(2,076)	1,154
Net capital assets	36,180	(1,153)	–	–	35,027
Total	$ 5,813,799	$ (435,745)	$ (208)	$ 2,413	$ 5,380,259

7. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida. TEA currently has eight members, and JEA's ownership interest in TEA is 17.6%. TEA provides wholesale power marketing and resource management services to members (including JEA) and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists members (including JEA) and nonmembers with natural gas procurement and related gas hedging activities. JEA's earnings from TEA were $2,412 in fiscal year 2019 and $4,074 in 2018 for all power marketing activities. JEA's distributions from TEA were $2,443 in fiscal year 2019 and $3,513 in 2018. The investment in TEA was $6,999 at September 30, 2019 and $7,030 at September 30, 2018 and is included in noncurrent assets on the accompanying statement of net position.

The following is a summary of the unaudited financial information of TEA for the nine months ended September 30, 2019 and 2018. TEA issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2019	**2018**
Condensed statement of net position:		
Current assets	**$ 167,808**	$ 165,904
Noncurrent assets	**23,666**	21,510
Total assets	**$ 191,474**	$ 187,414
Current liabilities	**$ 151,620**	$ 146,768
Noncurrent liabilities	**50**	15
Members' capital	**39,804**	40,631
Total liabilities and members' capital	**$ 191,474**	$ 187,414
Condensed statement of operations:		
Operating revenues	**$ 1,279,819**	$ 1,334,738
Operating expenses	**1,217,046**	1,252,868
Operating income	**$ 62,773**	$ 81,870
Net income	**$ 61,568**	$ 81,975

As of September 30, 2019, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to $28,929 and TEA's natural gas procurement and trading activities up to $34,600, in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. JEA has approved up to $60,000 (plus attorney fees) for TEA's natural gas procurement and trading activities.

7. Investment in The Energy Authority (continued)

Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. Such termination would be because of JEA's withdrawal from membership in TEA, or such termination could cause JEA's membership in TEA to be terminated.

Under a separate agreement, TEA contracted with Southern Power Company ("Southern"), on JEA's behalf, for the purchase and sale of capacity and energy from Southern's Wansley plant located in Heard County, GA, covering the term from January 1, 2018 to December 31, 2019. In turn, JEA has guaranteed the payment obligations in the agreement up to $9,000 as well as all reasonable fees and expenses of Southern's counsel in any way relating to the enforcement of Southern's rights under the agreement.

8. Long-Term Debt

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System, and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the net revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each System in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds is payable semiannually on April 1 and October 1, and principal is payable on October 1.

The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

8. Long-Term Debt (continued)

Below is the schedule of outstanding indebtedness for the fiscal years 2019 and 2018.

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Electric System Senior Revenue Bonds:				
Series Three 2004A	5.000%	2039	**$ 5**	$ 5
Series Three 2005B	4.750%	2033	**100**	100
Series Three 2008A[2]	Variable	2027-2036	**51,680**	51,680
Series Three 2008B-1[3]	Variable	2019-2040	**59,620**	60,020
Series Three 2008B-2[2]	Variable	2025-2040	**41,900**	41,900
Series Three 2008B-3[2]	Variable	2024-2036	**37,000**	37,000
Series Three 2008B-4[3]	Variable	2019-2036	**49,010**	49,410
Series Three 2008C-1[2]	Variable	2024-2034	**44,145**	44,145
Series Three 2008C-2[2]	Variable	2024-2034	**43,900**	43,900
Series Three 2008C-3[2]	Variable	2030-2038	**25,000**	25,000
Series Three 2008D-1[3]	Variable	2019-2036	**106,275**	108,900
Series Three 2009D[4]	6.056%	2033-2044	**45,955**	45,955
Series Three 2010A	4.000%	2019	**5,070**	10,065
Series Three 2010C	4.500%	2031	**1,290**	1,950
Series Three 2010D	4.250-5.000%	2020-2038	**1,205**	7,210
Series Three 2010E[4]	5.350-5.482%	2028-2040	**34,255**	34,255
Series Three 2012A	4.000-4.500%	2027-2033	**16,210**	16,995
Series Three 2012B	2.000-5.000%	2019-2039	**85,615**	85,615
Series Three 2013A	3.000-5.000%	2019-2026	**49,050**	74,865
Series Three 2013B	3.000-5.000%	2026-2038	**7,500**	7,500
Series Three 2013C	4.600-5.000%	2019-2030	**10,555**	19,335
Series Three 2014A	3.500-5.000%	2019-2034	**9,350**	12,870
Series Three 2015A	3.000-5.000%	2019-2041	**59,005**	69,975
Series Three 2015B	3.375-5.000%	2019-2031	**17,225**	23,900
Series Three 2017A	5.000%	2019	**18,670**	18,670
Series Three 2017B	3.375 - 5.000%	2026-2039	**198,095**	198,095
Total Electric System Senior Revenue Bonds			**1,017,685**	1,089,315

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Electric System Subordinated Revenue Bonds:				
2000 Series A[2]	Variable	2021-2035	**$ 30,965**	$ 30,965
2000 Series F-1[2]	Variable	2026-2030	**37,200**	37,200
2000 Series F-2[2]	Variable	2026-2030	**24,800**	24,800
2008 Series D[2]	Variable	2024-2038	**39,455**	39,455
2009 Series D	N/A	N/A	**–**	11,660
2009 Series E	N/A	N/A	**–**	295
2009 Series F[4]	4.900-6.406%	2019-2034	**62,155**	63,670
2009 Series G	4.000-5.000%	2019	**14,665**	16,090
2010 Series B	4.000-5.000%	2019-2020	**3,115**	4,605
2010 Series D[4]	4.150-5.582%	2019-2027	**42,050**	44,125
2012 Series A	3.250-5.000%	2019-2033	**55,515**	62,440
2012 Series B	3.250-5.000%	2019-2037	**50,030**	52,995
2013 Series A	3.000-5.000%	2019-2030	**37,330**	44,585
2013 Series B	3.000-5.000%	2019-2026	**17,165**	21,275
2013 Series C	1.375-5.000%	2019-2038	**74,750**	78,330
2013 Series D	4.375-5.250%	2019-2035	**50,115**	88,660
2014 Series A	4.000-5.000%	2019-2039	**94,265**	121,320
2017 Series A	3.000%	2019	**1,290**	31,790
2017 Series B	3.375-5.000%	2019-2034	**171,700**	185,745
Total Electric System Subordinated Revenue Bonds			**806,565**	960,005
Bulk Power Supply System Revenue Bonds:				
Series 2010A[4]	4.800-5.920%	2019-2030	**$ 34,355**	$ 37,400
Series 2014A	2.000-4.125%	2019-2038	**60,655**	63,320
Total Bulk Power System Revenue Bonds			**95,010**	100,720
SJRPP System Revenue Bonds:				
Issue Three, Series One	4.500%	2037	**100**	100
Issue Three, Series Two	5.000%	2034-2037	**29,370**	29,370
Issue Three, Series Four[4]	4.700-5.450%	2019-2028	**20,690**	22,410
Issue Three, Series Six	2.375-5.000%	2019-2037	**91,330**	91,330
Issue Three, Series Seven	2.000-5.000%	2019-2033	**79,500**	79,500
Issue Three, Series Eight	2.000-5.000%	2019-2039	**57,895**	57,895
Total SJRPP System Revenue Bonds			**278,885**	280,605

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Water and Sewer System Senior Revenue Bonds:				
2006 Series B[5]	Variable	2019-2022	**$ 24,850**	$ 30,370
2008 Series A-2[2]	Variable	2028-2042	**51,820**	51,820
2008 Series B[2]	Variable	2023-2041	**85,290**	85,290
2009 Series B	3.750%	2019	**8,915**	18,295
2010 Series A[4]	6.210-6.310%	2026-2044	**83,115**	83,115
2010 Series B	5.200-5.700%	2019-2025	**12,110**	13,840
2010 Series C	N/A	N/A	**–**	3,000
2010 Series D	4.000-5.000%	2019-2039	**24,125**	42,525
2010 Series E	4.000-5.000%	2023-2039	**8,570**	11,865
2010 Series F[4]	3.900-5.887%	2019-2040	**42,095**	44,275
2012 Series A	3.000-5.000%	2019-2041	**153,175**	162,430
2012 Series B	2.250-5.000%	2019-2037	**73,270**	76,380
2013 Series A	4.500-5.000%	2019-2027	**17,575**	63,660
2014 Series A	2.000-5.000%	2019-2040	**212,960**	217,790
2017 Series A	3.125-5.000%	2022-2041	**360,775**	378,220
Total Water and Sewer System Senior Revenue Bonds			**1,158,645**	1,282,875
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2008 Series A-1[2]	Variable	2019-2038	**48,850**	50,950
Subordinated 2008 Series A-2[2]	Variable	2030-2038	**25,600**	25,600
Subordinated 2008 Series B-1[2]	Variable	2030-2036	**30,885**	30,885
Subordinated 2010 Series A	5.000%	2019	**2,790**	8,275
Subordinated 2010 Series B	4.000-5.000%	2023-2025	**2,060**	3,255
Subordinated 2012 Series A	N/A	N/A	**–**	1,440
Subordinated 2012 Series B	3.250-5.000%	2030-2043	**29,685**	29,685
Subordinated 2013 Series A	2.125-5.000%	2019-2029	**25,210**	37,435
Subordinated 2017 Series A	2.750-5.000%	2021-2034	**58,940**	58,940
Total Water and Sewer System Subordinated Revenue Bonds			**224,020**	246,465

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Water and Sewer System Other Subordinated Debt:				
Revolving Credit Agreement[6]	Variable	2021	**$ 5,000**	$ 3,000
Total Water and Sewer System Other Subordinated Debt			**5,000**	3,000
District Energy System:				
2013 Series A	2.065-4.538%	2019-2034	**34,825**	36,485
Total District Energy System			**34,825**	36,485
Total Debt Principal Outstanding			**3,620,635**	3,999,470
Less: Debt Due Within One Year			**(192,555)**	(185,790)
Total Long-Term Debt			**$ 3,428,080**	$ 3,813,680

(1) Interest rates apply only to bonds outstanding at September 30, 2019. Interest on the outstanding variable rate debt is based on either the daily mode, weekly mode, or the flexible mode, which resets in time increments ranging from 1 to 270 days. In addition, JEA has executed fixed-payer weekly mode interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2019 and 2018.

(2) Variable rate demand obligations – interest rates ranged from 1.40% to 1.79% at September 30, 2019.

(3) Variable rate direct purchased bonds indexed to SIFMA – interest rates were 2.08% at September 30, 2019.

(4) Federally Taxable – Issuer Subsidy – Build America Bonds where JEA expects to receive a cash subsidy payment from the United States Department of the Treasury for an amount up to 35% of the related interest.

(5) Variable rate bonds indexed to the Consumer Price Index (CPI bonds) – interest rates ranged from 2.51% to 2.55% at September 30, 2019.

(6) Revolving Credit Agreement – interest rate was 3.19% at September 30, 2019.

8. Long-Term Debt (continued)

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2019 was as follows:

System	Debt Payable September 30, 2018	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2019	Current Portion of Debt Payable September 30, 2019
Electric:						
Revenue	$ 1,830,990	$ –	$ (100,090)	$ (121,555)	$ 1,609,345	$ 112,635
Direct purchase	218,330	–	–	(3,425)	214,905	3,595
Total electric	2,049,320	–	(100,090)	(124,980)	1,824,250	116,230
Bulk Power Supply	100,720	–	–	(5,710)	95,010	6,150
SJRPP	280,605	–	–	(1,720)	278,885	13,780
Water and Sewer	1,529,340	–	(94,955)	(51,720)	1,382,665	54,705
DES	36,485	–	–	(1,660)	34,825	1,690
Total	$ 3,996,470	$ –	$ (195,045)	$ (185,790)	$ 3,615,635	$ 192,555

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2018 was as follows:

System	Debt Payable September 30, 2017	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2018	Current Portion of Debt Payable September 30, 2018
Electric:						
Revenue	$ 1,978,860	$ 383,840	$ (405,105)	$ (126,605)	$ 1,830,990	$ 121,555
Direct purchase	221,625	–	–	(3,295)	218,330	3,425
Total electric	2,200,485	383,840	(405,105)	(129,900)	2,049,320	124,980
Bulk Power Supply	105,925	–	–	(5,205)	100,720	5,710
SJRPP	450,215	–	(128,280)	(41,330)	280,605	1,720
Water and Sewer	1,603,505	437,160	(460,305)	(51,020)	1,529,340	51,720
DES	38,125	–	–	(1,640)	36,485	1,660
Total	$ 4,398,255	$ 821,000	$ (993,690)	$ (229,095)	$ 3,996,470	$ 185,790

8. Long-Term Debt (continued)

The debt service to maturity on the outstanding debt (excluding the revolving credit agreement) as of September 30, 2019 is summarized below, representing debt service accrued from October 1 through September 30 of the corresponding fiscal year, except for fiscal year 2019, which excludes payments made during the fiscal year.

Fiscal Year Ending	Electric System Revenue		Electric System Direct Purchase		Bulk Power Supply System	
September 30	Principal	Interest[1]	Principal	Interest[1]	Principal	Interest[1]
2019	$ 112,635	$ 28,978	$ 3,595	$ 312	$ 6,150	$ 1,980
2020	54,285	57,650	6,505	23,333	6,975	3,716
2021	50,545	54,944	8,595	22,995	7,080	3,498
2022	46,570	52,536	8,925	22,448	7,270	3,274
2023	8,830	50,315	7,950	21,910	7,485	3,003
2024–2028	342,455	230,769	63,300	94,522	22,515	11,565
2029–2033	467,715	153,665	69,910	50,733	20,260	5,681
2034–2038	440,690	64,927	40,805	17,429	17,275	2,271
2039–2043	80,925	8,747	5,320	346	–	–
2044–2048	4,695	284	–	–	–	–
Total	$ 1,609,345	$ 702,815	$ 214,905	$ 254,028	$ 95,010	$ 34,988

Fiscal Year Ending	SJRPP		Water and Sewer System		District Energy System		Total Debt
September 30	Principal	Interest[1]	Principal	Interest[1]	Principal	Interest	Service
2019	$ 13,780	$ 5,564	$ 54,705	$ 26,069	$ 1,690	$ 665	$ 256,123
2020	13,340	10,444	19,870	52,787	1,725	1,296	251,926
2021	14,175	9,894	22,250	52,369	1,770	1,254	249,369
2022	15,285	9,310	37,765	51,690	1,815	1,206	258,094
2023	15,865	8,693	59,310	50,210	1,870	1,152	236,593
2024–2028	87,755	33,978	291,820	211,579	10,370	4,738	1,405,366
2029–2033	68,100	18,403	302,410	145,382	12,695	2,412	1,317,366
2034–2038	46,730	6,651	367,740	82,687	2,890	131	1,090,226
2039–2043	3,855	154	220,670	19,979	–	–	339,996
2044–2048	–	–	6,125	386	–	–	11,490
Total	$ 278,885	$ 103,091	$ 1,382,665	$ 693,138	$ 34,825	$ 12,854	$ 5,416,549

[1] The interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2019 and reflects gross interest, prior to any 35% cash subsidy payments, on the Federally Taxable – Issuer Subsidy – Build America Bonds.

8. Long-Term Debt (continued)

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	Bulk Power Supply System	SJRPP	Water and Sewer System	District Energy System
Earliest fiscal year for redemption	2020	2020	2020	2020	2023
Redemption price	100%	100%	100%	100%	100%

There was no JEA debt issued during fiscal year 2019.

The JEA Board has authorized the issuance of additional refunding bonds within certain parameters for the Electric System, Bulk Power Supply System, SJRPP, and Water and Sewer System. The following table summarizes the maximum amounts that could be issued:

System	Authorization		Expiration
	Senior	Subordinated	
Electric	$ 629,000	$ 263,000	December 31, 2020
Bulk Power Supply System	60,000	N/A	December 31, 2020
SJRPP Issue Three	250,000	N/A	December 31, 2020
Water and Sewer	313,000	151,000	December 31, 2020

Variable Rate Demand Obligations (VRDOs) – Liquidity Support

For the Electric System and the Water and Sewer System VRDOs appearing in the schedule of outstanding indebtedness, and except for the obligations noted in the following paragraphs, liquidity support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. At September 30, 2019, there were no outstanding draws under the SBPA. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDOs and the purchase of the obligations by the bank, then beginning on April 1 or October 1, whichever date is at least six months subsequent to the purchase of the obligations, JEA shall begin to make equal semiannual installments over an approximate five-year period. Commitment fees range from 0.38% to 0.55% with stated termination dates ranging from May 8, 2020 to August 22, 2022, unless otherwise extended.

8. Long-Term Debt (continued)

JEA entered into irrevocable direct-pay letter of credit and reimbursement agreement to support the payment of principal and interest on the Water and Sewer System 2008 Series A-2 VRDOs. The letter of credit agreement constitutes both a credit facility and a liquidity facility. As of September 30, 2019, there were no draws outstanding under the letter of credit agreement. Repayment of any draws outstanding at the expiration date are payable in equal semiannual installments over an approximate five-year period. The commitment fee is 0.42% with a stated expiration date of December 1, 2023, unless otherwise extended.

JEA has entered into continuing covenant agreements for the Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, Series Three 2008B-4, and Series Three 2008D-1 (collectively, the Direct Purchase Bonds). Except as described below, the bank does not have the option to tender the respective Direct Purchase Bonds for purchase for a period specified in the respective continuing covenant agreements, which period would be subject to renewal under certain conditions. Any Direct Purchase Bonds that were not purchased on the scheduled 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 the scheduled mandatory tender date. The continuing covenant agreements specify certain events of default that require immediate repayment of outstanding amounts and other events of default that require repayment of outstanding amounts if the event of default continues from 7 days to 180 days. During the years ended September 30, 2019 and 2018, JEA did not default on any terms of the continuing covenant agreements. The current expiration date of the continuing covenant agreements is December 10, 2021, unless otherwise extended. The interest rate is variable and set weekly based upon SIFMA plus 50 basis points.

Revolving Credit Agreement

JEA has a revolving credit agreement with a commercial bank for an unsecured amount of $500,000. The revolving credit agreement may be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System, or the DES for operating or capital expenditures. The revolving credit agreement specifies events of default that require immediate repayment of outstanding amounts. During the years ended September 30, 2019 and 2018, JEA did not default on any terms of the revolving credit agreement. During fiscal year 2019, the revolving credit agreement was drawn upon by the Water and Sewer System for $2,000, increasing the outstanding balance to $5,000 as of September 30, 2019, with $495,000 available to be drawn. The revolving credit agreement is scheduled to expire on May 24, 2021.

Debt Management Strategy

JEA has entered into various interest rate swap agreements, executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rate swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refers to swaps in which JEA receives a floating rate and pays a fixed rate.

8. Long-Term Debt (continued)

The fair value of the interest rate swap agreements and related hedging instruments is reported in the long-term debt section in the accompanying statements of net position; however, the notional amounts of the interest rate swaps are not reflected in the accompanying financial statements. JEA follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; therefore, hedge accounting is applied where fair market value changes are recorded in the accompanying statements of net position as either deferred outflow or deferred inflow resources.

The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the accompanying statements of revenues, expenses, and changes in net position.

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2019, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	$ 174,000	$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	85,200	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	24,850	4.0-4.1%	Oct 2006	Oct 2019-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	$ 516,550				

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2018, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	$ 174,000	$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	85,600	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	30,370	4.0-4.1%	Oct 2006	Oct 2018-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	$ 522,470				

8. Long-Term Debt (continued)

The following table includes fiscal year 2019 and 2018 summary information for JEA's effective cash flow hedges related to the outstanding floating to fixed interest rate swap agreements.

	Changes in Fair Value		Fair Value at September 30, 2019		
System	Classification	Amount	Classification	Amount[1]	Notional
Electric	Deferred outflows	$ 48,518	Fair value of debt management strategy instruments	$ (118,621)	$ 406,410
Water and Sewer	Deferred outflows	15,013	Fair value of debt management strategy instruments	(31,266)	110,140
Total		$ 63,531		$ (149,887)	$ 516,550

	Changes in Fair Value		Fair Value at September 30, 2018		
System	Classification	Amount	Classification	Amount[1]	Notional
Electric	Deferred outflows	$ (31,247)	Fair value of debt management strategy instruments	$ (70,103)	$ 406,810
Water and Sewer	Deferred outflows	(7,666)	Fair value of debt management strategy instruments	(16,253)	115,660
Total		$ (38,913)		$ (86,356)	$ 522,470

[1] Fair value amounts were calculated using market rates and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2019 and 2018, the weighted-average rates of interest for each index type of floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2019	2018
68% of LIBOR Index:		
Notional amount outstanding	$ 209,175	$ 209,575
Variable rate received (weighted average)	1.62%	1.17%
Fixed rate paid (weighted average)	3.69%	3.69%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	$ 282,525	$ 282,525
Variable rate received (weighted average)	1.56%	1.27%
Fixed rate paid (weighted average)	4.02%	4.02%
CPI Index:		
Notional amount outstanding	$ 24,850	$ 30,370
Variable rate received (weighted average)	3.23%	2.87%
Fixed rate paid (weighted average)	4.04%	4.02%
Net debt management swap loss	$ (11,445)	$ (13,395)

8. Long-Term Debt (continued)

The following two tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related floating to fixed interest rate swap agreements at September 30, 2019:

Electric System[1]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2019	$ 425	$ 505	$ 839	$ 1,769
2020	3,200	5,669	10,055	18,924
2021	3,275	5,618	9,982	18,875
2022	3,375	5,566	9,908	18,849
2023	5,400	5,512	9,831	20,743
2024–2028	120,815	24,232	43,970	189,017
2029–2033	163,070	13,353	24,633	201,056
2034–2038	97,675	4,887	8,986	111,548
2039–2042	9,175	147	272	9,594
Total	$ 406,410	$ 65,489	$ 118,476	$ 590,375

Water and Sewer System[1]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2019	$ 5,740	$ 410	$ 366	$ 6,516
2020	9,195	1,678	2,424	13,297
2021	4,860	1,445	2,285	8,590
2022	5,055	1,322	2,212	8,589
2023	4,035	1,194	2,136	7,365
2024–2028	13,560	5,122	9,160	27,842
2029–2033	7,055	4,615	8,253	19,923
2034–2038	28,710	3,655	6,539	38,904
2039–2042	31,930	906	1,622	34,458
Total	$ 110,140	$ 20,347	$ 34,997	$ 165,484

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swaps was determined by using the interest rates that were in effect at the financial statement date of September 30, 2019. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2019.

8. Long-Term Debt (continued)

Credit Risk – JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with which JEA may enter into interest rate swap transactions. The counterparties with which 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, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" and a payment is 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. All outstanding interest rate swaps at September 30, 2019, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2019.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2019, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Morgan Stanley Capital Service Inc.	BBB+/A3/A	$ 170,405,000
Goldman Sachs Mitsui Marine Derivative Products L.P.	AA-/Aa2/not rated	136,480,000
JPMorgan Chase Bank, N.A.	A+/Aa2/AA	124,375,000
Merrill Lynch Derivative Products AG	A-/A2/A+	85,290,000
Total		$ 516,550,000

Interest Rate Risk – JEA is exposed to interest rate risk where changes in interest rates could affect the related net cash flows and fair values of outstanding interest rate swaps. On a pay-fixed, receive-variable interest rate swap, as the floating swap index decreases, JEA's net payment on the swap increases, and as the fixed rate swap market declines as compared to the fixed rate on the swap, the fair value declines.

Basis Risk – JEA is exposed to basis risk on certain pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received on certain hedging derivative instruments are based on a rate or index other than interest rates that JEA pays on its hedged variable-rate debt, which is reset every one or seven days. As of September 30, 2019, the weighted-average interest rate on JEA's hedged variable-rate debt (excluding variable rate CPI bonds) is 1.77%, while the SIFMA swap index rate is 1.58% and 68% of LIBOR is 1.43%.

8. Long-Term Debt (continued)

Termination Risk – JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument were in a liability position, JEA would be liable to the counterparty for a payment equal to the liability.

Market Access Risk – JEA is exposed to market access risk due to potential market disruptions in the municipal credit markets that could inhibit the issuing or remarketing of bonds and related hedging instruments. JEA maintains strong credit ratings (see Debt Administration section of the Management Discussion and Analysis) and, to date, has not encountered any barriers to the credit markets.

9. Transactions with City of Jacksonville

Utility and Administrative Services

JEA is a separately governed authority and considered a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

	2019	2018
Revenues	**$ 27,494**	$ 26,513
Expenses	**$ 5,393**	$ 6,031

City Contribution

On March 22, 2016, the City and JEA entered into a five-year agreement, which established the contribution formula for the fiscal years 2017 through 2021. On February 28, 2019, the agreement was amended to extend its expiration date to September 30, 2023 and to make an additional contribution to the City of $15,155.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA, at its sole discretion, may utilize any of its available revenues, regardless of source, to satisfy its total annual obligation to the City.

9. Transactions with City of Jacksonville (continued)

The contributions from the JEA Electric Enterprise Fund and JEA Water and Sewer Fund for fiscal years 2019 and 2018 were as follows:

	2019	2018
Electric	**$ 92,952**	$ 91,472
Water and Sewer	**$ 39,850**	$ 25,148

The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount equal to 7.468 mills per kilowatt hour delivered by JEA to retail users 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 SJRPP System. The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount equal to 389.2 mills per thousand gallons of potable water and sewer service provided, excluding reclaimed water service. These calculations are subject to a minimum increase of 1% per year through 2021, using 2016 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is no maximum annual assessment.

Franchise Fees

In 2008, the City enacted a 3.0% franchise fee from designated revenues of the Electric and Water and Sewer systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. These amounts are included in operating revenues and expenses and were as follows:

	2019	2018
Electric	**$ 29,110**	$ 28,496
Water and Sewer	**$ 10,802**	$ 10,476

Insurance Risk Pool

JEA is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, and natural disasters. In addition, JEA is exposed to risks of loss due to injuries and illness of its employees. These risks are managed through the Risk Management Division of the City, which administers the public liability (general liability and automobile liability) and workers' compensation self-insurance program covering the activities of the City general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority. The general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program.

9. Transactions with City of Jacksonville (continued)

JEA has excess coverage for individual workers' compensation claims above $1,200. Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis, depending on the claims experience of JEA and other participants in the City's self-insurance program. The liabilities are based on the estimated ultimate cost of settling the claim including the effects of inflation and other societal and economic factors. The JEA workers' compensation expense is the premium charged by the City's self-insurance plan. JEA is also a participant in the City's general liability insurance program. As part of JEA's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs. These amounts are included in operating expenses and were as follows:

	2019	2018
General liability	**$ 2,042**	$ 2,240
Workers' compensation	**$ 1,212**	$ 1,613

The following table shows the estimated workers' compensation and general liability loss accruals for the City and JEA's portion for the fiscal years ended September 30, 2019 and 2018. The amounts are recorded by the City at present value using a 4% discount rate for the fiscal years ended September 30, 2019 and September 30, 2018.

	Workers' Compensation		General Liability	
	City of Jacksonville	JEA Portion	City of Jacksonville	JEA Portion
Beginning balance	$ 99,151	$ 2,592	$ 15,300	$ 2,556
Change in provision	29,726	947	7,660	1,055
Payments	(26,119)	(675)	(6,415)	(950)
Ending balance	$ 102,758	$ 2,864	$ 16,545	$ 2,661

10. Fuel Purchase and Purchased Power Commitments

JEA has made long-term commitments to purchase 1,170,000 tons of coal for Scherer Unit 4 between October 2019 and December 2022. Additionally, in September 2019, JEA has committed to purchase approximately 70,000 and 120,000 tons of coal and pet coke, respectively, for Northside. Contract terms specify minimum annual purchase commitments at fixed prices or at prices that are subject to market adjustments. JEA has remarketing rights under the coal contracts. The majority of JEA's coal and petroleum coke supply is purchased with transportation included.

In addition, JEA participates in Georgia Power agreements with rail carriers for the delivery of coal to Scherer Unit 4. Georgia Power Company, acting for itself and as agent for JEA and the other Scherer co-owners, has entered into an agreement with Burlington Northern Santa Fe Railway Company (BNSF) that extends the rail contract through calendar year 2028. Georgia Power has also entered into an agreement with the Norfolk Southern Railway Company (NS) that extends through December 31, 2019.

10. Fuel Purchase and Purchased Power Commitments (continued)

JEA has commitments to purchase natural gas delivered to Jacksonville under a long-term contract with Shell Energy North America L.P. (Shell Energy) that expire in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. Contract terms for the natural gas supply specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by Shell Energy, JEA has long-term contracts with Peoples Gas system, Florida Gas Transmission, Southern Natural Gas and SeaCoast Gas Transmission for firm gas transportation to allow the delivery of natural gas through those pipeline systems. There is no purchase commitment of natural gas associated with those transportation contracts.

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate appears in the table below:

Fiscal Year Ending	Coal and Pet Coke Fuel	Coal and Pet Coke Transportation	Natural Gas Transportation	Electric Generating Capacity / Energy	Transmission	Total
2020	$ 2,360	$ 2,748	$ 7,256	$ 2,050	$ 6,495	$ 20,909
2021	810	–	7,024	–	6,772	14,606
2022	504	–	6,606	–	7,030	14,140
2023	118	–	6,606	–	7,403	14,127
2024	–	–	6,624	–	7,780	14,404
2025-2042	–	–	44,053	–	173,961	218,014
Total	$ 3,792	$ 2,748	$ 78,169	$ 2,050	$ 209,441	$ 296,200

Vogtle Units Purchased Power Agreement

Overview

As a result of an earlier 2008 Board policy establishing a 10% 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 megawatts (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), Oglethorpe Power Corporation, 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% of JEA's total energy requirements in the year 2023.

10. Fuel Purchase and Purchased Power Commitments (continued)

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, 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, see the *Litigation and Regulatory Proceedings* section in this note.

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% 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 $6,375,400, 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 $6,851,600. 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 $2,691,200 and (ii) the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately $204,200 resulting in total capital requirements of approximately $2,895,400.

10. Fuel Purchase and Purchased Power Commitments (continued)

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 $1,248,435 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 $1,224,265 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% 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% became effective on October 1, 2019. MEAG issued $185,180 of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued $570,925 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% 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 $575,738, 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 $414,700. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of $414,700. The Project J Entity's portion of the $414,700 in additional loan guarantees is $111,547 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.

10. Fuel Purchase and Purchased Power Commitments (continued)

Summary of financing associated with Project J:

Long-term bonds	
2010A Build America bonds	1,224,265
2010B tax-exempt bonds	24,170
2015A tax-exempt bonds	185,180
2019A tax-exempt bonds	570,925
Remaining financing requirement	20,646
Total long-term bonds	2,025,186
DOE advances[1]	
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 capital requirements[2]	$ 2,895,400

(1) Includes advances and related capitalized interest accretion.

(2) Represents estimated total construction costs and required reserve deposits, net of payments received.

10. Fuel Purchase and Purchased Power Commitments (continued)

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	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	129,410	157,634	(26,466)	(7,124)	124,044
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	39,944	113,836	153,780	(22,847)	–	130,933
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	9,912	91,039	100,951	(17,553)	–	83,398
2042	5,515	45,877	51,392	(9,217)	–	42,175
2043	770	6,113	6,883	(1,249)	–	5,634
Total	$ 676,938	$ 2,583,902	$ 3,260,840	$ (519,970)	$ (270,144)	$ 2,470,726

10. Fuel Purchase and Purchased Power Commitments (continued)

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% 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 $1,400,000 to the current estimate of approximately $2,895,400. 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 Vogtle 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.

10. Fuel Purchase and Purchased Power Commitments (continued)

Litigation and Regulatory Proceedings

Litigation – As noted in the *Overview* section and under this section 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 Fourth Judicial Circuit Court of 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.

10. Fuel Purchase and Purchased Power Commitments (continued)

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.

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 5% and not more than 20% of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 and 2 to be constructed at a site in Cherokee County, South Carolina (the Lee Project). The Lee Project 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 $7,500, with $3,750 paid in both fiscal year 2011 and 2012, respectively. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30% 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 exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the COL for the Lee Project and (ii) executes an engineering, procurement, and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. 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.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

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 optional portion of the projected Lee Project capacity.

10. Fuel Purchase and Purchased Power Commitments (continued)

Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

Solar Projects

In 2009, JEA entered into a 30-year purchased power agreement with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is owned by PSEG Solar Source, LLC and generated approximately 18,018 MWh of electricity in 2019 and 18,391 MWh of electricity in 2018. JEA pays only for the energy produced. Purchases of energy were $3,619 for fiscal year 2019 and $3,592 in 2018.

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014, the Board established a solar policy to add up to 38 MWac of solar photovoltaic capacity. To support this policy, JEA issued Requests for Proposals for Power Purchase Agreements (PPAs) in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. The solar PPAs are distributed around JEA's service territory.

The projects for this 2014 initiative are scheduled for completion in 2019. As of the end of fiscal year 2019, six of the seven projects had been completed: NW Jacksonville Solar, Old Plank Road Solar, Starratt Solar, Simmons Solar, Blair Road Solar, and Old Kings Solar. JEA entered into 20-25 year purchased power agreements for the energy and the associate environmental attributes from each solar farm. The solar facilities generated approximately 41,932 MWh in 2019 and 36,755 MWh in 2018. JEA pays only for the energy produced. Purchases of energy were $3,133 for fiscal year 2019 and $2,703 in 2018.

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. EDF-DS was selected as the vendor for the sites and contract were executed in January 2019. Preliminary site work is underway. It is expected the facilities will be phased into service with all sites completed by 2022.

Trail Ridge Landfill

JEA purchases energy from two landfill gas-to-energy facilities through PPA agreements with Landfill Energy Systems (LES). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, FL and 6.4 MW from Sarasota Landfill in Sarasota, FL. LES can supply the remaining 3.2 MW from Sarasota if it is expanded and becomes available. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota to Jacksonville, which came online in January 2015. Purchases of landfill energy were 87,864 MWh for $5,813 in fiscal year 2019 and 89,682 MWh for $4,554 in 2018.

11. Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA entered into financial swaps that locked in the monthly commodity price of natural gas for calendar year 2018 and February 2019 through December 2022, covering approximately 40% in calendar year 2018 and approximately 44% in calendar years 2019 through 2022 of its expected annual natural gas requirements.

JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Statement No. 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. At September 30, 2019, deferred charges of $11,598 were included in accumulated decrease in fair value of hedging derivatives and, at September 30, 2018, deferred credits of $2,536 were included in accumulated increase in fair value of hedging derivatives on the statements of net position. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position. There were realized gains offsetting fuel expense of $789 in fiscal year 2019 and $4,191 in 2018.

12. Pension Plans

Substantially all employees of the Electric System and Water and Sewer System participate in and contribute to the GERP, as amended. The GERP is a cost-sharing, multiple-employer contributory defined benefit pension plan with a defined contribution alternative. GERP, based on laws outlined in the City's Ordinance Code and applicable Florida statutes, provides for retirement, survivor, death, and disability benefits. Its latest financial statements and required supplementary information are included in the 2018 Comprehensive Annual Financial Report of the City. This report may be obtained at: http://www.coj.net/departments/finance/docs/budget/city-of-jacksonville-2018-cafr-sec.aspx or by writing to the City of Jacksonville, Florida, Accounting Division, City Hall at St. James Building, 117 West Duval Street, Suite 375, Jacksonville, Florida 32202-5725.

The first phase of pension reform was approved by the City in April 2017. The reform provides for a dedicated funding source for the GERP, Corrections Officers Plan, and Police and Fire Pension Plan through the extension of the Better Jacksonville Plan half-cent sales tax. The surtax will remain in effect until the earlier of December 31, 2060 or when it is determined by the actuarial report to the Florida Department of Management Services that the funding level of each of the City's three defined benefit retirement plans, which are funded by surtax, is expected to reach or exceed 100%.

In order for the plan to benefit from the sales tax revenue, the defined benefit pension plan portion of the GERP was closed to new members and employees as of September 30, 2017.

12. Pension Plans (continued)

Plan Benefits Provided – Participation in the GERP is mandatory for all full-time employees of JEA, Jacksonville Housing Authority, North Florida Transportation Planning Authority, and the City, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of GERP. Elected officials are members of the Florida Retirement System Elected Officer Class. Members of the GERP are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of 2.5% of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of 80% of final monthly compensation. A time service retirement benefit is payable bi-weekly, to commence upon the first payday coincident with or next payday following the member's actual retirement, and will continue until death.

Each member and survivor is entitled to a cost of living adjustment (COLA). The COLA consists of a 3% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least 4.5 years (and no more than 5.5 years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars ($5) multiplied by the number of years of credited service. This benefit may not exceed $150 per month.

Contributions – Florida law requires plan contributions be made annually in amounts determined by an actuarial valuation in either dollars or as a percentage of payroll. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes. In fiscal years 2019 and 2018, JEA plan members were required to contribute 10% of their annual covered salary. JEA's contribution of the covered payroll for the JEA plan members was $34,345 (25.62%) in fiscal year 2019 and $35,459 (26.36%) in 2018. Contributions were made in accordance with contribution requirements determined through an actuarial valuation.

Defined Contribution Plan

The City has, by ordinance, a defined contribution (DC) plan within the Jacksonville Retirement System for GERP participants as an employee choice alternative to the defined benefit (DB) plans. Beginning in fiscal year 2011, employees had the option to participate in a DC plan. Employees vest in the employer contributions to the plan at 25% after two years, and 25% per year thereafter until fully vested after five years of service. Employees hired prior to September 30, 2017 can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation. All employees hired after September 30, 2017 now enter this plan.

In fiscal years 2019 and 2018, JEA plan members of the defined contribution plan were required to contribute 8% of their annual covered salary. JEA's contribution for the members of the defined contribution plan was $2,783 (11.25%) in fiscal year 2019 and $1,886 (11.31%) in 2018. Any contribution forfeitures were used to offset plan expenses.

12. Pension Plans (continued)

Disability Program Fund

All contributions for both the defined contribution and defined benefit plans of the City were separated between the pension contribution and a disability program fund. However, beginning with the October 1, 2018 valuation, the assets and liabilities associated with the fund were transferred back to the GERP to consolidate the administration of the disability benefits within the pension.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions

Net Pension Liability – JEA's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively. JEA's allocated share of the net pension liability is $562,371 (50.59%) as of September 30, 2019, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2018. JEA's allocated share of the net pension liability is $527,680 (51.68%) as of September 30, 2018, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2017.

For the year ended September 30, 2019 and 2018, JEA's recognized pension expense is $80,303 and $77,111, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

JEA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30	
	2019	**2018**
Deferred outflows of resources		
Changes in assumptions	**$ 64,906**	$ 59,741
Contributions subsequent to the measurement date	**34,345**	35,459
Differences between expected and actual experience	**17,176**	25,477
Changes in proportion	**11,588**	16,452
Total	**$ 128,015**	$ 137,129
Deferred inflows of resources		
Net difference between projected and actual earnings on pension investments	**$ (31,964)**	$ (37,760)
Changes in proportion	**$ (7,680)**	$ –
Changes in assumptions	**(1,826)**	(3,730)
Differences between expected and actual experience	**(3,244)**	(1,543)
Total	**$ (44,714)**	$ (43,033)

12. Pension Plans (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2020	$ 65,231
2021	14,954
2022	3,413
2023	(297)
Total	$ 83,301

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of September 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases assumption	3.00%-7.50%, of which 2.50% is the Plan's long-term payroll inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Healthy pre-retirement mortality rates	50% RP2000 Combined Healthy White Collar and 50% RP2000 Combined Healthy Blue Collar, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 Combined Healthy White Collar, set forward 2.5 years, projected generationally with Scale BB for females.
Healthy post-retirement mortality rates	50% RP2000 White Collar Annuitant and 50% RP2000 Blue Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 White Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for females.
Disabled mortality rates	RP-2000 Disabled Retiree Mortality Table, setback four years for males and set forward two years for females

The actuarial assumptions used in the valuations were based on the results of an experience study for the period October 1, 2012 to September 30, 2017. Data from the experience study is reviewed in conjunction with each annual valuation and updates to the mortality improvement scale and discount rate have been made as of September 30, 2018.

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Marco Advisors.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	30.0%	6.41%
Fixed income	20.0%	1.96%
International equity	20.0%	6.96%
Real estate	15.0%	4.76%
Alternatives	7.5%	3.83%
Private equity	7.5%	10.41%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions would be made at their applicable contribution rates and that City contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability. Cash flow projections were run for a 120-year period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Jacksonville GERP, calculated using the discount rate of 7.00% for 2019 and 7.20% for 2018, as well as what the Jacksonville GERP's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate used:

	Net Pension Liability	
	2019	2018
1% decrease	**$ 756,293**	$ 713,777
Current discount	**562,371**	527,680
1% increase	**400,894**	372,518

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is included in the 2018 Comprehensive Annual Financial Report of the City.

12. Pension Plans (continued)

St. Johns River Power Park Plan Description

Plan Description – The SJRPP Plan is a single employer contributory defined benefit plan that covers former employees of SJRPP. The SJRPP Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan was required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a three-member pension committee (Pension Committee). As part of the Asset Transfer Agreement with FPL related to the shutdown of SJRPP, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited in SJRPP Pension Fund.

The SJRPP Plan periodically issues stand-alone financial statements, with the most recent report issued for the year ended September 30, 2018. This report may be obtained at https://www.jea.com/About/Investor_Relations/Financial_Reports/SJRPP_Pension.

Pursuant to the February 25, 2013 amendment, the SJRPP Plan consists of two tiers: Tier One is the Defined Benefits Tier and Tier Two is the Cash Balance Tier. Tier One participants will remain in the traditional defined benefit plan and Tier Two employees (defined as employees with less than 20 years of experience) will participate 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. Participants hired after February 25, 2013 are only eligible to accrue Tier Two benefits.

Plan Benefits Provided – Members of the SJRPP Plan are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member in Tier One is entitled to a retirement benefit of:

- 2.0% of final average earnings (FAE) multiplied by the number of years of credited service, not to exceed 15 years
- plus 2.4% of FAE multiplied by the number of years of credited service in excess of 15 years, but not to exceed 30 years
- plus .65% of the excess FAE over the Social Security Average Wages multiplied by years of credited service, not to exceed 35 years

FAE is the annual average of a participant's earnings over the highest 36 consecutive complete months out of the last 120 months of participation immediately preceding retirement or termination. Retirement benefits are payable bi-weekly beginning on the first day of the month following or coincident with the participant's Earliest Retirement Age.

12. Pension Plans (continued)

As of February 25, 2013, the accrued benefits in Tier One of newly classified Tier Two participants were frozen. Distribution of frozen Tier One Benefits is governed by the provisions applicable to Tier One. Tier Two Benefits employees receive annual pay credits to their Cash Balance accounts in the amount of 6.0% of earnings between February 25, 2013 and September 30, 2015 and 8.5% of earnings on or after October 1, 2015. Cash Balance Accounts are credited with interest at the rate of 4% per year. Benefits may be distributed as a lump sum, by rollover in accordance with the Internal Revenue Service Code or as an annuity, at the election of the participant.

For participants retired on or after October 1, 2003, each member and survivor of Tier One is entitled to a COLA. The COLA consists of a 1% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences each October 1 following the fifth anniversary of payment commencement.

Employees Covered by Benefit Terms – At September 30, 2019 and September 30, 2018, the following employees were covered by the benefit terms:

	2019	2018
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	**379**	309
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	**85**	54
Active Plan Members	**5**	159
Total Plan Members	**469**	522

Contributions – The SJRPP Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. In fiscal years 2019 and 2018, SJRPP plan members were required to contribute 4% of their annual covered salary. SJRPP did not make any employer contributions in fiscal year 2019. In fiscal year 2018, SJRPP employer's contribution to the SJRPP Plan was $26,409 (454.62%).

Net Pension Liability – SJRPP's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively.

12. Pension Plans (continued)

Actuarial Assumptions –The total pension liability in the October 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	October 1, 2018
Measurement Date:	September 30, 2018
Methods and Assumptions Used to Determine Net Pension Liability:	
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary increases	2.5%–12.5% per year, including inflation
Investment rate of return	6.00% per year compounded annually, net of investment expenses
Retirement Age	Experience-based table of rates based on year of eligibility. Rates of termination and retirement for 9/30/2017 measurement date were modified to reflect retirements and separation upon the SJRPP plant closure.
Mortality rates	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Other Information:	
Changes in Assumptions	Long term Expected Rate of Return was changed to 6% per year for the 9/30/2018 measurement date from 7% per year used for 9/30/2017 measurement date.

The actuarial assumptions used in the October 1, 2018 valuation were based on the demographic experience from 2008 through 2013 and economic forecasts available at the time the report was issued. Mortality rates were developed by the Florida Retirement System in a recent experience study and are mandated by the State Statutes for funding valuations.

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation at the measurement date of September 30, 2018, are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	47%	7.35%
Fixed income	45%	2.50%
International equity	8%	6.00%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that the employer's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of SJRPP, calculated using a discount rate of 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2019	2018
1% decrease	**$ 22,759**	$ 33,976
Current discount rate	**4,001**	16,523
1% increase	**(11,781)**	1,896

12. Pension Plans (continued)

Changes in the net pension liability are detailed below.

	2018	2017
Total pension liability		
Beginning balance	**$ 169,321**	$ 158,926
Service cost	**112**	1,032
Interest on the total pension liability	**11,163**	10,768
Difference between expected and actual experience	**(1,784)**	10,826
Changes in assumptions	**15,782**	26
Benefit payments	**(19,928)**	(12,257)
Ending balance	**174,666**	169,321
Plan fiduciary net postion		
Beginning balance	**152,798**	142,286
Employer contributions	**26,409**	8,039
Employee contributions	**232**	625
Pension plan net investment income (loss)	**11,499**	14,571
Benefit payments	**(19,928)**	(12,257)
Administrative expense	**(345)**	(466)
Ending balance	**170,665**	152,798
Net pension liability	**$ 4,001**	$ 16,523

Plan Assets – Cash balances are amounts on deposit with the SJRPP Plan's trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement (Policy). All investments shall comply with the Policy as approved by the Pension Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act and requirements set forth by the Florida Statutes. The trust bank balances are collateralized and subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes.

The Plan follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

12. Pension Plans (continued)

At September 30, 2018, the SJRPP Plan's cash and cash equivalents consist of the following:

Cash on hand	$	7
Cash equivalents:		
Wells Fargo Treasury Plus Money Market Account		10,785
Total cash and cash equivalents	$	10,792

The Policy specifies investment objectives and guidelines for the SJRPP Plan's investment portfolio and provides asset allocation targets for various asset classes.

At September 30, 2018, investments controlled by the SJRPP Plan that represent 5% or more of the SJRPP Plan's net position were the Alliance Domestic Passive Collective Trust with a basis of $16,670 and a fair market value of $49,516. This investment represent 29% of the fiduciary net position available for benefits.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the SJRPP Plan's fixed income portfolio manager monitors the duration of the fixed maturity securities portfolio as part of the strategy to manage interest rate risk. As of September 30, 2018, the average modified duration of the managed fixed securities portfolio was 4.5 years.

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The SJRPP Plan's rated debt instruments as of September 30, 2018 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization.

The fixed income managers limit their investments to securities with an investment grade rating (BBB or equivalent) and the overall weighted average composite quality rating of the managed fixed income portfolio was Aa3.

12. Pension Plans (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the SJRPP Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the SJRPP Plan's investments are held by the SJRPP Plan's directed trustee and custodian in the SJRPP Plan's name, or by an agent in the SJRPP Plan's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Policy specifies an overall target allocation of 55% equities and 45% fixed income, including cash. The Policy further specifies target allocations for the equity investments among several asset classes.

The fair value of the asset classes and portfolio as of September 30, 2018, and specific target allocations are as follows:

	Fair Value	Actual Percent	Target Percent
U.S. Government Securities and Agencies	$ 30,002	18%	N/A
Corporate bonds – non-convertible	29,498	17%	N/A
Money Market/Cash	10,792	6%	N/A
Total fixed income	70,292	41%	45%
S&P 500 Index Fund	49,516	29%	28%
S&P 400 Mid-Cap Index Fund	20,967	13%	11%
Small and Mid-Cap Value Fund	15,256	9%	8%
International equities	14,273	8%	8%
Total equities	$ 100,012	59%	55%
Total	$ 170,304		

The Policy allows the percentage allocation to each asset class to vary by plus or minus 5% depending upon market conditions.

For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments was 7.37%. This reflects the changing amounts actually invested.

12. Pension Plans (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair market value of the investment or a deposit. The Plan is exposed to foreign currency risk through its investments in an international equity mutual fund. Investments in international equities are limited by the Policy's target asset allocation for that asset class. The target for international equities is 8% of the total portfolio. The international fund comprised 8% of total investments as of September 30, 2018.

Fair Value Disclosures

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The SJRPP Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

The table below summarizes the SJRPP Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices.

	Level 1	Level 2	Total
U.S. Government Securities and Agencies	$ 18,173	$ 11,829	$ 30,002
Corporate bonds - non-convertible	–	29,498	29,498
Money Market/Cash	10,792	–	10,792
Total fixed income	28,965	41,327	70,292
S&P 500 Index Fund	49,516	–	49,516
S&P 400 Mid-Cap Index Fund	20,103	864	20,967
Small and Mid-Cap Value Fund	13,281	1,975	15,256
International equities	–	14,273	14,273
Total equities	82,900	17,112	100,012
Total	$ 111,865	$ 58,439	$ 170,304

12. Pension Plans (continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SJRPP Pension Plan financial report.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension

Net Pension Liability – SJRPP's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively. SJRPP's net pension liability is $4,001 as of September 30, 2019 and $16,523 as of September 30, 2018. As discussed in note 3, St. Johns River Power Park, during fiscal year 2018, JEA assumed FPL's portion of the pension obligation in accordance with the shutdown agreement.

For the year ended September 30, 2019 and 2018, SJRPP recognized pension expense is $17,020 and $14,408, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

SJRPP Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	September 30	
	2019	**2018**
Deferred outflows of resources		
Contributions subsequent to the measurement date	**$ –**	$ 26,641
Net difference between projected and actual earnings on pension plan investments	**2,045**	4,091
Differences between expected and actual experience	**1,192**	2,451
Changes in assumptions	**302**	1,055
Total	**$ 3,539**	$ 34,238
Deferred inflows of resources		
Net difference between projected and actual earnings on pension plan investments	**$ (6,166)**	$ (7,091)
Total	**$ (6,166)**	$ (7,091)

12. Pension Plans (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2020	$ 1,251
2021	(2,071)
2022	(1,379)
2023	(428)
Total	$ (2,627)

13. Other Postemployment Benefits

Plan Description

Plan administration – JEA maintains a medical benefits plan (OPEB Plan) that it makes available to its retirees. The medical plan is a single-employer, experience rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries.

JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees. The OPEB Plan does not issue separate financial statements.

13. Other Postemployment Benefits (continued)

Plan membership – As of September 30, 2018 (the actuarial valuation date), the OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	490
Active plan members	1,891
Total	2,381

Benefits provided – The postretirement benefit portion of the JEA benefits plan (OPEB Plan) refers to the benefits applicable to current and future retirees and their beneficiaries. These benefits consist of continued access to medical, dental, and vision benefits as well as life insurance coverage upon retirement through the plan sponsored by JEA. Premiums for the first $5,000 of coverage are being subsidized by JEA and, as such, are considered as other postemployment benefits for purposes of GASB Statement No. 75.

Contributions – Retired members pay the full premium associated with the health coverage elected. There is no direct JEA subsidy currently applicable; however, there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

Florida law prohibits JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups blended-rate premiums.

In 2008, JEA began to advance-fund the OPEB obligation. This was accomplished by establishing a separate trust into which JEA makes periodic deposits and withdrawals to reimburse operations for costs incurred on a pay-as-you-go basis.

13. Other Postemployment Benefits (continued)

Actuarial assumptions – The total OPEB liability actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	September 30, 2018
Measurement Date	September 30, 2018
Methods and Assumptions Used to Determine Net OPEB Liability:	
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	6.00%, the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2018 at 6.00% and the long-term municipal bond rate as of September 28, 2018 at 3.83%
Salary increases	2.5% to 12.5%, including inflation; varies by years of service
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality tables used for Regular Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.57% (including the impact of the excise tax).
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, Administrative expenses related to the operation of the health plan are included in the premium costs.
Other Information:	
Notes	The following changes in assumptions are reflected in the schedule of changes in TOL: - Long Term Rate of Return was reduced from 7% to 6% - First year trend on premiums was reduced from 6.75% to 6.58% - Initial cost of coverage was increased from previously projected $1,045 per subscriber per month to assumed $1,077 per subscriber per month, partially offset by an increase in the first year average premium to $656 per month from expected $641 per month Health-related assumptions are based on experience over the plan year ending December 31, 2018.

13. Other Postemployment Benefits (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation at the measurement date of September 30, 2018 and September 30, 2017, are summarized in the following table.

	2018		2017	
Asset Class	Target Allocation	Long-term Expected Nominal Rate of Return	Target Allocation	Long-term Expected Nominal Rate of Return
Large cap domestic equity	**34%**	**8.1%**	34%	8.0%
Global fixed income	**15%**	**4.5%**	18%	4.6%
International equity	**15%**	**8.5%**	15%	8.5%
Domestic fixed income	**15%**	**4.3%**	12%	4.3%
Small cap domestic equity	**11%**	**8.5%**	11%	8.5%
Real estate	**10%**	**7.3%**	10%	7.4%
Total	**100%**		100%	

Discount Rate – GASB Statement No. 75 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As the assets are projected to be sufficient to meet benefit payments, the assumed valuation discount rate of 6.00% was used.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, calculated using a discount rate of 6.00%, as well as what the net OPEB liability would be if it were calculated using a rate that is 1% lower or 1% higher than the current rate:

	2019	2018
1% decrease	**$ 23,663**	$ 23,779
Current discount rate	**18,256**	18,835
1% increase	**13,708**	14,662

Healthcare Cost Trend Rate – JEA followed the Getzen model with trend rates for costs and premiums declining from 6.75% assumed for the year 2018 to the ultimate level of 4.57%.

13. Other Postemployment Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the net OPEB liability, calculated using a healthcare cost trend rate of 6.75% down to 4.57%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the current trend rate:

	2019	2018
1% decrease	**$ 13,443**	$ 14,401
Current healthcare cost trend rate	**18,256**	18,835
1% increase	**23,977**	24,098

Changes in the net OPEB liability are detailed below.

	2019	2018
Total OPEB liability		
Beginning balance	**$ 44,547**	$ 60,949
Service cost	**499**	811
Interest on the total OPEB liability	**3,044**	4,253
Changes in benefit terms	**–**	(11,556)
Difference between expected and actual experience	**(4,057)**	(7,891)
Change of assumptions	**5,794**	–
Benefit payments	**(3,122)**	(2,019)
Ending balance	**46,705**	44,547
Plan fiduciary net postion		
Beginning balance	**25,712**	21,441
Employer contributions	**4,078**	5,240
Net investment income	**1,989**	2,942
Reimbursements to employer	**(3,308)**	(3,911)
OPEB plan administrative expense	**(22)**	–
Ending balance	**28,449**	25,712
Net OPEB liability	**$ 18,256**	$ 18,835
Plan fiduciary net position as a percentage of the total OPEB liability	**60.91%**	57.72%
Covered payroll	**$156,042**	$155,326
Net OPEB liability as a percentage of covered payroll	**11.70%**	12.13%

13. Other Postemployment Benefits (continued)

Plan Assets – The assets of the plan consist of shares held in the Florida Municipal Investment Trust (FMIT), which is administered by the Florida League of Cities. The FMIT is an interlocal governmental entity created under the laws of the State of Florida and an Authorized Investment under Sec. 163.01 Florida Statutes. It is considered an external investment pool for reporting purposes. JEA owns shares in the OPEB Fund A as directed in the Master Trust Agreement. OPEB Fund A target asset allocation is 60% equities, 30% fixed income, and 10% real estate.

At September 30, 2018 and September 30, 2017, the OPEB Plan's cash and money market balance within the OPEB Fund A was $171 and $309, respectively.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table below details the interest rate risk in years for investments in the trust.

	September 30, 2018		September 30, 2017	
Fixed Income Fund	Modified Duration	Weighted Average Maturity	Modified Duration	Weighted Average Maturity
FMIT Broad Market High Quality Bond Fund	**5.00**	**6.40**	4.74	6.10
FMIT Core Plus Fixed Income Fund	**2.13**	**7.00**	2.24	7.40

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The FMIT Broad Market High Quality Bond Fund was rated by Fitch as AAf/S4 as of September 30, 2018 and September 30, 2017. The remaining funds of the trust are unrated.

Money-Weighted rates of return

The money-weighted rates of return for the fiscal years ended September 30, 2018 and September 30, 2017 were 7.54% and 13.35%, respectively.

13. Other Postemployment Benefits (continued)

Fair Value Disclosures

The table below summarizes the OPEB Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. JEA's investment is in shares of the FMIT OPEB Fund A. The disclosure below is based on the asset allocation provided by the FMIT of those investments held by OPEB Fund A.

	September 30, 2018			September 30, 2017		
	Level 2	Level 3	Total	Level 2	Level 3	Total
FMIT Core Plus Fixed Income Fund	**$ –**	**$ 4,780**	**$ 4,780**	$ –	$ 5,785	$ 5,785
FMIT Broad Market High Quality Bond Fund	**4,523**	**–**	**4,523**	3,831	–	3,831
Total fixed income	**4,523**	**4,780**	**9,303**	3,831	5,785	9,616
FMIT Russell 1000 Enhanced Index Portfolio	**–**	**–**	**–**	5,991	–	5,991
FMIT Large Cap Diversified Value Portfolio	**8,962**	**–**	**8,962**	2,160	–	2,160
FMIT International Equity Portfolio	**4,125**	**–**	**4,125**	2,674	–	2,674
FMIT Diversified Small to Mid Cap Equity Portfolio	**3,243**	**–**	**3,243**	2,905	–	2,905
FMIT Core Real Estate Portfolio	**–**	**2,646**	**2,646**	–	–	–
FMIT High Quality Growth Portfolio	**–**	**–**	**–**	2,057	–	2,057
Total equities	**16,330**	**2,646**	**18,976**	15,787	–	15,787
Total	**$ 20,853**	**$ 7,426**	**$ 28,279**	$ 19,618	$ 5,785	$ 25,403

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the OPEB

Net OPEB Liability – JEA's net OPEB liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of and with the measurement dates of September 30, 2018 and September 30, 2017, respectively. JEA's net OPEB liability is $18,256 as of September 30, 2019 and $18,835 as of September 30, 2018.

For the year ended September 30, 2019 and 2018, JEA recognized OPEB expense is $652 and ($9,272), respectively. As JEA has implemented regulatory accounting for OPEB, the difference between the recognized OPEB expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

13. Other Postemployment Benefits (continued)

The JEA Plan recorded deferred outflows of resources and deferred inflows of resources related to OPEB as detailed in the table below.

	September 30	
	2019	**2018**
Deferred outflows of resources		
Change of assumptions	**$ 5,197**	$ –
Contributions subsequent to the measurement date	**3,903**	4,078
Total	**$ 9,100**	$ 4,078
Deferred inflows of resources		
Differences between expected and actual experience	**$ (9,952)**	$ (7,102)
Net difference between projected and actual earnings on pension plan investments	**(1,297)**	(1,610)
Total	**$ (11,249)**	$ (8,712)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	**Recognition of Deferred Outflows (Inflows)**
2020	$ 2,816
2021	(1,086)
2022	(921)
2023	(643)
2024	(610)
Thereafter	(1,705)
Total	$ (2,149)

14. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For JEA, this statement applies to certain investments, interest rate swap agreements, and natural gas cash flow hedges.

JEA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

Investments

JEA's investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. Money market mutual funds are managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and are recorded at net asset value (NAV). The local government investment pools transact with participants at a stable NAV and are recorded at NAV. Certain U.S. Treasury and government agency securities and commercial paper are measured at cost.

	2019		
	Total	**Level 1**	**Level 2**
Investments by fair value level			
U.S. Treasury and government agency securities	**$ 184,525**	**$ 2,006**	**$ 182,519**
State and local government securities	**183,116**	**–**	**183,116**
Total investments by fair value level	**367,641**	**2,006**	**365,635**
Investments measured at NAV			
Local government investment pools	**188,130**		
Money market mutual funds	**126,452**		
Total investments measured at NAV	**314,582**		
Investments measured at cost			
Commercial paper	**44,266**		
Total investments measured at cost	**44,266**		
Total investments per statement of net position	**$ 726,489**		

14. Fair Value Measurements (continued)

	2018		
	Total	**Level 1**	**Level 2**
Investments by fair value level			
U.S. Treasury and government agency securities	**$ 453,060**	**$ 453,060**	**$ –**
State and local government securities	**223,845**	**–**	**223,845**
Total investments by fair value level	**676,905**	**453,060**	**223,845**
Investments measured at NAV			
Local government investment pools	**194,786**		
Money market mutual funds	**23,208**		
Total investments measured at NAV	**217,994**		
Investments measured at cost			
Commercial paper	**133,074**		
U.S. Treasury and government agency securities	**9,837**		
Total investments measured at cost	**142,911**		
Total investments per statement of net position	**$ 1,037,810**		

Interest Rate Swap Agreements

JEA's interest rate swap agreements are valued using market rates as of September 30, 2019 and 2018 and standard cash flow present valuing techniques, which places them at Level 2 in the fair value hierarchy. The agreements are recorded at fair value as part of long-term debt in the statements of net position. The fair value of the interest rate swap agreements is detailed below.

	2019	**2018**
Electric	**$ (118,621)**	$ (70,103)
Water and Sewer	**(31,266)**	(16,253)
Total	**$ (149,887)**	$ (86,356)

Natural Gas Cash Flow Hedges

JEA's natural gas cash flow hedges consisted of swap agreements for either a 3-month or 12-month period, covering calendar years 2018 through December 2022. These hedges were valued using prices observed on commodities exchanges and/or using industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs, which placed them at Level 3 in the fair value hierarchy. The fair market value changes in the hedges were recorded on a net basis in the statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. At September 30, 2019, deferred charges of $11,598 were included in deferred outflows of resources and, at September 30, 2018, deferred credits of $2,536 were included in deferred inflows of resources on the statements of net position.

15. Commitments and Contingent Liabilities

Grants

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

Regulatory Initiatives

The electric industry and water and wastewater industry have been and will continue to be affected by a number of legislative and regulatory initiatives. The following summarizes the key regulations affecting JEA:

Electric Enterprise System – On August 3, 2015, the Environmental Protection Agency (EPA) issued concurrently three separate rules pertaining to emissions of carbon dioxide (CO2) fossil fuel-fired electric generating units (EGUs):

- The Final Clean Power Plan (CPP), 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 United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. On March 28, 2017, President Trump issued an Executive Order establishing a national policy "in favor of energy independence, economic growth, and the rule of law". The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources, and appropriately suspend, revise, or rescind regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order specifically directed EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the new EPA Final Rules pertaining to CO^2 emissions. EPA initially obtained temporary court orders to hold the court challenge of the CPP and the CPS in abeyance, pending the completion of EPA's review of the rules. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

15. Commitments and Contingent Liabilities (continued)

On August 30, 2018, EPA a proposed rule to replace the CPP. The proposed rule is titled the Affordable and Clean Energy (ACE) Rule. ACE proposes new Existing Source Performance Standards (ESPS) to regulate CO2 emissions from fossil-fueled boilers. The ACE standards are significantly less stringent than the CPP standards. ACE also proposes to simplify and remove considerable ambiguity from EPA's New Source Review (NSR) rules applicable to major improvements to generating units. EPA has also promulgated but not issued proposed New Source Performance Standards (NSPS) for fossil-fueled units. Provisions of ACE are anticipated to be complied with without significant capital expenditure and do not represent significant cost exposure for JEA. Similarly, since JEA is not presently anticipating construction of any electric generation units that would be impacted by a new NSPS, the pending rule likewise does not represent significant cost exposure for JEA. Because these rules are either proposed or pending issuance, it is difficult to know when or if the rules will become "final" and enforceable. For this reason, JEA is unable, at this time, to definitively ascertain the impact to JEA to come from prospective regulation of CO2 emissions.

On July 6, 2011, the EPA released the Cross-State Air Pollution Rule (CSAPR), which is intended as a substitute for the invalidated Clean Air Interstate Rule (CAIR). In the CSAPR, the EPA determined that 27 states in the eastern United States are in violation of the Clean Air Act, because they significantly contribute to nonattainment or interference with the maintenance of attainment of three National Ambient Air Quality Standards (NAAQS) in one or more downwind states. The three air quality standards addressed in the CSAPR are the 1997 and 2006 fine particulate matter ($PM_{2.5}$), NAAQS, and the 1997 ozone NAAQS. To address these violations, the CSAPR imposes Federal Implementation Plans (FIPs) that establish state budgets for SO2 and NOx emissions from EGUs. The EPA targeted these two pollutants, because they are precursors to the formation of $PM_{2.5}$ and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances and the CSAPR permits limited interstate emissions trading and unlimited intrastate emissions trading as a means of compliance. States became subject to the emission budgets in 2012 with more stringent limits taking effect in 2014. In April 2014, the SCOTUS upheld the rule, but remanded back certain legal issues to the DCA to address. On July 28, 2015, the DCA issued an order and opinion remanding, without vacatur, certain state budgets under the CSAPR for reconsideration by the EPA, including the ozone-season NOx emissions budget for Florida. On September 7, 2016, the EPA issued a final updated CSAPR rule that removed Florida and two other eastern states from the rule. However, the EPA has made known that it is in the early stages of developing a supplemental rule (CSAPR Update II) to address the 2015 ozone and $PM_{2.5}$ NAAQS. It is possible that the CSAPR Update II may mandate deeper emission reductions and an expansion of the geographic area for regulation, possibly to again include Florida. The EPA has not established a rulemaking schedule for the CSAPR Update II. Consequently, JEA is not able to estimate any impacts from the CSAPR Update II.

On December 21, 2011, the EPA issued its Mercury and Air Toxics Standards (MATS) rule, setting forth maximum achievable control technology (MACT) standards for coal and oil generating stations. The new standards regulate four categories of hazardous air pollutants (HAPS) emitted by coal- or oil-fired EGUs, namely mercury, HAP metals, acid gases, and organic HAP.

The compliance deadline for affected sources to have all necessary pollution controls installed was April 2015. JEA's units that are regulated under MATS comply with all rule requirements.

15. Commitments and Contingent Liabilities (continued)

In April 2015, the EPA finalized rules 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 the EPA, is enforced only by citizen-initiated lawsuits, rather than by the EPA. However, with passage of the WIIN Act in 2016, the rule can now be reformed to provide the following: 1) conversion from a "self-implementing" program to a permit program the states or EPA would have primary responsibility to administer and enforce; and, 2) flexibility for state programs to adjust and tailor federal CCR requirements to meet local, case-specific situations, so long as they are adequately protective of federal CCR requirements. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. The state has started the process to incorporate the rule and regulations, which ultimately may constitute a permitting or tailored program.

The rule applies to CCR management practices at SJRPP and Scherer. The rule does not apply to management of byproducts at Northside Generating Station (NGS) as long as it continues to burn a fuel mix with less than 50% coal. The currently operating cell within Area B of SJRPP does not have to be lined, but must comply with the operating and monitoring requirements of the rule even after the plant was decommissioned in 2018. SJRPP's two closed byproduct storage areas (Areas I and II) are not affected by this rule. SJRPP has no regulated surface impoundments. Existing surface impoundments, like that at Scherer, are required to meet increased and more restrictive technical and operating criteria or close. Georgia Power has decided to close the surface impoundment at Scherer instead of pursuing a retrofit and the timeline for closure activities is currently projected to run through 2030.

The EPA left in place the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard, and other contained applications that should not involve any exposure by the public to unsafe contaminants.

On November 22, 2010, the EPA entered into a settlement agreement with Riverkeeper, Inc. regarding rule-making dates for the EPA 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. The EPA announced proposed standards for cooling water intake systems on March 28, 2011. Under the proposal, existing facilities 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.

15. Commitments and Contingent Liabilities (continued)

With few changes to the proposed rule, the EPA published the final rule in the Federal Register in August 2015. The new standards will not affect any JEA facilities other than NGS. NGS 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. The new standards will likely require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available (BTA) to improvements to the existing screening facilities or installation of cooling towers. A full two-year biological study is required to evaluate site-specific conditions and form a basis for assessing BTA and was initiated in 2018. Estimated final compliance deadlines are not expected until after 2025 and will depend on the level of upgrade ultimately required. Accordingly, costs of compliance have not been determined for NGS and are not included in JEA's capital program for the Electric System.

On September 30, 2016, the EPA issued the Effluent Limitation Guidelines for Steam Electric Power Plants. In setting the new and more stringent standards, the EPA evaluated the technologies and costs to remove metals and other parameters from individual wastewater streams generated by steam electric power plants and identify the BAT to affect their control. The new requirements for existing power plants must be phased in as soon as possible on or after November 1, 2018, but no later than December 31, 2023. The costs of compliance at NGS and Scherer have been evaluated and are anticipated in operating budgets and in JEA's five-year capital program for the Electric System.

Water Supply System Regulatory Initiatives – JEA was issued a 20-year Consumptive Use Permit (CUP) in May 2011 from the St. Johns River Water Management District (SJRWMD), which allows for aquifer withdrawals sufficient to completely satisfy customer demands until 2031 if certain permit conditions are met. JEA evaluates its total water management plan annually to continuously understand changes in demand and how to balance investments in a three-part program: (1) continued expansion of the reuse system, (2) measured conservation program and (3) 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. In North Florida, the Suwannee River Water Management District (SRWMD), Florida Department of Environmental Protection (FDEP), and the SJRWMD have set or are setting/revising Minimum Flows and Levels (MFLs) for water bodies in the region. MFLs are intended to assess the potential for ecological resource risks from water withdrawals and ensure sustainable supplies. In 2015, MFLs were adopted in the SRWMD and a determination required a recovery strategy. By permit, JEA will participate to the extent of its proportionate impact in prevention and recovery strategies that may be developed to ensure the groundwater resource remains sustainable.

15. Commitments and Contingent Liabilities (continued)

Wastewater Treatment System Regulatory Initiatives – The Sewer System is regulated by the EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Act. In Florida, the EPA has delegated the wastewater regulatory program to FDEP. The FDEP has implemented a Total Maximum Daily Load regulation (TMDL) defining the mass of nitrogen and phosphorus that can be assimilated by the St. Johns River, to which 8 of JEA's 11 wastewater treatment plants discharge. This state rule limits the amount of nitrogen and phosphorus that these eight wastewater treatment facilities are allowed to discharge by permit. JEA is meeting these limits as the result of past capital improvements to its wastewater facilities, expansion of the reclaimed water system, and phase-out of smaller old technology wastewater facilities. By virtue of exceeding its own regulatory obligation, JEA has generated nutrient reduction credits and has assisted the City in meeting a portion of their Municipal Separate Storm System nutrient requirements by transferring 33.44 short tons per year. This was recognized in JEA's annual contribution agreement negotiated in 2016. In 2013, both the FDEP and EPA reaffirmed the site-specific nutrient standard that is codified in the Lower St. Johns River TMDL.

Pollution Remediation Obligations

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 an analysis of the cost of cleanup and other identified environmental contingencies, JEA has accrued a liability associated with the remediation efforts. In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, based on project estimates and probabilities, the liability is estimated to be $26,123 at September 30, 2019. The accrual is related to the following environmental matters: Kennedy Generating Station RCRA Corrective Action for former wood preserving site; SJRPP Area B Landfill; Sans Souci Substation remedial activities; Pearl Street Electric Shop remedial activities; WSSC PCB Issue, Northside Generating Station RCRA Corrective Action program; and remediation at a number of miscellaneous petroleum sites. Of the $26,123 that JEA has accrued as environmental liabilities, approximately $15,795 is associated with the expected cost of remediating the former wood preserving facility at the Kennedy Generating Facility. Following are other environmental matters that 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: Pickettville Road Landfill CERCLA site post-closure activities and the Ellis Road CERCLA site. Although uncertainties associated with these recognized environmental liabilities remain, JEA believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect upon its financial position, results of operations, or liquidity. Costs associated with these obligations that were expensed prior to the approval of regulatory accounting for environmental projects are recorded in other noncurrent liabilities and total $16,568. The remaining liability is recognized as part of revenues to be used for future costs.

15. Commitments and Contingent Liabilities (continued)

Northside Generating Station Byproduct

JEA Northside Generating Station (NGS) Units 1 and 2 produce byproducts that consist of fly ash and bed ash. JEA has obtained a permit from FDEP to beneficially use the processed byproduct material in the State of Florida, subject to certain restrictions. These ash products are processed into materials marketed as EZBase and EZSorb. The expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of railcars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb is currently being transported by truck and rail to leachate solidification and environmental remediation/stabilization projects in several southeastern states.

The Byproducts Storage Area is an FDEP permitted, Class I lined storage facility at NGS. JEA received a new 20-year permit effective May 4, 2015.

A case is pending in the Second Judicial Circuit in Harrison County, Mississippi. Plaintiff is suing multiple defendants seeking damages allegedly resulting from construction defects at The Promenade, a retail shopping mall in D'Iberville, Mississippi. Plaintiff amended the complaint in April 2010 to add JEA as a defendant on various product liability theories, claiming that JEA's ash byproduct was allegedly incorporated as a component of the product of another party defendant and used by other party defendants at the subject project. Plaintiff seeks injunctive relief, to remediate the site, and damages. Multiple third party claims and cross claims were raised and remain pending. JEA believes it has good and meritorious defenses in this action and will vigorously defend the case. The plaintiff is seeking approximately $75,000; however, the trial court ruled that JEA is entitled to a sovereign immunity cap of $500. The issue was argued in the Mississippi Supreme Court in January 2019. In June 2019, the U.S. Supreme Court reversed a long-standing precedent with respect to the ability of one state's courts to exercise jurisdiction over another state. The same week, the Mississippi Supreme Court dismissed Promenade's damages cap appeal and remanded the case to the trial court for consideration of JEA's jurisdiction defense in light of the U.S. Supreme Court's 2019 decision. The trial court is expected to rule on whether it has any jurisdiction over JEA late this year.

New Headquarters Building Lease

On July 11, 2019, JEA signed a 15-year building lease for a new headquarters building with the option to renew the lease for three consecutive renewal terms of 5 years each. The groundbreaking is expected to take place in the first quarter of calendar year 2020 and work is expected to continue through fall 2021, barring any delays due to inclement weather or other unforeseen factors. The costs to finance and build the new building will be paid for by the lessor and the lease term will commence once construction is complete. The annual lease payment for the initial year is estimated to be approximately $6,527 and will increase by 2.50% each year thereafter.

In additional to the annual rent, JEA will also pay an additional rental related to operating expenses for operation, maintenance, management, and repair of the building. This amount will vary each year, but will be no more than 105% of the preceding year's operating expenses. The initial year's estimate of additional rental is $1,829.

15. Commitments and Contingent Liabilities (continued)

General Litigation

JEA is party to various pending or threatened legal actions in connection with its normal operations. In the opinion of management, any ultimate liabilities that may arise from these actions are not expected to materially affect JEA's financial position, results of operations, or liquidity.

16. Storm Costs

Hurricane Matthew tracked parallel along the coast of Florida on October 7, 2016 and Hurricane Irma passed to the west of Jacksonville as a tropical storm on September 11, 2017, causing extensive damage within the JEA service territory. Damage to JEA property was primarily to the transmission and distribution systems. Because of the extensive damage, Jacksonville was declared a federal major disaster area, making JEA eligible to receive reimbursement from FEMA. Requests for Public Assistance for both declared disasters were filed and accepted.

JEA is in the midst of the cost reimbursement process through FEMA, which allows cost share of 87.5% of eligible cost (75.0% from FEMA and 12.5% from the State of Florida) of those costs not covered by insurance. As a result, $41,233 of the eligible costs were deferred as costs to be recovered from future revenues in the statement of net position with the 12.5%, or $4,000, being recognized in the maintenance and other operating expenses financial statement line item in the statement of revenues, expenses and changes in net position in fiscal year 2017. Through September 30, 2019, JEA has received $25,550, which reduced the deferred costs to be recovered from future revenues. Of the $25,550 received, $18,500 was from insurance and $7,050 from FEMA. JEA believes it is probable that reimbursement from FEMA will be received for the eligible cost incurred that is remaining.

17. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility that is 80% owned by JEA, which is currently in the process of being decommissioned as discussed in note 2, St. Johns River Power Park. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The DES consists of chilled water activities.

17. Segment Information (continued)

Intercompany billing is employed between the Electric System, the Water and Sewer System, and DES and includes purchases of electricity, water, sewer, and chilled water services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the financial statements. See intercompany charges detailed below.

	2019			2018		
	Electric	**W&S**	**DES**	Electric	W&S	DES
Electricity services	**N/A**	**$ 13,368**	**$ 3,324**	N/A	$ 13,422	$ 3,282
Water and sewer services	**382**	**N/A**	**143**	505	N/A	136
Chilled water services	**–**	**387**	**N/A**	–	408	N/A

The Electric System shares certain administrative functions with the Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to the Water and Sewer System was $49,238 for fiscal year 2019 and $45,869 for 2018.

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System for $32,929. This was initiated to increase the utilization of its assets between the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the prior year's Water and Sewer average cost of debt. Inventory carrying charges were $1,266 for fiscal year 2019 and $784 for 2018.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of $22,940 and $6,284, respectively, an amount equal to the net book value of the assets. Monthly, the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was $2,089 for fiscal year 2019 and $2,030 for 2018.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement per account. Deposits are allocated to the Electric System or Water and Sewer System based on revenues. When the deposits are credited to customer accounts, they are allocated between the service agreements.

17. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2019 and 2018 was as follows:

	Electric System and Bulk Power Supply System		SJRPP System		Water and Sewer		DES	
	2019	2018	2019	2018	2019	2018	2019	2018
Condensed statements of net position								
Total current assets	**$ 505,398**	$ 603,965	**$ 79,029**	$ 70,352	**$ 180,121**	$ 196,938	**$ 1,727**	$ 4,396
Total noncurrent assets	**666,020**	740,394	**359,376**	358,767	**484,893**	574,441	**6,788**	3,445
Net capital assets	**2,674,310**	2,652,224	**9,734**	10,144	**2,748,123**	2,682,864	**33,277**	35,027
Deferred outflows of resources	**307,914**	241,405	**25,088**	67,596	**128,159**	125,501	**182**	194
Total assets and deferred outflows of resources	**$ 4,153,642**	$ 4,237,988	**$ 473,227**	$ 506,859	**$ 3,541,296**	$ 3,579,744	**$ 41,974**	$ 43,062
Total current liabilities	**$ 143,254**	$ 163,168	**$ 22,301**	$ 7,668	**$ 38,330**	$ 37,101	**$ 189**	$ 103
Total current liabilities payable from restricted assets	**179,078**	184,899	**70,158**	63,435	**122,622**	117,447	**2,517**	2,601
Total noncurrent liabilities	**437,000**	373,718	**10,224**	39,049	**234,883**	221,990	**29**	34
Total long-term debt	**1,972,276**	2,166,201	**266,538**	281,359	**1,424,172**	1,570,576	**33,106**	34,791
Total liabilities	**2,731,608**	2,887,986	**369,221**	391,511	**1,820,007**	1,947,114	**35,841**	37,529
Deferred inflows of resources	**242,932**	283,185	**6,166**	17,715	**51,721**	47,304	**–**	–
Net investment in (divestment of) capital assets	**773,119**	530,479	**(12,879)**	2,138	**1,490,121**	1,325,600	**(1,498)**	(1,492)
Restricted net position	**208,946**	316,700	**42,257**	26,164	**139,648**	195,319	**6,088**	2,738
Unrestricted net position	**197,037**	219,638	**68,552**	69,331	**39,799**	64,407	**1,543**	4,287
Total net position	**1,179,102**	1,066,817	**97,930**	97,633	**1,669,568**	1,585,326	**6,133**	5,533
Total liabilities, deferred inflows of resources, and net position	**$ 4,153,642**	$ 4,237,988	**$ 473,317**	$ 506,859	**$ 3,541,296**	$ 3,579,744	**$ 41,974**	$ 43,062
Condensed statements of revenues, expenses, and changes in net position information								
Total operating revenues	**$ 1,298,085**	$ 1,275,255	**$ 28,618**	$ 147,838	**$ 463,817**	$ 435,682	**$ 8,895**	$ 8,756
Depreciation	**207,427**	203,075	**410**	10,987	**152,047**	144,144	**2,429**	2,403
Other operating expenses	**816,619**	829,441	**21,628**	115,612	**182,130**	166,291	**4,703**	4,603
Operating income	**274,039**	242,739	**6,580**	21,239	**129,640**	125,247	**1,763**	1,750
Total nonoperating expenses, net	**(68,802)**	(67,484)	**(6,283)**	(18,028)	**(35,086)**	(44,079)	**(1,163)**	(1,221)
Total contributions, net	**(92,952)**	(91,472)	**–**	–	**(10,312)**	2,895	**–**	–
Total special items	**–**	–	**–**	(45,099)	**–**	–	**–**	–
Changes in net position	**112,285**	83,783	**297**	(41,888)	**84,242**	84,063	**600**	529
Net position, beginning of year	**1,066,817**	983,034	**97,633**	139,521	**1,585,326**	1,501,263	**5,533**	5,004
Net position, end of year	**$ 1,179,102**	$ 1,066,817	**$ 97,930**	$ 97,633	**$ 1,669,568**	$ 1,585,326	**$ 6,133**	$ 5,533
Condensed statements of cash flow information								
Net cash provided by operating activities	**$ 453,417**	$ 448,267	**$ 17,773**	$ 38,185	**$ 293,244**	$ 276,604	**$ 4,896**	$ 3,880
Net cash used in noncapital and related financing activities	**(92,829)**	(91,538)	**–**	–	**(39,878)**	(25,031)	**–**	–
Net cash used in capital and related financing activities	**(586,400)**	(380,568)	**(12,946)**	(193,269)	**(386,589)**	(291,037)	**(3,763)**	(4,064)
Net cash provided by (used in) investing activities	**296,653**	(30,410)	**16,812**	174,010	**163,894**	16,616	**156**	103
Net change in cash and cash equivalents	**70,841**	(54,249)	**21,639**	18,926	**30,671**	(22,848)	**1,289**	(81)
Cash and cash equivalents at beginning of year	**285,814**	340,063	**139,953**	121,027	**123,061**	145,909	**6,954**	7,035
Cash and cash equivalents at end of year	**$ 356,655**	$ 285,814	**$ 161,592**	$ 139,953	**$ 153,732**	$ 123,061	**$ 8,243**	$ 6,954

18. Subsequent Events

On October 11, 2019, JEA defeased $48,070 Electric System Subordinated Revenue Bonds and $45,425 Water and Sewer System Revenue Bonds and Subordinated Revenue Bonds. This defeasance was part of the execution of Phase 2 of the STAR plan, which was approved by the Board in December 2018, to utilize cash from the Operations Fund, Debt Management Stabilization Fund, and Renewal and Replacement Fund to defease debt.

REQUIRED SUPPLEMENTARY INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

City of Jacksonville General Employees Retirement Plan

Schedule of JEA's Proportionate Share of the Net Pension Liability*

Fiscal Year	Proportional Share Percentage	Net Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	48.85%	$ 386,789	$ 129,922	297.71%	68.64%
2015	48.85%	404,466	128,084	315.78%	69.06%
2016	49.15%	480,353	127,440	376.92%	64.03%
2017	50.37%	541,025	126,808	426.65%	63.00%
2018	51.68%	527,680	134,443	392.49%	63.71%
2019	50.59%	562,371	135,709	414.40%	65.23%

Schedule of JEA Contributions**

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2009	$ 13,280	$ 13,280	–	$ 120,727	11.00%
2010	16,257	16,257	–	125,054	13.00%
2011	17,195	17,195	–	132,269	13.00%
2012	22,301	22,301	–	127,434	17.50%
2013	27,038	27,038	–	129,990	20.80%
2014	34,149	34,149	–	129,922	26.28%
2015	40,179	40,179	–	128,084	31.37%
2016	43,156	43,156	–	127,440	33.86%
2017	48,942	48,942	–	126,808	38.60%
2018	35,459	35,929	(470)	134,443	26.72%

* These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

** All information is on measurement year basis.

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Notes to Schedule of Contributions

Valuation date:	Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll, using 1.50% (2017) and 1.14% (2016) annual increases*
Remaining amortization period	All new bases are amortized over 30 years
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.
Actual assumptions:	
Investment rate of return	7.40% (2017) and 7.50% (2016), net of pension plan investment expense, including inflation
Inflation rate	2.75%*
Projected salary increases	3.00% – 6.00%, of which 2.75% is the Plan's long-term payroll inflation assumption
Cost-of-living adjustments	Plan provisions contain a 3.00% COLA.

* The Fund's payroll inflation assumption is 2.75% as of October 1, 2016. Per Part VII, Chapter 112.64(5)(a) of *Florida Statutes*, the payroll growth assumption for amortization purposes would have decreased from 1.14% to 0.57%. However, pursuant to Chapter 112.64(5)(b), and after adjusting this analysis to account for bargained pay level increases and inclusion of DC plan participants in the total payroll, the assumption was set at 1.50%.

Required Supplementary Information – Pension
(Dollars in Thousands)

SJRPP Plan – Schedule of Changes in Net Pension Liability and Related Ratios*

	2018	2017	2016	2015	2014
Total Pension Liability					
Beginning balance	**$ 169,321**	$ 158,926	$ 155,143	$ 148,508	$ 146,521
Service cost	**112**	1,032	1,210	1,275	1,470
Interest	**11,163**	10,768	10,514	10,271	10,026
Changes in benefit terms	**–**	–	(59)	–	–
Difference between actual and expected experience	**(1,784)**	10,826	714	2,121	–
Changes in assumptions	**15,782**	26	3,730	3,316	–
Benefit payments	**(19,928)**	(12,257)	(12,326)	(10,348)	(9,509)
Total pension liability – ending	**$ 174,666**	$ 169,321	$ 158,926	$ 155,143	$ 148,508
Plan Fiduciary Net Position					
Beginning balance	**$ 152,798**	$ 142,286	$ 138,902	$ 145,425	$ 135,019
Contributions – employer	**26,409**	8,039	2,142	3,509	5,559
Contributions – employee	**232**	625	629	648	655
Net investment income (loss)	**11,499**	14,571	13,379	(266)	13,763
Benefit payments	**(19,928)**	(12,257)	(12,326)	(10,348)	(9,509)
Administrative expense	**(345)**	(466)	(440)	(66)	(62)
Plan fiduciary net position – ending	**$ 170,665**	$ 152,798	$ 142,286	$ 138,902	$ 145,425
Net Pension Liability – Ending	**$ 4,001**	$ 16,523	$ 16,640	$ 16,241	$ 3,083
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**97.71%**	90.24%	89.53%	89.53%	97.92%
Covered Payroll	**$ 5,809**	$ 15,621	$ 15,730	$ 16,665	$ 21,304
Net Pension Liability as a Percentage of Covered Payroll	**68.88%**	105.78%	105.79%	97.46%	14.47%

* These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

SJRPP Plan – Investment Returns*

Year Ended	Return
2009	7.60%
2010	10.14%
2011	0.41%
2012	17.17%
2013	12.64%
2014	10.32%
2015	-0.19%
2016	9.99%
2017	10.39%
2018	7.37%

SJRPP Plan – Schedule of Contributions*

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	$ 13,453	$ 13,565	$ (112)	$ 19,431	69.81%
2010	13,453	13,565	(112)	19,431	69.81%
2011	8,919	9,028	(109)	19,895	45.38%
2012	7,995	8,005	(10)	19,318	41.44%
2013	11,845	11,885	(40)	17,761	66.92%
2014	5,397	5,559	(162)	21,304	26.09%
2015	3,414	3,509	(95)	16,665	21.06%
2016	2,050	2,142	(92)	15,730	13.62%
2017	7,967	8,039	(72)	15,621	51.46%
2018	7,728	26,409	(18,681)	5,809	454.62%

* All information is on measurement year basis

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Notes to Schedule of Contributions

Valuation date:	Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	1 year
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	2.5% - 12.5% per year, including inflation
Investment rate of return	7.00% per year, compounded annually, net of investment expenses.
Retirement age	Experience-based table of rates based on year of eligibility. Rates of termination and retirement for 10/1/2017 valuation were modified to reflect retirements and separations upon the SJRPP plant closure.
Mortality	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios*

	2018	2017	2016
Total OPEB Liability			
Beginning balance	**$ 44,547**	$ 60,949	$ 62,554
Service cost	**499**	811	781
Interest on the total OPEB liability	**3,044**	4,253	4,203
Changes in benefit terms	**–**	(11,556)	–
Difference between actual and expected experience	**(4,057)**	(7,891)	–
Change of assumptions	**5,794**	–	–
Benefit payments	**(3,122)**	(2,019)	(6,589)
Total OPEB liability – ending	**$ 46,705**	$ 44,547	$ 60,949
Plan Fiduciary Net Position			
Beginning balance	**$ 25,712**	$ 21,441	$ 18,156
Employer contributions	**4,078**	5,240	5,061
Net investment income	**1,989**	2,942	2,135
Reimbursements to employer	**(3,308)**	(3,911)	(3,911)
OPEB plan administrative expense	**(22)**	–	–
Plan fiduciary net position – ending	**$ 28,449**	$ 25,712	$ 21,441
Net OPEB Liability – Ending	**$ 18,256**	$ 18,835	$ 39,508
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	**60.91%**	57.72%	35.18%
Covered Payroll	**$ 156,042**	$ 155,326	$ 150,073
Net OPEB Liability as a Percentage of Covered Payroll	**11.70%**	12.13%	26.33%

* This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

OPEB Plan – Investment Returns*

All information is on a measurement year basis.

Year Ended	Return
2009	1.44%
2010	6.74%
2011	-1.41%
2012	15.84%
2013	11.93%
2014	8.22%
2015	-0.46%
2016	7.90%
2017	13.35%
2018	7.54%

OPEB Plan – Schedule of Contributions**

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	$ 5,779	$ 4,023	$ 1,756	N/A	N/A
2010	5,126	5,236	(110)	138,093	3.79%
2011	5,344	6,601	(1,257)	N/A	N/A
2012	5,211	5,423	(212)	150,714	3.60%
2013	5,433	6,185	(752)	N/A	N/A
2014	4,819	4,382	437	148,617	2.95%
2015	5,011	7,255	(2,244)	N/A	N/A
2016	5,061	7,739	(2,678)	150,073	5.16%
2017	4,138	5,240	(1,102)	155,326	3.37%
2018	3,885	4,078	(193)	161,602	2.52%

* All information is on measurement year basis

** These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

Notes to Schedule of Contributions

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	6 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.5% – 12.5% per year, including inflation; varies by years of service
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Mortality tables used for Regular Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.57% (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, administrative expenses related to operation of the health plan are included in the premium costs.

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 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
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

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 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							
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

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 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	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 285,611	$ 65,840	$ –	$ 351,451	$ 86,219	$ 3,536	$ 441,206
Investments	83,268	2,042	–	85,310	–	–	85,310
Customer accounts receivable, net of allowance ($1,830)	180,731	–	–	180,731	51,267	860	232,858
Inventories:							
Materials and supplies	2,189	665	–	2,854	56,350	–	59,204
Fuel	35,856	1,015	–	36,871	–	–	36,871
Other current assets	16,310	790	(1,912)	15,188	3,102	–	18,290
Total current assets	603,965	70,352	(1,912)	672,405	196,938	4,396	873,739
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	203	74,113	–	74,316	36,842	3,418	114,576
Investments	419,536	23,330	–	442,866	288,761	–	731,627
Accounts and interest receivable	7	47	–	54	8	–	62
Total restricted assets	419,746	97,490	–	517,236	325,611	3,418	846,265
Costs to be recovered from future revenues	301,805	261,277	–	563,082	244,987	27	808,096
Other assets	18,843	–	–	18,843	3,843	–	22,686
Total noncurrent assets	740,394	358,767	–	1,099,161	574,441	3,445	1,677,047
Net capital assets	2,652,224	10,144	–	2,662,368	2,682,864	35,027	5,380,259
Total assets	3,996,583	439,263	(1,912)	4,433,934	3,454,243	42,868	7,931,045
Deferred outflows of resources							
Unrealized pension contributions and losses	83,649	34,238	–	117,887	53,480	–	171,367
Unamortized deferred losses on refundings	85,165	4,185	–	89,350	54,178	194	143,722
Accumulated decrease in fair value of hedging derivatives	70,103	–	–	70,103	16,253	–	86,356
Unrealized asset retirement obligations	–	29,173	–	29,173	–	–	29,173
Unrealized OPEB contributions and losses	2,488	–	–	2,488	1,590	–	4,078
Total deferred outflows of resources	241,405	67,596	–	309,001	125,501	194	434,696
Total assets and deferred outflows of resources	$ 4,237,988	$ 506,859	$ (1,912)	$ 4,742,935	$ 3,579,744	$ 43,062	$ 8,365,741

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 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	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 69,831	$ 1,021	$ (796)	$ 70,056	$ 11,636	$ 78	$ 81,770
Customer deposits and prepayments	53,738	–	–	53,738	16,475	–	70,213
Billings on behalf of state and local governments	22,295	1	–	22,296	3,674	–	25,970
Current portion of asset retirement obligations	–	6,646	–	6,646	–	–	6,646
Compensation and benefits payable	9,458	–	–	9,458	3,205	25	12,688
City of Jacksonville payable	7,846	–	–	7,846	2,111	–	9,957
Total current liabilities	163,168	7,668	(796)	170,040	37,101	103	207,244
Current liabilities payable from restricted assets:							
Debt due within one year	130,690	1,720	–	132,410	51,720	1,660	185,790
Interest payable	37,613	5,603	–	43,216	29,841	680	73,737
Renewal and replacement reserve	–	54,370	–	54,370	–	–	54,370
Construction contracts and accounts payable	16,596	1,742	(1,116)	17,222	35,886	261	53,369
Total current liabilities payable from restricted assets	184,899	63,435	(1,116)	247,218	117,447	2,601	367,266
Noncurrent liabilities:							
Net pension liability	321,885	16,523	–	338,408	205,795	–	544,203
Asset retirement obligations	–	22,526	–	22,526	–	–	22,526
Net OPEB liability	11,489	–	–	11,489	7,346	–	18,835
Other liabilities	40,344	–	–	40,344	8,849	34	49,227
Total noncurrent liabilities	373,718	39,049	–	412,767	221,990	34	634,791
Long-term debt:							
Debt payable, less current portion	2,019,350	278,885	–	2,298,235	1,480,620	34,825	3,813,680
Unamortized premium (discount), net	76,748	2,474	–	79,222	73,703	(34)	152,891
Fair value of debt management strategy instruments	70,103	–	–	70,103	16,253	–	86,356
Total long-term debt	2,166,201	281,359	–	2,447,560	1,570,576	34,791	4,052,927
Total liabilities	2,887,986	391,511	(1,912)	3,277,585	1,947,114	37,529	5,262,228
Deferred inflows of resources							
Revenues to be used for future costs	249,085	10,624	–	259,709	27,123	–	286,832
Unrealized pension gains	26,250	7,091	–	33,341	16,783	–	50,124
Unrealized OPEB gains	5,314	–	–	5,314	3,398	–	8,712
Accumulated increase in fair value of hedging derivatives	2,536	–	–	2,536	–	–	2,536
Total deferred inflows of resources	283,185	17,715	–	300,900	47,304	–	348,204
Net position							
Net investment in (divestment of) capital assets	530,479	2,138	–	532,617	1,325,600	(1,492)	1,856,725
Restricted							
Capital projects	190,132	(1,760)		188,372	141,707	1,078	331,157
Debt service	129,870	1,843		131,713	53,799	1,660	187,172
Other purposes	(3,302)	26,081	1,116	23,895	(187)	–	23,708
Unrestricted	219,638	69,331	(1,116)	287,853	64,407	4,287	356,547
Total net position	1,066,817	97,633	–	1,164,450	1,585,326	5,533	2,755,309
Total liabilities, deferred inflows of resources, and net position	$ 4,237,988	$ 506,859	$ (1,912)	$ 4,742,935	$ 3,579,744	$ 43,062	$ 8,365,741

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands)

Year Ended September 30, 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	$ 1,274,843	$ 28,159	$ (26,495)	$ 1,276,507	$ –	$ –	$ (16,692)	$ 1,259,815
Water and sewer	–	–	–	–	450,641	–	(525)	450,116
District energy system	–	–	–	–	–	8,891	(387)	8,504
Other	23,242	459	–	23,701	13,176	4	(3,355)	33,526
Total operating revenues	1,298,085	28,618	(26,495)	1,300,208	463,817	8,895	(20,959)	1,751,961
Operating expenses								
Operations and maintenance:								
Fuel	325,659	4,669	–	330,328	–	–	–	330,328
Purchased power	161,740	–	(26,495)	135,245	–	–	–	135,245
Maintenance and other operating expenses	248,379	2,898	–	251,277	160,671	4,703	(20,959)	395,692
Depreciation	207,427	410	–	207,837	152,047	2,429	–	362,313
State utility and franchise taxes	60,767	–	–	60,767	10,802	–	–	71,569
Recognition of deferred costs and revenues, net	20,074	14,061	–	34,135	10,657	–	–	44,792
Total operating expenses	1,024,046	22,038	(26,495)	1,019,589	334,177	7,132	(20,959)	1,339,939
Operating income	274,039	6,580	–	280,619	129,640	1,763	–	412,022
Nonoperating revenues (expenses)								
Interest on debt	(99,654)	(11,311)	–	(110,965)	(62,733)	(1,348)	–	(175,046)
Investment income	21,623	4,684	–	26,307	13,282	156	–	39,745
Allowance for funds used during construction	3,973	–	–	3,973	10,097	29	–	14,099
Other nonoperating income, net	4,392	344	–	4,736	4,346	–	–	9,082
Earnings from The Energy Authority	2,412	–	–	2,412	–	–	–	2,412
Other interest, net	(1,548)	–	–	(1,548)	(78)	–	–	(1,626)
Total nonoperating expenses, net	(68,802)	(6,283)	–	(75,085)	(35,086)	(1,163)	–	(111,334)
Income before contributions	205,237	297	–	205,534	94,554	600	–	300,688
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(92,952)	–	–	(92,952)	(39,850)	–	–	(132,802)
Developers and other	5,431	–	–	5,431	92,295	–	–	97,726
Reduction of plant cost through contributions	(5,431)	–	–	(5,431)	(62,757)	–	–	(68,188)
Total contributions, net	(92,952)	–	–	(92,952)	(10,312)	–	–	(103,264)
Change in net position	112,285	297	–	112,582	84,242	600	–	197,424
Net position, beginning of year	1,066,817	97,633	–	1,164,450	1,585,326	5,533	–	2,755,309
Net position, end of year	1,179,102	97,930	–	1,277,032	1,669,568	6,133	–	2,952,733

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands)

Year Ended September 30, 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	$ 1,253,139	$ 87,749	$ (56,982)	$ 1,283,906	$ –	$ –	$ (16,704)	$ 1,267,202
Water and sewer	–	–	–	–	424,121	–	(641)	423,480
District energy system	–	–	–	–	–	8,756	(408)	8,348
Other	22,116	60,089	–	82,205	11,561	–	(2,814)	90,952
Total operating revenues	1,275,255	147,838	(56,982)	1,366,111	435,682	8,756	(20,567)	1,789,982
Operating expenses								
Operations and maintenance:								
Fuel	356,877	64,175	–	421,052	–	–	–	421,052
Purchased power	166,176	–	(56,982)	109,194	–	–	–	109,194
Maintenance and other operating expenses	245,291	52,296	–	297,587	149,646	4,603	(20,567)	431,269
Depreciation	203,075	10,987	–	214,062	144,144	2,403	–	360,609
State utility and franchise taxes	59,551	–	–	59,551	10,476	–	–	70,027
Recognition of deferred costs and revenues, net	1,546	(859)	–	687	6,169	–	–	6,856
Total operating expenses	1,032,516	126,599	(56,982)	1,102,133	310,435	7,006	(20,567)	1,399,007
Operating income	242,739	21,239	–	263,978	125,247	1,750	–	390,975
Nonoperating revenues (expenses)								
Interest on debt	(86,808)	(20,292)	–	(107,100)	(58,034)	(1,374)	–	(166,508)
Investment income	6,910	1,196	–	8,106	3,617	103	–	11,826
Allowance for funds used during construction	3,912	–	–	3,912	7,802	50	–	11,764
Other nonoperating income, net	6,025	1,068	–	7,093	2,764	–	–	9,857
Earnings from The Energy Authority	4,074	–	–	4,074	–	–	–	4,074
Other interest, net	(1,597)	–	–	(1,597)	(228)	–	–	(1,825)
Total nonoperating expenses, net	(67,484)	(18,028)	–	(85,512)	(44,079)	(1,221)	–	(130,812)
Income before contributions	175,255	3,211	–	178,466	81,168	529	–	260,163
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(91,472)	–	–	(91,472)	(25,148)	–	–	(116,620)
Developers and other	1,597	–	–	1,597	80,560	–	–	82,157
Reduction of plant cost through contributions	(1,597)	–	–	(1,597)	(52,517)	–	–	(54,114)
Total contributions, net	(91,472)	–	–	(91,472)	2,895	–	–	(88,577)
Special items	–	(45,099)	–	(45,099)	–	–	–	(45,099)
Change in net position	83,783	(41,888)	–	41,895	84,063	529	–	126,487
Net position, beginning of year	983,034	139,521	–	1,122,555	1,501,263	5,004	–	2,628,822
Net position, end of year	1,066,817	97,633	–	1,164,450	1,585,326	5,533	–	2,755,309

JEA

Combining Statement of Cash Flows

(In Thousands)

Year Ended September 30, 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	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,244,236	$ 22,150	$ (28,693)	$ 1,237,693	$ 449,924	$ 9,514	$ (17,604)	$ 1,679,527
Payments to suppliers	(646,113)	(4,877)	28,693	(622,297)	(104,542)	(4,028)	20,959	(709,908)
Payments to employees	(167,477)	41	–	(167,436)	(65,347)	(594)	–	(233,377)
Other operating activities	22,771	459	–	23,230	13,209	4	(3,355)	33,088
Net cash provided by operating activities	453,417	17,773	–	471,190	293,244	4,896	–	769,330
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(92,829)	–	–	(92,829)	(39,878)	–	–	(132,707)
Net cash used in noncapital and related financing activities	(92,829)	–	–	(92,829)	(39,878)	–	–	(132,707)
Capital and related financing activities								
Defeasance of debt	(100,090)	–	–	(100,090)	(94,955)	–	–	(195,045)
Proceeds from issuance of debt	–	–	–	–	2,000	–	–	2,000
Acquisition and construction of capital assets	(260,413)	–	–	(260,413)	(205,559)	(758)	–	(466,730)
Repayment of debt principal	(130,690)	(1,720)	–	(132,410)	(51,720)	(1,660)	–	(185,790)
Interest paid on debt	(92,619)	(11,167)	–	(103,786)	(64,705)	(1,345)	–	(169,836)
Capital contributions	–	–	–	–	29,538	–	–	29,538
Other capital financing activities	(2,588)	(59)	–	(2,647)	(1,188)	–	–	(3,835)
Net cash used in capital and related financing activities	(586,400)	(12,946)	–	(599,346)	(386,589)	(3,763)	–	(989,698)
Investing activities								
Purchase of investments	(235,745)	(97,635)	–	(333,380)	(82,023)	–	–	(415,403)
Proceeds from sale and maturity of investments	515,390	109,768	–	625,158	237,846	–	–	863,004
Investment income	14,565	4,679	–	19,244	8,071	156	–	27,471
Distributions from The Energy Authority	2,443	–	–	2,443	–	–	–	2,443
Net cash provided by investing activities	296,653	16,812	–	313,465	163,894	156	–	477,515
Net change in cash and cash equivalents	70,841	21,639	–	92,480	30,671	1,289	–	124,440
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 year	$ 356,655	$ 161,592	$ –	$ 518,247	$ 153,732	$ 8,243	$ –	$ 680,222
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 274,039	$ 6,580	$ –	$ 280,619	$ 129,640	$ 1,763	$ –	$ 412,022
Adjustments:								
Depreciation and amortization	207,427	410	–	207,837	153,268	2,429	–	363,534
Recognition of deferred costs and revenues, net	20,074	14,061	–	34,135	10,657	–	–	44,792
Other nonoperating income, net	171	–	–	171	1,864	–	–	2,035
Changes in noncash assets and noncash liabilities:								
Accounts receivable	8,314	(6,009)	–	2,305	(5,330)	622	–	(2,403)
Accounts receivable, restricted	7	–	–	7	1	–	–	8
Inventories	4,928	1,574	–	6,502	(287)	–	–	6,215
Other assets	2,527	–	–	2,527	(109)	–	–	2,418
Accounts and accrued expenses payable	(23,717)	(292)	–	(24,009)	1,179	87	–	(22,743)
Current liabilities payable from restricted assets	–	(5,299)	–	(5,299)	–	–	–	(5,299)
Other noncurrent liabilities and deferred inflows	(40,353)	6,748	–	(33,605)	2,361	(5)	–	(31,249)
Net cash provided by operating activities	$ 453,417	$ 17,773	$ –	$ 471,190	$ 293,244	$ 4,896	$ –	$ 769,330
Non-cash activity								
Contribution of capital assets from developers	$ 5,431	$ –	$ –	$ 5,431	$ 62,757	$ –	$ –	$ 68,188
Unrealized gains on fair value of investments	$ 7,690	$ 52	$ –	$ 7,742	$ 5,572	$ –	$ –	$ 13,314

JEA

Combining Statement of Cash Flows

(In Thousands)

Year Ended September 30, 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	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,249,048	$ 104,261	$ (34,089)	$ 1,319,220	$ 430,685	$ 8,446	$ (17,753)	$ 1,740,598
Payments to suppliers	(655,986)	(90,429)	34,089	(712,326)	(104,124)	(4,012)	20,567	(799,895)
Payments to employees	(160,943)	(35,736)	–	(196,679)	(61,403)	(554)	–	(258,636)
Other operating activities	16,148	60,089	–	76,237	11,446	–	(2,814)	84,869
Net cash provided by operating activities	448,267	38,185	–	486,452	276,604	3,880	–	766,936
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(91,538)	–	–	(91,538)	(25,031)	–	–	(116,569)
Net cash used in noncapital and related financing activities	(91,538)	–	–	(91,538)	(25,031)	–	–	(116,569)
Capital and related financing activities								
Defeasance of debt	(405,105)	(128,280)	–	(533,385)	(460,305)	–	–	(993,690)
Proceeds from issuance of debt	383,840	–	–	383,840	437,160	–	–	821,000
Acquisition and construction of capital assets	(171,075)	–	–	(171,075)	(203,416)	(1,053)	–	(375,544)
Repayment of debt principal	(135,105)	(41,330)	–	(176,435)	(51,020)	(1,640)	–	(229,095)
Interest paid on debt	(97,134)	(16,685)	–	(113,819)	(67,659)	(1,371)	–	(182,849)
Capital contributions	–	–	–	–	28,043	–	–	28,043
Other capital financing activities	44,011	(6,974)	–	37,037	26,160	–	–	63,197
Net cash used in capital and related financing activities	(380,568)	(193,269)	–	(573,837)	(291,037)	(4,064)	–	(868,938)
Investing activities								
Purchase of investments	(506,359)	(252,593)	–	(758,952)	(279,014)	–	–	(1,037,966)
Proceeds from sale and maturity of investments	462,211	428,653	–	890,864	288,607	–	–	1,179,471
Investment income	10,225	(2,050)	–	8,175	7,023	103	–	15,301
Distributions from The Energy Authority	3,513	–	–	3,513	–	–	–	3,513
Net cash provided by (used in) investing activities	(30,410)	174,010	–	143,600	16,616	103	–	160,319
Net change in cash and cash equivalents	(54,249)	18,926	–	(35,323)	(22,848)	(81)	–	(58,252)
Cash and cash equivalents at beginning of year	340,063	121,027	–	461,090	145,909	7,035	–	614,034
Cash and cash equivalents at end of year	$ 285,814	$ 139,953	$ –	$ 425,767	$ 123,061	$ 6,954	$ –	$ 555,782
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 242,739	$ 21,239	$ –	$ 263,978	$ 125,247	$ 1,750	$ –	$ 390,975
Adjustments:								
Depreciation and amortization	203,075	10,987	–	214,062	145,424	2,403	–	361,889
Recognition of deferred costs and revenues, net	1,546	(859)	–	687	6,169	–	–	6,856
Other nonoperating income, net	103	700	–	803	270	–	–	1,073
Changes in noncash assets and noncash liabilities:								
Accounts receivable	13,184	15,812	–	28,996	(2,200)	(310)	–	26,486
Accounts receivable, restricted	13	–	–	13	3	–	–	16
Inventories	2,136	52,297	–	54,433	(8,014)	–	–	46,419
Other assets	(3,287)	–	–	(3,287)	675	–	–	(2,612)
Accounts and accrued expenses payable	10,076	(10,441)	–	(365)	1,330	14	–	979
Current liabilities payable from restricted assets	–	(49,998)	–	(49,998)	–	–	–	(49,998)
Other noncurrent liabilities and deferred inflows	(21,318)	(1,552)	–	(22,870)	7,700	23	–	(15,147)
Net cash provided by operating activities	$ 448,267	$ 38,185	$ –	$ 486,452	$ 276,604	$ 3,880	$ –	$ 766,936
Non-cash activity								
Contribution of capital assets from developers	$ 1,597	$ –	$ –	$ 1,597	$ 52,517	$ –	$ –	$ 54,114
Unrealized gains (losses) on fair value of investments	$ (4,052)	$ 4,146	$ –	$ 94	$ (3,480)	$ –	$ –	$ (3,386)

Ernst & Young LLP
12926 Gran Bay Parkway West
Suite 500
Jacksonville, FL 32258

Tel: +1 904 358 2000
Fax: +1 904 358 4598
ey.com

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
JEA
Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of JEA, which comprise the statement of net position as of September 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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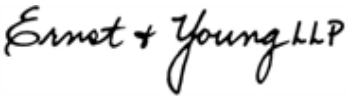
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 9, 2019

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BOND COMPLIANCE INFORMATION

JEA Electric System

Schedule of Debt Service Coverage

(In Thousands)

	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: amounts paid from the rate stabilization fund into the revenue fund	**83,302**	88,415
Less: amounts 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
Maintenance and other operating expenses	**222,515**	204,982
State utility and franchise taxes	**60,767**	59,551
Total operating expenses	**806,031**	837,171
Net revenues	**$ 506,442**	$ 451,783
Debt service	**$ 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	**$ 77,853**	$ 68,933
Senior debt service coverage [5], (min 1.20x)	**6.51 x**	6.55 x
Net revenues (from above)	**$ 506,442**	$ 451,783
Debt service requirement (from above)	**$ 77,853**	$ 68,933
Plus: aggregate subordinated debt service on outstanding subordinated bonds	**104,640**	129,469
Less: Build America Bonds subsidy	**(2,002)**	(2,045)
Total debt service requirement and aggregate subordinated debt service	**$ 180,491**	$ 196,357
Senior and subordinated debt service coverage [6], (min 1.15x)	**2.81 x**	2.30 x

[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 SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

[5] Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

[6] Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x

JEA Bulk Power Supply System

Schedule of Debt Service Coverage
(In Thousands)

	Year ended September 30	
	2019	**2018**
Revenues		
Operating	**$ 73,053**	$ 78,302
Investment income	**190**	162
Total revenues	**73,243**	78,464
Operating expenses [1]		
Fuel	**37,703**	28,717
Maintenance and other operating expenses	**14,812**	17,545
Total operating expenses	**52,515**	46,262
Net revenues	**$ 20,728**	$ 32,202
Aggregate debt service	**$ 10,109**	$ 9,943
Less: Build America Bonds subsidy	**(624)**	(667)
Aggregate debt service	**$ 9,485**	$ 9,276
Debt service coverage [2]	**2.19 x**	3.47 x

[1] Excludes depreciation and recognition of deferred costs and revenues, net.

[2] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA St. Johns River Power Park System, Second Resolution

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30	
	2019	**2018**
Revenues		
Operating	**$ 29,322**	$ 34,196
Investment income	**4,633**	1,339
Total revenues	**33,955**	35,535
Operating expenses [1]	**4,669**	15,389
Net revenues	**$ 29,286**	$ 20,146
Aggregate debt service	**$ 24,908**	$ 12,925
Less: Build America Bonds subsidy	**(344)**	(367)
Aggregate debt service	**$ 24,564**	$ 12,558
Debt service coverage [2]	**1.19 x**	1.60 x

[1] Excludes depreciation and recognition of deferred costs and revenues, net.

[2] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA Water and Sewer System

Schedule of Debt Service Coverage
(In Thousands)

	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	
Operating expenses [2]				
Maintenance and other operating expenses	**160,671**		149,646	
State utility and franchise taxes	**10,802**		10,476	
Total operating expenses	**171,473**		160,122	
Net revenues	**$ 331,306**		$ 310,925	
Aggregate debt service	**$ 94,693**		$ 95,818	
Less: Build America Bonds subsidy	**(2,478)**		(2,495)	
Aggregate debt service	**$ 92,215**		$ 93,323	
Senior debt service coverage [3], (min 1.25x)	**3.59**	**x**	3.33	x
Net revenues (from above)	**$ 331,306**		$ 310,925	
Aggregate debt service (from above)	**$ 92,215**		$ 93,323	
Plus: aggregate subordinated debt service on outstanding subordinated debt	**17,585**		18,084	
Total aggregate debt service and aggregate subordinated debt service	**$ 109,800**		$ 111,407	
Senior and subordinated debt service coverage excluding capacity fees [4]	**2.75**	**x**	2.54	x
Senior and subordinated debt service coverage including capacity fees [4]	**3.02**	**x**	2.79	x

[1] Excludes the Build America Bonds subsidy.

[2] Excludes depreciation and recognition of deferred costs and revenues, net.

[3] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

[4] Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual 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).

JEA District Energy System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30			
	2019		**2018**	
Revenues				
Service revenues	**$ 8,891**		$ 8,756	
Investment income	**156**		103	
Plus: amounts paid from the rate stabilization fund into the revenue fund	**2,737**		-	
Total revenues	**11,784**		8,859	
Operating expenses [1]				
Maintenance and other operating expenses	**4,703**		4,603	
Total operating expenses	**4,703**		4,603	
Net revenues	**$ 7,081**		$ 4,256	
Aggregate debt service [2]	**$ 3,020**		$ 3,019	
Debt service coverage [3]**, (min 1.15x)**	**2.34**	**x**	1.41	x

[1] Excludes depreciation.

[2] On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt 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.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION

The following is a summary of certain provisions of the Electric System Resolution. Summaries of certain definitions contained in the Electric System Resolution are set forth below. Other terms defined in the Electric System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Electric System Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

As more fully described under the caption "FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS – Debt Relating to Electric Utility Functions – *Proposed Amendments to the Electric System Resolution*" in the Annual Disclosure Report to which this summary is attached, on May 19, 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. Certain of those amendments have become effective and are reflected in the following summary of the Electric System Resolution. The remainder of the amendments contained in the May 1998 Amending Resolution will become effective upon the occurrence of certain events, as more particularly described under "Proposed Amendments to the Electric System Resolution - *May 1998 Amending Resolution*" below, which events include the consent thereto in writing of certain percentages of the holders of the outstanding Electric System Bonds, the Power Park Issue Two Bonds, and the Power Park Issue Three Bonds. At such times as such amendments described in this paragraph become effective, they will apply to all of the Electric System Bonds then outstanding. As of the date of the Annual Disclosure Report to which this Appendix is attached, JEA has not solicited any consents to such amendments and currently has no intention of soliciting any such consents in the future.

The Electric System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Electric System Resolution (as so amended) and the May 1998 Amending Resolution also may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction. The term "Electric System Bonds" as used in this summary has the same meaning as the term "Electric System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definitions

The following are summaries of certain definitions in the Electric System Resolution:

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic compounding date therefor specified in the resolution of JEA supplemental to the Electric System Resolution authorizing such Capital Appreciation Bond (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in such resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in such resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Additional Parity Obligations shall mean additional obligations issued in compliance with the terms, conditions and limitations contained in the Electric System Resolution and which shall have an equal lien on the Net Revenues as therein defined and other amounts pledged under the Electric System Resolution, and rank equally in all respects with the Electric System Bonds initially issued thereunder.

Additionally Secured Bonds shall mean (a) all Electric System Bonds Outstanding on the date on which the amendments to the Electric System Resolution affected by Article I of the Amending Resolution became effective (February 29, 2000) and (b) the Electric System Bonds of any series issued after such effective date for which the payment of the principal or sinking fund redemption price, if any, of, and interest on, the Electric System Bonds of such series shall be secured, in addition to the pledge created pursuant to the Electric System Resolution in favor of all of the Electric System Bonds, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Sinking Fund.

Adjusted Debt Service Requirement for any period, as applied to the Electric System Bonds of any series, shall mean, as of any date of calculation, the Debt Service Requirement for such Electric System Bonds for such period, except that if such series includes any Outstanding Refundable Bonds, Adjusted Debt Service Requirement shall mean the Debt Service Requirement for such Bonds determined (i) in the case of Refundable Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Bond would be payable, over a period extending from the maturity date of such Bond through the later of (x) the 30th anniversary of the issuance of such Bond or (y) the 10th anniversary of the maturity date of such Refundable Bond, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto. Interest deemed payable in any period after the actual maturity date of any Refundable Bond shall be calculated at such rate of interest as JEA, or a banking or financial institution selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Electric System Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Alternate Variable Rate Taxable Index shall mean such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an authorized officer of JEA.

Alternate Variable Rate Tax-Exempt Index shall mean such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an authorized officer of JEA.

Amortization Installment shall mean the amount established for the payment on any date of the principal of any Term Bonds and, for any Term Bonds issued as Capital Appreciation Bonds or Deferred Interest Bonds, the Accreted Value or Appreciated Value, as applicable, as of the date of such payment, as designated by resolution of JEA supplemental to the Electric System Resolution adopted on or prior to the Issuance Date of such Term Bonds.

Appreciated Value shall mean, (i) as of any date of computation with respect to any Deferred Interest Bond prior to the Current Interest Commencement Date, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the resolution of JEA supplemental to the Electric System Resolution authorizing such Deferred Interest Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic

Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Interest Bonds set forth in such resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in such resolution authorizing such Deferred Interest Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

Authorized Investments shall mean and include any securities, obligations or investments that, at the time, shall be permitted by Florida law for investment of JEA's funds.

Bank Bonds shall mean any Electric System Bonds issued in accordance with the provisions of subsection M of Section 13 of the Electric System Resolution.

BMA Municipal Swap Index shall mean the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Build America Bonds shall mean any Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

Capital Appreciation Bonds shall mean shall mean any Electric System Bonds as to which interest is (i) compounded periodically on dates that are specified in the resolution authorizing such Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof.

Certified Interest Rate shall mean, as of any date of determination:

(i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date, in each of the foregoing cases, that were, at the date of the original issuance thereof, the subject of an opinion of nationally recognized bond counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the twelve months preceding such date of determination; *provided, however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for twelve months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1),

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Bonds maturing on a particular date, in each of the foregoing cases, that were not, at the date of the original issuance thereof, the subject of an opinion of nationally recognized bond counsel to the effect that the interest thereon is excluded from

gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the twelve months preceding such date of determination; *provided*, *however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for twelve months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a) and

(iii) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Sinking Fund and with respect to any Commercial Paper Notes or Medium-Term Notes or any Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an authorized officer of JEA executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, (A) in the case of Commercial Paper Notes or Medium-Term Notes, as the rate of interest such Commercial Paper Notes or Medium-Term Notes would bear if such Notes were issued as Electric System Bonds bearing a fixed interest rate and maturing 30 years after the date of issuance thereof and (B) in the case of Variable Rate Bonds, as the rate of interest such Variable Rate Bonds would bear if, assuming the same maturity date, terms and provisions (other than interest rate) as such proposed Variable Rate Bonds, and on the basis of JEA's credit ratings with respect to the Electric System Bonds (other than Electric System Bonds for which credit enhancement is provided by a third party), such proposed Variable Rate Bonds were issued at a fixed interest rate.

Code shall mean the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Commercial Paper Note shall mean any Electric System Bond which (a) has a maturity date which is not more than 365 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the resolution of JEA supplemental to the Electric System Resolution authorizing such Bond.

Commercial Paper Payment Plan shall mean, with respect to any installment of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an authorized officer of JEA delivered on or prior to the date of the first issuance of such Commercial Paper Notes and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes or any subsequent certificate of an authorized officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes; *provided*, *however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Electric System Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Electric System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Note shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Commercial Paper Notes of such installment or (y) the 10th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial

Paper Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Note in each other Fiscal Year in such period.

Consulting Engineer shall mean such qualified and recognized independent consulting engineer, having favorable repute for skill and experience, with respect to the acts and duties to be provided to JEA, as shall be from time to time retained by JEA to act as such with respect to the Electric System.

Contract Debts shall mean any obligations of JEA under a contract, lease, installment sale agreement, bulk electric power 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, 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 St. Johns River Power Park System) 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 as may be determined by JEA to be payable pursuant to clause (4) under the caption "Establishment of Funds and Disposition of Revenues of the Electric System" herein. See "Proposed Amendments to the Electric System Resolution" below for a discussion of a proposed amendment to the foregoing provision.

Cost of Operation and Maintenance of the Electric System shall mean the current expenses, paid or accrued, of operation, maintenance and repair of the Electric System, including administration costs, as calculated in accordance with generally accepted accounting principles, and shall include all Contract Debts, but shall not include any reserve for renewals and replacements or any allowance for depreciation or amortization and there shall be included in the Cost of Operation and Maintenance only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the Electric System.

Credit Enhancement shall mean, with respect to the Electric System Bonds of an installment or a maturity within an installment, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Electric System Bonds.

Credit Enhancer shall mean any person or entity which, pursuant to a resolution of JEA supplemental to the Electric System Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for an installment of the Electric System Bonds or a maturity within an installment.

Current Interest Commencement Date shall mean, with respect to any particular Deferred Interest Bonds, the date specified in the resolution of JEA supplemental to the Electric System Resolution authorizing such Deferred Interest Bonds (which date must be prior to the maturity date for such Deferred Interest Bonds) after which interest accruing on such Deferred Interest Bonds shall be payable periodically on dates specified in such resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service Requirement for any period, as applied to the Electric System Bonds of any series, shall mean the sum of:

(1) the interest to accrue on all Outstanding Electric System Bonds of such series during such period, except to the extent that such interest shall have been provided by payments into the Debt Service Account in the Sinking Fund out of Electric System Bond or Subordinated Bond proceeds for a specified period of time, or by payments of investment income into the Debt Service Account in the Sinking Fund during such period;

provided, however, that in the event that the Bonds of any series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Bonds, for purposes of this definition, the interest on the Bonds of such series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Bonds of such series shall be calculated without regard to such subsidy,

(2) the principal to accrue on all Outstanding Serial Bonds of such series during such period, and

(3) the Amortization Installments to accrue on all Outstanding Term Bonds of such series during such period.

For purposes of the foregoing, (a) the principal of any Electric System Bond that is a Refundable Bond shall not be taken into account in calculating the Debt Service Requirement, (b) the interest described in clause (1) above shall be deemed to accrue daily in equal amounts since the preceding interest payment date (or if there shall be no such preceding interest payment date, from the dated date of such Electric System Bonds), (c) the principal of Outstanding Serial Bonds described in clause (2) above shall be deemed to accrue daily in equal amounts from a date one year (or, if any such Electric System Bonds are scheduled to mature at intervals of 6 months, 6 months) preceding the due date of such principal or from the date of issuance of such Electric System Bonds, whichever is later, (d) the Amortization Installments described in clause (3) above shall be deemed to accrue daily in equal amounts from a date which is one year preceding the due date of such Amortization Installments or from the date of issuance of such Term Bonds, whichever is later and (e) Bank Bonds shall be deemed to be Serial Bonds, and the principal thereof shall be deemed to be payable in the manner and at the times determined in accordance with the provisions thereof and of the resolution of JEA supplemental to the Electric System Resolution authorizing such Bank Bonds.

For the purpose of the calculation of the Debt Service Requirement for any future period as of any date for any Electric System Bonds bearing interest at a variable or floating rate, any Commercial Paper Notes or any Medium-Term Notes, such Electric System Bonds or Notes, as the case may be, shall be deemed to bear interest at the greater of (i) the actual rate of interest then borne by such Electric System Bonds or Notes, as the case may be, or (ii) the Certified Interest Rate applicable thereto; *provided*, *however*, that whenever an Electric System Bond that bears interest at a variable or floating rate and is convertible to a fixed rate shall be converted to a fixed rate the Debt Service Requirement for all affected Electric System Bonds shall be recalculated as of the conversion date using such fixed rate. Notwithstanding anything to the contrary contained in the Electric System Resolution, (a) if JEA has in connection with any Electric System Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Electric System Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating the Debt Service Requirement with respect to such Electric System Bonds for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds described under the caption "Issuance of Additional Electric System Bonds" below, it will be assumed that such Electric System Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the twelve months preceding such date of determination; *provided*,

however, if such Designated Swap Obligation shall not have been in effect for twelve months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Electric System Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating the Debt Service Requirement with respect to such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds described under the caption "Issuance of Additional Electric System Bonds" below, it will be assumed that such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as applicable, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement shall mean (a) with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on the Additionally Secured Bonds secured thereby during the then current, or any future, Fiscal Year (assuming, for this purpose, that in the case of any Additionally Secured Bonds secured thereby that bear interest at a variable or floating rate, (i) if the interest rate(s) on all or any portion of such Bonds shall have been converted synthetically to a fixed rate interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Bonds, such Bonds (or such portion thereof) shall be deemed to bear interest during such period at the greater of (A) the fixed rate payable by JEA under such interest rate swap transaction and (B) the Certified Interest Rate applicable to such Bonds and (ii) if the interest rate(s) on such Bonds (or such portion thereof) shall not have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, such Bonds shall be deemed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Bonds or (Y) the Certified Interest Rate applicable thereto) and (b) with respect to each additional subaccount, if any, in the Debt Service Reserve Account in the Sinking Fund established after the date on which the amendments to the Resolution effected by Article I of the Amending Resolution shall become effective, the amount specified in the resolution of JEA supplemental hereto pursuant to which such subaccount shall be established.

Notwithstanding anything to the contrary contained in the Resolution, in the event that any Additionally Secured Bonds secured by the Initial Subaccount shall bear interest at a variable or floating rate, if the amount of the Debt Service Reserve Requirement for the Initial Subaccount shall increase as a result of either (x) any termination of any interest rate swap transaction applicable to such Bonds (or such portion thereof) that had been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction as described in subclause (a)(i) of the preceding paragraph prior to the final maturity date of such Bonds or (y) the actual rate of interest borne by such Bonds (or such portion thereof) that shall not have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction at any time being in excess of the Certified Interest Rate applicable thereto, the amount of such increase shall be required to be funded in equal semi-annual installments over a three (3)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which the event resulting in such increase shall have occurred.

For the purpose of the calculation of the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund in the event that any Additionally Secured Bonds secured thereby shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Deferred Interest Bonds shall mean shall mean any Electric System Bonds as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the resolution of JEA supplemental to the Electric System Resolution authorizing such Deferred Interest Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof.

Designated Swap Obligation shall mean, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Electric System Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Electric System Bonds) and (ii) which has been designated in a certificate of an authorized officer of JEA filed with the records of JEA as such (which certificate shall specify the Electric System Bonds with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider shall mean any person with whom JEA enters into a Designated Swap Obligation.

Electric System shall mean the existing electric generating, transmission and distribution system consisting of the existing generating plants and transmission and distribution lines and facilities together with any and all improvements, extensions and additions thereto constructed or acquired, and all lands or interests therein, including buildings, machinery, equipment and all property, real or personal, tangible or intangible, owned and constructed or acquired by JEA as part of said existing electric system; such Electric System shall not be deemed to include (a) any facilities or property constructed, owned or operated by JEA as a part of the St. Johns River Power Park System or the Bulk Power Supply System Projects or any other separate non-competing electric utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system, (b) the existing water and sewer system owned by JEA or any additional utility functions added to such water and sewer system or (c) any properties or interests in properties of JEA (i) which JEA determines shall not constitute a part of the Electric System for the purpose of the Electric System Resolution at the time of the acquisition thereof by JEA or (ii) as to which JEA shall determine by resolution that the exclusion of such properties or interests in properties from the Electric System will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the rate covenant contained in the Electric System Resolution.

Electric System Bonds shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered and Outstanding pursuant to the Electric System Resolution, but shall not mean Subordinated Bonds.

Fiscal Year shall mean the 12-month period established by JEA or provided by law from time to time as the fiscal year for the Electric System, and which initially shall be the 12-month period commencing on October 1 of each year and ending on the succeeding September 30.

Gross Revenues or *Revenues* shall mean all income or earnings, including any income from the investment of funds which is deposited in the Revenue Fund as provided in the Electric System Resolution, derived by JEA from the ownership or operation of the Electric System. Gross Revenues shall not include customers' deposits and any other deposits subject to refund unless such deposits have become property of JEA. For any purpose of the Electric System Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, "Gross Revenues" or "Revenues" shall include such amounts derived by JEA from the ownership or operation of the Electric System during such period plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period (excluding from (x) amounts, if any, included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Electric System Resolution) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall not constitute "Gross Revenues" or "Revenues" for any purpose of the Electric System Resolution.

Investment Agreements shall mean agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this paragraph referred to as "Providers"), (a) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (b) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts

the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any Investment Agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided*, *however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (a) or clause (b) of the preceding sentence.

Maximum Aggregate Adjusted Debt Service Requirement shall mean, as of any particular date of calculation, the greatest amount of the aggregate of the Adjusted Debt Service Requirements for the Electric System Bonds of all series then Outstanding for the then current or any future Fiscal Year.

Medium-Term Note shall mean any Electric System Bond which (a) has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance thereof and (b) is designated as a Medium-Term Note in the resolution of JEA supplemental to the Electric System Resolution authorizing such Bond.

Medium-Term Note Payment Plan shall mean, with respect to any installment of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such notes contained in a certificate of an authorized officer of JEA delivered on or prior to the date of the first issuance of such Medium-Term Notes and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes or any subsequent certificate of an authorized officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; *provided*, *however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Electric System Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Note shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Medium-Term Notes of such installment or (y) the 10th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Note in each other Fiscal Year in such period.

Net Revenues of the Electric System shall mean the Revenues or Gross Revenues after deduction of the Cost of Operation and Maintenance.

One-Month LIBOR Rate shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Refundable Bonds shall mean any Electric System Bonds (including, without limitation, Commercial Paper Notes and Medium-Term Notes) the principal of which JEA intends to pay with moneys which are not Revenues; *provided*, *however*, that (i) in the case of Electric System Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the resolution of JEA supplemental to the Electric System Resolution authorizing such Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided*, *further*, that (i) any such Electric System Bonds other than Commercial Paper Notes and Medium-Term Notes shall be Refundable Bonds only through the penultimate day of the month preceding the month in which the

principal thereof is stated to mature or such earlier time as JEA no longer intends to pay such principal with moneys which are not Revenues and (ii) any Commercial Paper Note or Medium-Term Note shall cease to be a Refundable Bond at such time, if any, as shall be provided in the Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as the case may be, applicable thereto.

Serial Bonds shall mean the Electric System Bonds of a series which shall be stated to mature in annual or semiannual installments.

St. Johns River Power Park System shall mean JEA's undivided 80 percent interest in the facilities acquired and constructed jointly with Florida Power & Light Company, a Florida corporation, pursuant to the Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park, Coal Units #1 and #2, dated as of April 2, 1982, executed by and between JEA and said corporation, as amended, and all renewals, replacements, additions, betterments, modifications and improvements to keep such System in good operating condition or to prevent a loss of revenues therefrom, or to comply with any requirement of a governmental agency exercising jurisdiction over such System, but excluding any additional generating units.

Subordinated Bonds shall mean any bonds, notes or other obligations or evidences of indebtedness, as the case may be, issued in accordance with the provisions of the Electric System Resolution that are, and are expressed to be, junior and subordinate in all respects to the Electric System Bonds, as to lien on and source and security for payment from the Net Revenues.

Term Bonds shall mean the Electric System Bonds of a series which shall be stated to mature on one date and which shall be subject to retirement by operation of the Debt Service Account in the Sinking Fund to satisfy Amortization Installments therefor.

U.S. Treasury shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Bond shall mean any Electric System Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance of such Electric System Bond.

Variable Rate Taxable Index shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The payment of the principal of and interest on the Electric System Bonds is secured equally and ratably by an irrevocable first lien on (a) the Net Revenues derived from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such Net Revenues and amounts, subject only to the provisions of the Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and JEA has irrevocably pledged such Net Revenues from the Electric System and such amounts to the payment of the principal of and interest on the Electric System Bonds. In addition, the payment of the principal of and interest on the Additionally Secured Bonds of each series is additionally secured by the amounts on deposit in the separate subaccount in the Debt Service Reserve Account in the Sinking Fund designated therefor as may from time to time be available therefor, in each such case, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Electric System

Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, and JEA has irrevocably pledged such amounts to the payment of the principal of and interest on the Additionally Secured Bonds of such series.

Establishment of Funds and Disposition of Revenues of the Electric System

JEA covenants in the Electric System Resolution that for so long as any of the principal of and interest on any of the Electric System Bonds shall be outstanding and unpaid or, subject to the defeasance provisions of the Electric System Resolution, until there has been set apart in the Debt Service Account and the Debt Service Reserve Account in the Sinking Fund, a sum sufficient to pay or make provision for payment when due the entire principal of the Electric System Bonds remaining unpaid, together with interest accrued or to accrue thereon, JEA will deposit the entire Gross Revenues derived from the ownership or operation of the Electric System upon receipt thereof into the Revenue Fund created and established by the Electric System Resolution. The Electric System Resolution provides that all Revenues at any time remaining on deposit in the Revenue Fund shall be applied monthly only in the following manner and order of priority:

(1) Revenues shall first be used to pay the Cost of Operation and Maintenance, including Contract Debts.

(2) From the moneys remaining in the Revenue Fund, the Electric System Resolution provides that JEA shall next deposit into the Sinking Fund created and established by the Electric System Resolution, for credit to the Debt Service Account therein, an amount equal to the aggregate of the Debt Service Requirements for such month for the Electric System Bonds of all series then Outstanding. Such monthly payments shall be reduced proportionately (i) by the amounts of money, if any, which have been deposited in the Debt Service Account out of proceeds from the sale of the Electric System Bonds for the payment of interest thereon and (ii) by the amount of investment income transferred to the Debt Service Account during such month.

The Electric System Resolution further provides that JEA shall pay out of the Debt Service Account to the respective paying agents (i) on or before each interest payment date for any of the Electric System Bonds, the amount required for the interest payable on such date; (ii) on or before the maturity date for any of the Electric System Bonds (other than any Refundable Bonds with respect to which moneys which are not Revenues are available for the payment thereof), the amount required for the principal payable on such date; (iii) on or before the due date for any Amortization Installment, the amount required to pay the redemption price of the Term Bonds required to be redeemed from such Amortization Installment; and (iv) on or before any redemption date for the Electric System Bonds, the amount required for the payment of interest on the Electric System Bonds then to be redeemed. JEA also shall pay out of the Debt Service Account the accrued interest included in the purchase price of Electric System Bonds purchased for retirement.

In the event of the refunding or defeasance of any Electric System Bonds, JEA may withdraw from the Debt Service Account all or any portion of the amount accumulated therein with respect to the Electric System Bonds being refunded or defeased and deposit such amount in the escrow being established for the Electric System Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless the amount on deposit in the Debt Service Account after such withdrawal and after the deposit of any amount being deposited therein out of the proceeds of any obligations being issued in connection with such refunding or defeasance shall be at least equal to the amount required to be on deposit therein as of the beginning of the month in which such withdrawal is made as provided in this clause (2).

From the moneys remaining in the Revenue Fund, the Electric System Resolution provides that JEA shall next deposit for credit to each separate subaccount established in the Debt Service Reserve Account in the Sinking Fund, such sums as shall be required so that the balance in each such subaccount, after giving effect to the maximum amount available to be drawn under any irrevocable surety bond, insurance policy or letter of credit deposited to any such subaccount, shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month.

If on any day on which the principal or sinking fund redemption price of or interest on the Electric System Bonds shall be due, the amount on deposit in the Debt Service Account in the Sinking Fund shall be less than the amount required to pay such principal, redemption price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Bonds secured thereby.

The provisions of the Electric System Resolution provide for the creation of an "Initial Subaccount" within the Debt Service Reserve Account, for the benefit of (a) all Electric System Bonds Outstanding on the date on which the amendments to the Electric System Resolution affected by Article I of the Amending Resolution became effective (February 29, 2000) and (b) all Additional Parity Obligations of any series issued after such date, but only to the extent that the resolution of JEA supplemental to the Electric System Resolution authorizing the Additional Parity Obligations of such series shall specify that such Additional Parity Obligations shall be additionally secured by amounts on deposit in such Initial Subaccount; *provided*, *however*, that notwithstanding any other provision of the Electric System Resolution, no Capital Appreciation Bonds or Deferred Interest Bonds may be additionally secured by amounts on deposit in the Initial Subaccount. As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount secures JEA's Outstanding Electric System Revenue Bonds, Series Three 2004A, Series Three 2005B, Series Three 2009D, Series Three 2010C, Series Three 2010D, Series Three 2010E, Series Three 2012A, Series Three 2012B, Series Three 2013A, Series Three 2013B, Series Three 2013C, Series Three 2014A, Series Three 2015A, Series Three 2015B, Series Three 2017B and JEA's Outstanding Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-1, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008B-4, Series Three 2008C-1, Series Three 2008C-2, Series Three 2008C-3 and Series Three 2008 D-1.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Additionally Secured Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit (referred to herein as a "reserve fund credit instrument") satisfying the requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sum of moneys or value of Authorized Investments then on deposit in the Initial Subaccount, if any:

(a) A surety bond or insurance policy issued by an insurance company licensed or otherwise qualified to do business in the State of Florida may be deposited in the Initial Subaccount if the claims-paying ability of the issuer thereof is rated "AAA" by Standard & Poor's Credit Market Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and "Aaa" by Moody's Investors Service ("Moody's").

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount if the senior, unsecured long-term debt of the issuer thereof is rated at least "AA" by S&P and "Aa2" by Moody's, and if such letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Additionally Secured Bonds secured by the Initial Subaccount. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the

letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Authorized Investments on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in either of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(d) The use of any reserve fund credit instrument pursuant to this paragraph shall be subject to receipt of an opinion of counsel acceptable to an authorized officer of JEA and in form and substance satisfactory to such authorized officer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to an authorized officer of JEA. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to an authorized officer of JEA and in form and substance satisfactory to such authorized officer to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(e) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Electric System Bonds. In addition, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be prior to the cash replenishment of the Initial Subaccount.

(f) The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If (i) such revolving reinstatement feature is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P "AAA" or a Moody's "Aaa" or (iii) the rating of the issuer of the letter of credit falls below a S&P "AA", JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Authorized Investments on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls

below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Authorized Investments on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence.

(g) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Authorized Investments deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (f).

(h) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Electric System Resolution for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds described under the caption "Issuance of Additional Electric System Bonds" below.

(i) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Additionally Secured Bonds secured by the Initial Subaccount.

(j) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On February 27, 2001, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2001A and Series Three 2001B, JEA caused Ambac Assurance Corporation ("Ambac Assurance") to issue a surety bond (the "Ambac Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Ambac Surety Bond is in an initial amount equal to $32,447,452.51; is non-cancelable; expires on the earlier of (i) October 1, 2035 or (ii) the date on which JEA, to the satisfaction of Ambac Assurance, has made all payments required to be made on all Electric System Bonds that are additionally secured by amounts on deposit in the Initial Subaccount pursuant to the Electric System Resolution; and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount. Because of a rating downgrade of Ambac Assurance, JEA has made deposits to the Initial Subaccount in the amount of the Ambac Surety Bond.

On May 30, 2002, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2002A, JEA caused Assured Guaranty Municipal Corp., previously known as Financial Security Assurance Inc. ("FSA") to issue a municipal bond debt service reserve insurance policy (the "Initial FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial FSA Reserve Policy is in an initial amount equal to $4,078,745.00; is non-cancelable; terminates on October 1, 2041; and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On May 19, 2004, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2004A (the "Series Three 2004A Bonds"), JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Second FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second FSA Reserve Policy is in an initial amount equal to $4,397,006.50, is non-cancelable, terminates on October 1, 2039 or earlier retirement of the Series Three 2004A Bonds (including any Electric System Bonds issued to refund the Series Three 2004A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On January 13, 2005, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2005A (the "Series Three 2005A Bonds") and Electric System Revenue Bonds, Series Three 2005B, JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Third FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Third FSA Reserve Policy is in an initial amount equal to $3,187,521.69, is non-cancelable, terminates on October 1, 2039 or earlier retirement of the Series Three 2005A Bonds (including any Electric System Bonds issued to refund the Series Three 2005A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On July 28, 2005, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2005D (the "Series Three 2005D Bonds"), JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Fourth FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Fourth FSA Reserve Policy is in an initial amount equal to $1,404,275.00, is non-cancelable, terminates on October 1, 2035 or earlier retirement of the Series Three 2005D Bonds (including any Electric System Bonds issued to refund the Series Three 2005D Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On August 17, 2005, JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Fifth FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Fifth FSA Reserve Policy is in an initial amount equal to $4,713,125.05, is non-cancelable, terminates on October 1, 2039 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On January 26, 2006, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2006A (the "Series Three 2006A Bonds"), JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Sixth FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Sixth FSA Reserve Policy is in an initial amount equal to $3,856,542.14, is non-cancelable, terminates on October 1, 2041 or earlier retirement of the Series Three 2006A Bonds (including any Electric System Bonds issued to refund the Series Three 2006A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On January 31, 2007, simultaneously with the issuance of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2007A, JEA caused CIFG Assurance North America, Inc. ("CIFG") to issue a surety bond (the "Initial CIFG Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial CIFG Surety Bond is in an initial amount of $3,449,634.19, is non-cancelable, terminates on October 1, 2041 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

On July 10, 2007, simultaneously with the issuance of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2007B, JEA caused CIFG to issue a surety bond (the "Second CIFG Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second CIFG Surety Bond is in an initial amount of $1,426,000.00, is non-cancelable, terminates on October 1, 2037 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

Because of a rating downgrade of CIFG, JEA has made deposits to the Initial Subaccount in the aggregate amount of the Initial CIFG Surety Bond and the Second CIFG Surety Bond.

On October 25, 2007, simultaneously with the issuance of JEA's Electric System Revenue Bonds, Series Three 2007C, JEA caused MBIA Insurance Corporation ("MBIA") to issue a Debt Service Reserve Fund Surety Bond (the "MBIA Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The MBIA Surety Bond is in an initial amount equal to $1,136,269.17, is non-cancelable, terminates on October 1, 2042 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount. Effective as of January 1, 2009, MBIA Inc., parent company of MBIA, restructured MBIA; such restructuring involved the reinsurance and assignment of MBIA's obligations under the MBIA Surety Bond to National Public Finance Guarantee Corporation ("NPFGC") which is a subsidiary of MBIA Inc. Because of a rating downgrade of MBIA, JEA has made deposits to the Initial Subaccount in the amount of the MBIA Surety Bond.

On January 31, 2008, simultaneously with the issuance of JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A (the "Series Three 2008A Bonds"), JEA caused FSA to issue a municipal bond debt service reserve insurance policy (the "Seventh FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Seventh FSA Reserve Policy is in an initial amount equal to $7,500,000, is non-cancelable, terminates on October 1, 2036 or earlier retirement of the Series Three 2008A Bonds (including any Electric System Bonds issued to refund the Series Three 2008A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Electric System Resolution at the time of its deposit to the Initial Subaccount.

Because of a rating downgrade of FSA, JEA has made deposits to the Initial Subaccount in the aggregate amount of the Initial FSA Reserve Policy, the Second FSA Reserve Policy, the Third FSA Reserve Policy, the Fourth FSA Reserve Policy, the Fifth FSA Reserve Policy, the Sixth FSA Reserve Policy and the Seventh FSA Reserve Policy.

JEA may, by supplemental resolution, create within the Debt Service Reserve Account one or more additional subaccounts, for the benefit of such series of Electric System Bonds as may be specified in, or determined pursuant to, such supplemental resolution. In lieu of maintaining moneys or investments in any such subaccount, JEA at any time may cause to be deposited into such subaccount for the benefit of the Holders of the Additionally Secured Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the requirements set forth in such supplemental resolution in an amount equal to the difference between the Debt Service Reserve Requirement for such subaccount and the sum of moneys or value of Authorized Investments then on deposit therein, if any.

If by reason of the retirement upon maturity or the refunding or the defeasance of any Additionally Secured Bonds, or for any other reason, there shall be on deposit to the credit of the particular subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds any surplus of funds over and above the Debt Service Reserve Requirement related thereto, such surplus may be withdrawn therefrom by JEA and deposited in the General Reserve Fund. In the event of the refunding or defeasance of any Additionally Secured Bonds, JEA may withdraw from the particular subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds all or any portion of the amount accumulated therein with respect to the Additionally Secured Bonds being refunded or defeased and deposit such amount in the escrow being established for such Additionally Secured Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless the amount on deposit in such subaccount in the Debt Service Reserve Account after such withdrawal and after the deposit of any amount being deposited therein out of the proceeds of any obligations being issued in connection with such refunding or defeasance shall be at least equal to the Debt Service Reserve Requirement related thereto.

JEA shall not be required to make any further payments into the Sinking Fund when the aggregate amount of money in both the Debt Service Account and the Debt Service Reserve Account in the Sinking Fund is at least equal to the entire principal of the Electric System Bonds then Outstanding, together with interest accrued and to accrue thereon, plus the amount of redemption premium, if any, then due and thereafter to become due on such Electric System Bonds then Outstanding by operation of the Debt Service Account to satisfy Amortization Installments.

(4) The Electric System Resolution provides that moneys remaining in the Revenue Fund shall next be used by JEA (a) for payment of the principal and interest and redemption premium, if any, on any Subordinated Bonds, (b) to make 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 St. Johns River Power Park System) and (c) to make payments in respect of any other arrangement(s) for the supply of power and/or energy to the Electric System for resale as may be determined by JEA to be payable pursuant to this clause (4). See "Proposed Amendments to the Electric System Resolution" below for a discussion of a proposed amendment to the foregoing provision.

(5) Moneys remaining in the Revenue Fund shall next be used by JEA for transfer to the Rate Stabilization Fund created and established pursuant to the Electric System Resolution, in the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current annual budget for the Electric System or the amount otherwise determined by an authorized officer of JEA to be credited to such Fund for the month.

Each month JEA shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current annual budget for the Electric System or the amount otherwise determined by an authorized officer of JEA to be deposited into such Fund for the month.

JEA may, from time to time, withdraw amounts on deposit in the Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the Electric System Resolution, (ii) use such amounts to purchase or redeem Electric System Bonds and/or Subordinated Bonds and/or indebtedness of JEA incurred in connection with any separate bulk power supply utility or system, (iii) use such amounts to

otherwise provide for the payment of Electric System Bonds and/or Subordinated Bonds and/or indebtedness of JEA incurred in connection with any separate bulk power supply utility or system or interest thereon, or (iv) use such amounts for any other lawful purpose in connection with the Electric System. In addition, if on any date on which the principal or sinking fund redemption price of, or interest on, any Electric System Bonds shall be payable and the sum of the amounts attributable to such Electric System Bonds on deposit in the Debt Service Account and, if such Electric System Bonds shall be Additionally Secured Bonds, the separate subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds, together with (X) the amount, if any, withdrawn from the Renewal and Replacement Fund for such purpose as described in the final sentence of the second paragraph of clause (6) below and (Y) the amount, if any, withdrawn from the General Reserve Fund for such purpose as described in the final sentence of clause (7) below, shall not be sufficient to pay such principal or redemption price and/or interest, then JEA shall withdraw from the Rate Stabilization Fund and apply to such payment the amount of such insufficiency.

(6) Moneys remaining in the Revenue Fund shall next be used by JEA to maintain the Renewal and Replacement Fund, and JEA shall pay into said Fund from the Revenue Fund a sum not less than one-twelfth (1/12) of 10 percent of the net revenues of the Electric System for the preceding Fiscal Year pursuant to, and as said net revenues are defined by, Chapter 22341, Laws of Florida, Acts of 1943 and similarly defined by Chapter 80-515, Laws of Florida. In addition to the foregoing, JEA shall pay such additional monthly amount into the Renewal and Replacement Fund as shall make the total annual payment equal to at least five percent of the Gross Revenues of the Electric System for the preceding Fiscal Year. Said Renewal and Replacement Fund shall be kept separate and apart from all other funds of JEA.

The moneys in the Renewal and Replacement Fund shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of, the Electric System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the Electric System, all to the extent not paid as a part of the Cost of Operation and Maintenance or from the proceeds of Electric System Bonds, Subordinated Bonds or other evidences of indebtedness of JEA. Amounts in the Renewal and Replacement Fund also may be applied (a) to the purchase, redemption, payment or provision for payment of Electric System Bonds and/or Subordinated Bonds and/or indebtedness of JEA incurred in connection with any separate bulk power supply utility or system or interest thereon or (b) upon determination of JEA, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the Electric System. In addition, if on any date on which the principal or sinking fund redemption price of, or interest on, any Electric System Bonds shall be payable and the sum of the amounts attributable to such Electric System Bonds on deposit in the Debt Service Account and, if such Electric System Bonds shall be Additionally Secured Bonds, the separate subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds, together with the amount, if any, withdrawn from the General Reserve Fund for such purpose as described in the final sentence of clause (7) below, shall not be sufficient to pay such principal or redemption price and/or interest, then JEA shall withdraw from the Renewal and Replacement Fund and apply to such payment the amount of such insufficiency.

Notwithstanding the foregoing provisions of this clause (6), the failure of JEA to make the above described payments into the Renewal and Replacement Fund in any month in any Fiscal Year shall not constitute a default on the part of JEA; *provided* that any deficiencies therefor shall have been restored prior to the end of such Fiscal Year; and *provided*, *further*, that the full amount required to be deposited in said Renewal and Replacement Fund in such Fiscal Year shall have been deposited therein by the end of such Fiscal Year.

(7) The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may, at the option of JEA, be deposited into the General Reserve Fund created and established pursuant to the Electric System Resolution. Moneys in the General Reserve Fund may be used by JEA for any lawful purpose of JEA (including, but not limited to, (a) the purchase, redemption or provision for payment of any of the Electric System Bonds and/or Subordinated Bonds and/or indebtedness of JEA incurred in connection with any separate bulk power supply utility or system and (b) transfers to any utility system owned and/or operated by JEA currently or in the future) not otherwise prohibited by the Electric System Resolution; *provided*, *however*, the Electric System Resolution provides that none of the remaining moneys shall be used for any purpose other than those described in the preceding clauses (1) through (6) unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA shall have complied fully with all the covenants and provisions of the Electric System Resolution. In addition, if on any date on which the principal or sinking fund redemption price of, or interest on, any Electric System Bonds shall be payable and the sum of the amounts attributable to such Electric System Bonds on deposit in the Debt Service Account and, if such Electric System Bonds shall be Additionally Secured Bonds, the separate subaccount in the Debt Service Reserve Account securing such Additionally Secured Bonds shall not be sufficient to pay such principal or redemption price and/or interest, then JEA shall withdraw from the General Reserve Fund and apply to such payment the amount of such insufficiency.

During any period in which the Debt Service Requirement for any series of Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* of clause (1) of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Debt Service Account in the Sinking Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but no such payment shall constitute Revenues for any purpose of the Electric System Resolution.

The Revenue Fund, the Sinking Fund, the Rate Stabilization Fund, the Renewal and Replacement Fund, the General Reserve Fund and any other special funds and accounts established and created in the Electric System Resolution shall be continuously secured in the same manner as municipal deposits are required to be secured by the laws of the State of Florida.

The Electric System Resolution provides that the designation and establishment of the various funds, accounts and subaccounts in and by the Electric System Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an allocation of certain revenues and assets of the Electric System for certain purposes and to establish certain priorities for application of such revenues and assets as provided in the Electric System Resolution. Without limiting the generality of the foregoing, the pledges in favor of the Electric System Bonds established by the Electric

System Resolution shall be limited to those items specified in the Electric System Resolution, and nothing contained in the Electric System Resolution shall be deemed to pledge in favor of the Holders of the Electric System Bonds amounts on deposit in the Rate Stabilization Fund, the Renewal and Replacement Fund or the General Reserve Fund.

Investments

Moneys on deposit in any fund or account established pursuant to the Electric System Resolution may be invested and reinvested in Authorized Investments; *provided* such investments either mature or are redeemable at not less than par at the option of JEA not later than the dates on which such moneys will be needed for the purposes of such fund or account, but in no event shall any such investment mature later than 30 years from the date of its purchase. Unless otherwise determined by an authorized officer of JEA, all income on investments in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account in the Sinking Fund shall be deposited, as received, in the Debt Service Account, all income on investments in the Rate Stabilization Fund, the Renewal and Replacement Fund and the General Reserve Fund shall be deposited, as received, in the Revenue Fund and all income on investments in the Revenue Fund shall be retained therein.

Rate Covenant

JEA covenants to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use or the sale of the products, services and facilities of the Electric System which will always provide Revenues in each Fiscal Year sufficient to pay (1) 100 percent of all Costs of Operation and Maintenance, including Contract Debts, of the Electric System in such Fiscal Year, (2) 120 percent of the Debt Service Requirement on all Bonds Outstanding during such Fiscal Year and (3) any additional amount required to make all reserve or other payments required to be made in such Fiscal Year by the Electric System Resolution. For purposes of this covenant, the Electric System Resolution provides that Revenues shall not include any proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance). Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Issuance of Additional Electric System Bonds

Additional Parity Obligations. JEA may issue Additional Parity Obligations for any lawful purpose of JEA relating to the Electric System (other than for the purpose of financing or refinancing the generating facilities of the Electric System) or to refund any of the Electric System Bonds and/or the interest payable thereon issued for any such purpose, upon satisfaction of the following conditions on or prior to the date of the issuance of the first Bonds of a particular series and/or installment:

(1) The Net Revenues for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of sale of such Additional Parity Obligations shall have been at least equal to 1.20 times the Maximum Aggregate Adjusted Debt Service Requirement for all Electric System Bonds then Outstanding and such Additional Parity Obligations. This requirement need not be met if the Additional Parity Obligations are to be issued for the purpose of refunding any Electric System Bonds and/or interest thereon.

(2) The Net Revenues for such 12 month period may be adjusted for the purposes of the calculation required by paragraph (1) above to (a) reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the Electric System made after the commencement of such period and preceding the date of

sale of such Additional Parity Obligations; (b) reflect any increase in Net Revenues due to any new facilities of the Electric System having been placed into use and operation subsequent to the commencement of such period and prior to the date of sale of such Additional Parity Obligations; and (c) include an amount equal to the average annual contribution to Net Revenues for the first three full Fiscal Years commencing after the date of completion thereof estimated to be made by the facilities to be acquired and constructed with the proceeds of such Additional Parity Obligations.

(3) Except in the case of any series of refunding Additional Parity Obligations, JEA shall not be in default in performing any of the covenants and obligations assumed under the Electric System Resolution, and all payments required by the Electric System Resolution to have been made into the funds and accounts shall have been made to the full extent required.

For purposes of the foregoing provisions, Net Revenues shall not include any proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance).

Notwithstanding anything to the contrary contained in the Electric System Resolution, in the event that any Electric System Bonds that bear interest at a variable or floating rate contain provisions that allow the principal amount thereof to be repaid on an accelerated basis in the event that such Electric System Bonds are purchased by the Credit Enhancer therefor or the provider of liquidity support therefor and, in either such case, are not remarketed, for purposes of the foregoing provisions, such accelerated repayment shall not be taken into account, and compliance with such condition shall be determined based upon the scheduled due date(s) of principal of such Electric System Bonds, irrespective of any such accelerated repayment.

Bank Bonds. One or more series of Bank Bonds may be issued prior to or concurrently with the issuance of the Electric System Bonds of an installment for which Credit Enhancement or liquidity support is being provided with respect to such Electric System Bonds (or a maturity or maturities thereof) by a third-party. Such Bank Bonds shall be issued for the purpose of evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with such Credit Enhancement or liquidity support; *provided*, *however*, that the stated maximum principal amount of any such series of Bank Bonds shall not exceed the aggregate principal amount of the Electric System Bonds with respect to which such Credit Enhancement or liquidity support is being provided, and such number of days' interest thereon as JEA shall determine prior to the issuance thereof, but not in excess of 366 days' interest thereon, computed at the maximum interest rate applicable thereto. Notwithstanding anything to the contrary contained in the Electric System Resolution, Bank Bonds need not be taken into account for purposes of the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds described under the caption *"Additional Parity Obligations"* above.

Redemption

The Electric System Bonds or any portions thereof shall be subject to redemption prior to their respective stated dates of maturity, at the option of JEA, at such times and in such manner as shall be determined by resolution of JEA supplemental to the Electric System Resolution adopted prior to the sale thereof.

Unless otherwise provided in such supplemental resolution, notice of such redemption shall, at least 30 days prior to the redemption date (i) be filed with the paying agent, and (ii) be mailed, postage prepaid, to all Registered Owners of Electric System Bonds to be redeemed at their addresses as they appear of record on the books of the Registrar as of 45 days prior to the date fixed for redemption. Unless

such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, interest shall cease to accrue on any Electric System Bond duly called for prior redemption on the redemption date, if payment thereof has been duly provided. The privilege of transfer or exchange of any of the Electric System Bonds so called for redemption is suspended for a period commencing 15 calendar days preceding the mailing of the notice of redemption and ending on the date fixed for redemption.

Certain Other Covenants

No Mortgage or Sale of the Electric System. JEA covenants that it will not sell physical properties of the Electric System having an aggregate depreciated cost of 90% or more of the total depreciated cost of all of the physical properties of the Electric System at the time, nor will it create or cause to be created any mortgage or other lien on such properties to secure the repayment of borrowed money or the payment of the deferred purchase price of property.

Corporate Reorganization. JEA reserves the right in the Electric System Resolution to effect a reorganization of its corporate structure in any manner whatsoever permitted pursuant to the laws of the State of Florida; *provided*, *however*, that no such reorganization may be undertaken if the result thereof would adversely affect the security for the Electric System Bonds.

No Free Service. JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System, free of charge to any person, firm or corporation, public or private, nor will any preferential rates be established for users of the same class. Whenever the City, including its departments, agencies and instrumentalities, shall avail itself of the product, facilities or services provided by the Electric System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the City and any such department, agency or instrumentality. Such charges shall be paid as they accrue, and the City shall transfer to JEA for deposit into the Revenue Fund sufficient sums to pay such charges. The revenues so received shall be deemed to be Revenues derived from the operation of the Electric System, and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the Electric System.

Defaults and Remedies

If one or more of the following events of default shall happen:

(A) if default shall be made in the due and punctual payment of the principal (including Amortization Installments) or redemption price of any Electric System Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(B) if default shall be made in the due and punctual payment of any installment of interest on any Electric System Bond when and as such interest installment shall become due and payable and such default shall continue for a period of 30 days;

(C) if default shall be made by JEA in the performance or observance of any other of the covenants or agreements in the Electric System Resolution or in the Electric System Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to JEA by the Holders of not less than 10 percent in principal amount of the Electric System Bonds outstanding;

(D) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of JEA or the filing by JEA of a voluntary petition in bankruptcy, or adjudication of JEA as a bankrupt, or assignment by JEA for the benefit of its creditors, or the entry by JEA into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to JEA in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or

(E) if an order or decree shall be entered, with the consent or acquiescence of JEA, appointing a receiver or receivers of the Electric System, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of JEA, shall not be vacated or discharged or stayed within 90 days after the entry thereof;

then, and in each and every such case, so long as such event of default shall not have been remedied, unless the principal of all the Electric System Bonds shall have already become due and payable, the Holders of not less than 25 percent in principal amount of the Electric System Bonds outstanding (by notice in writing to JEA), may declare the principal of all the Electric System Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the Electric System Resolution or in any of the Electric System Bonds notwithstanding. The right of the Holders of not less than 25 percent in principal amount of the Electric System Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Electric System Bonds shall have matured by their terms, all overdue installments of interest upon the Electric System Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the Electric System Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Electric System Bonds or under the Electric System Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25 percent in principal amount of the Electric System Bonds outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

The Electric System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Electric System Bonds, the Credit Enhancer for, and not the actual Holders of, Electric System Bonds for which such Credit Enhancement is being provided will be deemed to be the Holder of such Electric System Bonds at all times for the purposes of giving any approval or consent, exercising any remedies or taking any other actions in respect of the occurrence of an event of default under the Electric System Resolution. See "Action by Credit Enhancer When Action by Holders of Electric System Bonds Required" herein.

Issuance of Other Obligations

Except for Contract Debts and obligations, if any, permitted to be issued by JEA to finance the costs of any separate electric generating utility or system as described under "Creation of Separate Bulk Power Utilities or Systems" below, payable as a Cost of Operation and Maintenance, JEA will not issue any other obligations payable from the Revenues of the Electric System, nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Electric System Bonds and the interest thereon, upon said Revenues except under

the conditions and in the manner provided in the Electric System Resolution. Any obligations issued by JEA other than Contract Debts and any obligations permitted to be issued by JEA to finance the costs of any separate electric generating utility or system as described under "Creation of Separate Bulk Power Utilities or Systems" below, payable as a Cost of Operation and Maintenance, the Electric System Bonds, and Additional Parity Obligations provided for in the Electric System Resolution, payable from such Revenues, shall contain an express statement that such obligations are junior and subordinate in all respects to the Electric System Bonds authorized pursuant to the Electric System Resolution, as to lien on and source and security for payment from such Revenues. Without limiting the generality of the foregoing, Subordinated Bonds may be issued for any purpose of JEA relating to the Electric System including, without limitation, to refund Electric System Bonds and to finance any lawful purpose of JEA relating to the Electric System (including, without limitation, financing the costs of additions, extensions and improvements to the generating facilities of the Electric System and purposes incidental thereto).

Creation of Separate Bulk Power Utilities or Systems

Notwithstanding any other provisions of the Electric System Resolution to the contrary, JEA shall be authorized to construct or acquire and own and/or operate, either individually or acting jointly with any other Person located either within or without the State of Florida, other electric generating utilities or systems for the purpose of furnishing and supplying electric energy.

JEA shall be further authorized to issue its bonds, notes or other obligations to finance the cost of any such separate electric generating utility or system, which obligations shall be payable as provided in clause (4) under the caption "Establishment of Funds and Disposition of Revenues of the Electric System" herein (except that the obligation of JEA to make payments required to be made in respect of the St. Johns River Power Park System and the Bulk Power Supply System Projects shall be deemed Contract Debts, and shall be paid as a Cost of Operation and Maintenance of the Electric System).

None of the revenues derived by JEA from the operation of any such separate system shall be deemed to be Revenues of the Electric System under the Electric System Resolution.

Defeasance

If, at any time, JEA shall have paid or shall have made provision for payment of the principal, interest and redemption premiums, if any, with respect to any of the Electric System Bonds, then the pledge of and lien on the Net Revenues and other amounts pledged under the Electric System Resolution in favor of the Holders of such Electric System Bonds shall be no longer in effect, and such Electric System Bonds shall no longer be deemed to be Outstanding under the Electric System Resolution. For purposes of the preceding sentence, and unless otherwise provided with respect to the Electric System Bonds of a particular series in the supplemental resolution specifying the details of such Electric System Bonds, deposit by JEA of any of the following securities:

(i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America;

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates

shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in any of clauses (i), (ii) or (v) under this caption; *provided* that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than $50,000,000;

(iv) certificates of deposit, whether negotiable or non-negotiable, fully secured as to principal and interest by bonds or other obligations of the character described in clause (i) above;

(v) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, and which shall be rated in the highest whole rating category by at least two nationally recognized statistical rating organizations; and

(vi) Investment Agreements;

in irrevocable trust with a banking institution or trust company, for the sole benefit of the Holders of such Electric System Bonds, in respect of which such securities the principal and interest received will be sufficient to make timely payment of the principal of and interest and redemption premiums, if any, on such Electric System Bonds (or like deposit of any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance) shall be considered "provision for payment."

Nothing in the Electric System Resolution shall be deemed to require JEA to call any Electric System Bond for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of JEA in determining whether to exercise any such option for early redemption.

Amendments

The Electric System Resolution provides that no material modification or amendment of the Electric System Resolution or of any resolution amendatory or supplemental to the Electric System Resolution may be made without the consent in writing of the Holders of not less than a majority in principal amount of the Electric System Bonds then Outstanding affected by such modification or

amendment; *provided*, *however*, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation or affecting the unconditional promise of JEA to pay the principal of and interest on the Electric System Bonds as the same shall come due from the Net Revenues of the Electric System or reduce the percentage or otherwise affect the classes of Electric System Bonds the consent of the Holders of which is required to effect any material modification or amendment of the Electric System Resolution without the consent in writing of the Holder or Holders of all such Electric System Bonds. For the purpose of amending the Electric System Resolution, any Electric System Bond shall be deemed to be affected by a modification or amendment of the Electric System Resolution if the same adversely affects or diminishes the rights of the Holder of such Electric System Bond. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment any Electric System Bonds would be affected by any modification or amendment of the Electric System Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Electric System Bonds. For the purpose of amending the Electric System Resolution, a change in the terms of redemption of any Outstanding Electric System Bond shall be deemed only to affect such Electric System Bond, and shall be deemed not to affect any other Electric System Bond. See "Action by Credit Enhancer When Action by Holders of Electric System Bonds Required" herein.

The resolutions supplemental to the Electric System Resolution authorizing JEA's Variable Rate Electric System Revenue Bonds, Series Three 2008A, Series Three 2008B-1, Series Three 2008B-2, Series Three 2008B-3, Series Three 2008B-4, Series Three 2008C-1, Series Three 2008C-2, Series Three 2008C-3 and Series Three 2008D-1 (collectively, the "Prior Series Variable Rate Electric System Bonds") provide that in the event that JEA shall adopt any resolution supplemental to the Electric System Resolution making any amendment to the Electric System Resolution for which the consent of the Holders of the Prior Series Variable Rate Electric System Bonds of a particular Series shall be required (hereinafter in this paragraph referred to as an "Amending Resolution"), an authorized officer of JEA may deliver to the Tender Agent for the Prior Series Variable Rate Electric System Bonds of such Series a certificate requiring that the Prior Series Variable Rate Electric System Bonds of such Series be subject to mandatory tender for purchase at the time and in the manner provided in said Supplemental Resolutions. Following the date on which such mandatory tender shall occur, all subsequent Holders of the Prior Series Variable Rate Electric System Bonds of such Series shall be deemed to have consented to such Amending Resolution, notwithstanding anything to the contrary contained in the Electric System Resolution. JEA intends to include this provision in each resolution supplemental to the Electric System Resolution it may adopt in the future authorizing the issuance of any Series of additional Electric System Bonds that bear interest at a variable or floating rate.

Action by Credit Enhancer When Action by Holders of Electric System Bonds Required

Except as otherwise provided in a supplemental resolution authorizing Electric System Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to such Credit Enhancement for the Electric System Bonds for which such Credit Enhancement is provided, the Credit Enhancer for, and not the actual Holders of, such Electric System Bonds for which such Credit Enhancement is being provided, shall be deemed to be the Holder of such Electric System Bonds as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to any amendment, change or modification of the Electric System Resolution which requires the written consent of Holders; *provided*, *however*, that the foregoing shall not apply to any change in the maturity of such Electric System Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation or affecting the unconditional promise of JEA to pay the principal of and interest on the Electric System Bonds as the same shall come due from the Net Revenues of the Electric System or reduce the percentage or otherwise affect the classes of Electric System Bonds the consent of the Holders of which is required to effect any material modification or amendment of the Electric System Resolution and (ii) giving

any approval or consent, exercising any remedies or taking any other action in accordance with the provisions of the Electric System Resolution relating to events of default and remedies.

Special Provisions Relating to Capital Appreciation Bonds and Deferred Interest Bonds

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Interest Bonds becoming due at maturity or by virtue of an Amortization Installment shall be included in the calculations of accrued and unpaid and accruing interest or principal or Amortization Installments made for purposes of (a) the definitions of Adjusted Debt Service Requirement, Debt Service Requirement Debt Service Reserve Requirement and Maximum Aggregate Adjusted Debt Service Requirement and (b) the monthly deposits to the Debt Service Account in the Sinking Fund described in clause (2) under the caption "Establishment of Funds and Disposition of Revenues of the Electric System" herein only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Electric System Bonds is declared immediately due and payable following an event of default or (iii) computing the principal amount of Electric System Bonds held by the Holder of a Capital Appreciation Bond in giving to JEA any notice, consent, request or demand pursuant to the Electric System Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For purposes of (i) receiving payment of the redemption price if a Deferred Interest Bond is redeemed prior to maturity, or (ii) receiving payment of a Deferred Interest Bond if the principal of all Electric System Bonds is declared immediately due and payable following an event of default or (iii) computing the principal amount of Electric System Bonds held by the Holder of a Deferred Interest Bond in giving to JEA any notice, consent, request, or demand pursuant to the Electric System Resolution for any purpose whatsoever, the principal amount of a Deferred Interest Bond shall be deemed to be its then current Appreciated Value.

Special Provisions Relating to Bank Bonds

Except as otherwise provided in the resolution of JEA supplemental to the Electric System Resolution authorizing a series of Bank Bonds, for the purposes of (i) receiving payment of a Bank Bond, whether at maturity, upon redemption or if the principal of all Electric System Bonds is declared immediately due and payable following an event of default under the Electric System Resolution or (ii) computing the principal amount of Electric System Bonds held by the Holder of a Bank Bond in giving to JEA any notice, consent, request, or demand pursuant to the Electric System Resolution for any purpose whatsoever, the principal amount of a Bank Bond shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Electric System Bonds of the installment or maturity for which such Bank Bond has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Electric System Bonds, less any prior repayments thereof.

Proposed Amendments to the Electric System Resolution

May 1998 Amending 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. To date, JEA has not solicited any consents to the Power Park Amendment and has no intention of soliciting any such consents in the future.

These amendments to the Electric System Resolution contained in the May 1998 Amending Resolution 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, 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.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED RESOLUTION

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED ELECTRIC SYSTEM RESOLUTION

The following is a summary of certain provisions of the Subordinated Electric System Resolution. Summaries of certain definitions contained in the Subordinated Electric System Resolution are set forth below. Other terms defined in the Subordinated Electric System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Subordinated Electric System Resolution and, accordingly, is qualified by reference thereto and subject to the full text thereof.

The Subordinated Electric System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Subordinated Electric System Resolution (as so amended) also may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction. The term "Subordinated Bonds" as used in the Subordinated Electric System Resolution and in this summary has the same meaning as the term "Subordinated Electric System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definitions

The following are summaries of certain definitions in the Subordinated Electric System Resolution:

Accreted Value means, as of any date of computation with respect to any Capital Appreciation Subordinated Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Subordinated Debt Service means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Subordinated Debt Service with respect to all Series, calculating the accrued Subordinated Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Subordinated Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Subordinated Debt Service) to the end of such calendar month; *provided*, *however*, that (i) there shall be excluded from the calculation of Accrued Aggregate Subordinated Debt Service any Principal Installments which are Refundable Principal Installments and (ii) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Accrued Aggregate Subordinated Debt Service at the times and in the manner provided in the Subordinated Electric System Resolution.

Adjusted Aggregate Subordinated Debt Service for any period means, as of any date of calculation, the Aggregate Subordinated Debt Service for such period except that (a) if any Refundable Principal Installment for any Series of Subordinated Bonds is included in Aggregate Subordinated Debt for such period, Adjusted Aggregate Subordinated Debt Service shall mean Aggregate Subordinated Debt Service determined (i) in the case of Refundable Principal Installments with respect to Subordinated Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 30th anniversary of the issuance of such Series of Subordinated Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Refundable Principal Installments with respect to Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Adjusted Aggregate Subordinated Debt Service at the times and in the manner provided in the Subordinated Electric System Resolution. Interest deemed payable in accordance with the foregoing in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Subordinated Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Subordinated Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Adjusted Debt Service Requirement has the meaning given to such term in the Electric System Resolution.

Adjusted Net Revenues means the Net Revenues for any period, plus (X) the amounts, if any, paid from the Subordinated Bond Rate Stabilization Fund into the Subordinated Bond Fund during such period, and minus (Y) the amounts, if any, paid from the Revenue Fund into the Subordinated Bond Rate Stabilization Fund during such period.

Aggregate Adjusted Electric System Debt Service means, for any Fiscal Year, the sum of (i) the Adjusted Debt Service Requirement for such Fiscal Year and (ii) the Adjusted Aggregate Subordinated Debt Service for such Fiscal Year.

Aggregate Subordinated Debt Service for any period means, as of any date of calculation, the sum of the amounts of Subordinated Debt Service for such period with respect to all Series; *provided*, *however*, that (a) for purposes of estimating Aggregate Subordinated Debt Service for any future period (i) any Variable Rate Subordinated Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes or (Y) the Certified Interest Rate applicable thereto and (ii) any Option Subordinated Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds shall be included in the calculation of Aggregate Subordinated Debt Service at the times and in the manner provided in the Subordinated Electric System Resolution.

Alternate Variable Rate Taxable Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Alternate Variable Rate Tax-Exempt Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Appreciated Value means, with respect to any Deferred Income Subordinated Bond, (i) as of any date of computation prior to the Current Interest Commencement Date, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

BMA Municipal Swap Index means the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Build America Bonds means any Subordinated Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code, or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Subordinated Bonds.

Capital Appreciation Subordinated Bonds means any Subordinated Bonds issued under the Subordinated Electric System Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Subordinated Electric System Resolution or the Supplemental Subordinated Resolution authorizing such Capital Appreciation Subordinated Bonds.

Certified Interest Rate means, as of any date of determination:

(i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Subordinated Bonds maturing on a particular date, in each of the foregoing cases, that were, at the date of the original issuance thereof, the subject of an Opinion of Counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*,

however, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1), and

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Subordinated Bonds maturing on a particular date, in each of the foregoing cases, that were not, at the date of the original issuance thereof, the subject of an Opinion of Counsel to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*, *however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Subordinated Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a).

Code means the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Commercial Paper Note means any Subordinated Bond which (a) has a maturity date which is not more than 365 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Commercial Paper Payment Plan means, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the terms of the Subordinated Electric System Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes; *provided*, *however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or (b) Electric System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Notes shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 10th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Note in each other Fiscal Year in such period.

Credit Enhancement means, with respect to the Subordinated Bonds of a Series, a maturity within a Series, or an interest rate within a maturity or the Electric System Bonds of an installment, a maturity within an installment or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Subordinated Bonds or Electric System Bonds, as the case may be.

Credit Enhancer means any person or entity which, pursuant to a Supplemental Subordinated Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for a Series of the Subordinated Bonds, a maturity within a Series or an interest rate within a maturity or an installment of the Electric System Bonds, a maturity within an installment or an interest rate within a maturity.

Current Interest Commencement Date means, with respect to any particular Deferred Income Subordinated Bonds, the date specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds (which date must be prior to the maturity date for such Deferred Income Subordinated Bonds) after which interest accruing on such Deferred Income Subordinated Bonds shall be payable periodically on dates specified in such Supplemental Subordinated Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service Requirement shall have the meaning given to such term in the Electric System Resolution, as such meaning may hereafter be amended or modified in accordance with the provisions of the Electric System Resolution.

Defeasance Securities means, unless otherwise provided with respect to the Subordinated Bonds of a Series in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds:

(i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America;

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption dates or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in any of clauses (i), (ii) or (v) of this definition; *provided*, *however*, that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than $50,000,000;

(iv) certificates of deposit, whether negotiable or nonnegotiable, fully secured as to principal and interest by bonds or other obligations of the character described in clause (i) above;

(v) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, and which shall be rated in the highest whole rating category by at least two nationally recognized statistical rating organizations;

(vi) agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this clause (vi) referred to as "Providers"), (a) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (b) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided*, *however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (a) or clause (b) of the preceding sentence; and

(vii) upon compliance with the provisions of the Subordinated Electric System Resolution, such securities (a) as are described in clause (i) of this definition and (b) as are described in clause (iii) of this definition so long as such securities evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) of this definition, in each case, which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

Deferred Income Subordinated Bonds means any Subordinated Bonds issued under the terms of the Subordinated Electric System Resolution as to which interest accruing prior to the Current Interest Commencement Date therefor is (i) compounded periodically on dates specified in the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Subordinated Electric System Resolution or the Supplemental Subordinated Resolution authorizing such Deferred Income Subordinated Bonds.

Designated Swap Obligation means, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Subordinated Bonds or Electric System Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall

have a term equal to the remaining term of such Subordinated Bonds or such Electric System Bonds, as applicable), and (ii) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Subordinated Bonds or the Electric System Bonds, as applicable, with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider means any person with whom JEA enters into a Designated Swap Obligation.

Electric System Debt Securities means Electric System Bonds, Subordinated Bonds and any other note, bond or other security evidencing indebtedness incurred to provide financing for the Electric System.

Gross Revenues or *Revenues* have the meaning given to such terms in the Electric System Resolution, as such meaning may be amended or modified in accordance with the provisions of the Electric System Resolution. For any purpose of the Subordinated Electric System Resolution that requires the computation of Gross Revenues or Revenues with respect to any period of time, "Gross Revenues" or "Revenues" will be adjusted in the manner provided in the definition thereof contained in the Electric System Resolution, as such definition may be amended or modified in accordance with the provisions thereof.

Investment Securities means and includes any securities, obligations or investments that, at the time, shall be permitted by Florida law for investment of JEA's funds.

Medium-Term Note means any Subordinated Bond which (a) has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance thereof and (b) is designated as a Medium-Term Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Medium-Term Note Payment Plan means, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the provisions of the Subordinated Electric System Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes; *provided*, *however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Electric System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Note shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the later of (x) the 30th anniversary of the first issuance of Medium-Term Notes of such Series or (y) the 10th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Note in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Note in each other Fiscal Year in such period.

One-Month LIBOR Rate means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Option Subordinated Bonds means Subordinated Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Principal Installment means, as of any date of calculation and with respect to any Series, so long as any Subordinated Bonds thereof are Outstanding, (i) the principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) of such Series due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Subordinated Electric System Resolution) of any Sinking Fund Installments due on a certain future date for Subordinated Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Subordinated Bonds of such Series, the sum of such principal amount of Subordinated Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Refundable Principal Installment means any Principal Installment which JEA intends to pay with moneys which are not Revenues; *provided*, *however*, that (i) in the case of Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in a Supplemental Subordinated Resolution authorizing such Series of Subordinated Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided*, *further*, that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA determines to pay such Principal Installment with moneys which are not Revenues.

Special Subordinated Bonds means all Subordinated Bonds issued pursuant to the terms of the Subordinated Electric System Resolution to evidence JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with the provision of Credit Enhancement or liquidity support with respect to the Subordinated Bonds of a Series or the Electric System Bonds of a Series (or a maturity or maturities or interest rate within a maturity thereof) by a third party, whether issued in one or more Series, and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds pursuant to the terms of the Subordinated Electric System Resolution and the Supplemental Subordinated Resolution authorizing such Special Subordinated Bonds.

Subordinated Bonds means any bonds, notes, certificates or other evidences of indebtedness authenticated and delivered under the Subordinated Electric System Resolution.

Subordinated Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on the Subordinated Bonds of such Series, except to the extent that such interest is to be paid from the proceeds of Subordinated Bonds or other Electric System Debt Securities and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (x) in the case of Subordinated Bonds other than Special Subordinated Bonds, if (1) there shall be no such preceding Principal Installment due date or (2) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Subordinated Bonds of such Series, whichever date is later, and (y) in the case of Special Subordinated Bonds, in accordance with the terms thereof and the Supplemental Subordinated Resolution authorizing such Special Subordinated Bonds), in either such case, except to the extent that such Principal Installment is paid or to be paid from the proceeds of Subordinated Bonds or other Electric System Debt Securities; *provided, however,* that in the event that the Subordinated Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Subordinated Bonds, for purposes of this definition, the interest

on the Subordinated Bonds of such Series shall be calculated net of the cash subsidy payments from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments due from the U.S. Treasury in respect of the interest payable on such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Subordinated Bonds of such Series shall be calculated without regard to such subsidy. Such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Subordinated Bonds (except for Option Subordinated Bonds actually tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Option Subordinated Bonds tendered for payment before the stated maturity thereof shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds will be included in the calculation of Subordinated Debt Service at the times and in the manner provided in the Subordinated Electric System Resolution.

Notwithstanding anything to the contrary contained in the Subordinated Electric System Resolution, (a) if JEA has in connection with any Subordinated Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Subordinated Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Subordinated Bonds, for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Subordinated Electric System Resolution relating to the issuance of additional Subordinated Bonds described under the caption "Additional Subordinated Bonds; Conditions to Issuance" below, it will be assumed that such Subordinated Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided*, *however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Subordinated Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of (i) the covenant described under the caption "Rate Covenant" below and (ii) the provisions of the Subordinated Electric System Resolution relating to the issuance of additional Subordinated Bonds described under the caption "Additional Subordinated Bonds; Conditions to Issuance" below, it will be assumed that such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as applicable, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

U.S. Treasury means the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Subordinated Bond means any Subordinated Bond not bearing interest throughout its term at a specified rate or rates determined at the time of issuance of the Series of Subordinated Bonds of which such Subordinated Bond is one.

Variable Rate Taxable Index means the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The Subordinated Bonds are payable from and secured as to the payment of the principal or Redemption Price, if any, thereof, and interest thereon, in accordance with their terms and the provisions of the Subordinated Electric System Resolution by (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (ii) amounts on deposit in the Funds established under the Subordinated Electric System Resolution, including the investments, if any, thereof, subject only to the provisions of the Subordinated Electric System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Electric System Resolution; *provided*, *however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund) will be junior and subordinate in all respects to the Electric System Bonds as to lien on and the source and security for payment from the Revenues.

The Subordinated Bonds shall be "Subordinated Bonds" within the meaning of such term contained in the Electric System Resolution.

Subordinated Bond Construction Fund

The Subordinated Electric System Resolution establishes a Subordinated Bond Construction Fund into which shall be deposited (a) amounts required to be paid into such Fund pursuant to any Supplemental Subordinated Resolution and (b) at the option of JEA, any moneys received for or in connection with the Electric System from any other source, unless required to be otherwise applied as provided by the Subordinated Electric System Resolution or the Electric System Resolution. Amounts on deposit in the Subordinated Bond Construction Fund will be withdrawn, used and applied by JEA solely for the payment of the cost of additions, extensions and improvements to the Electric System and purposes incidental thereto or any other lawful purpose of JEA relating to the Electric System.

Deposit of Revenues

Pursuant to the Subordinated Electric System Resolution, as soon as practicable in each month following the payment of the Cost of Operation and Maintenance of the Electric System and the making of all required deposits pursuant to the Electric System Resolution in respect of debt service on, and required reserves for, the Electric System Bonds, JEA is to pay out of the Revenue Fund established under the Electric System Resolution to the extent permitted by the Electric System Resolution and to the extent that the amount in the Revenue Fund is available therefor and deposit in the following funds established pursuant to the Subordinated Electric System Resolution the following amounts and in the following order of priority:

1. ***To the Subordinated Bond Fund established pursuant to the Subordinated Electric System Resolution,*** an amount at least equal to the amount, if any, required so that the balance in said Fund shall equal the Accrued Aggregate Subordinated Debt Service as of the last day of the then current month; *provided*, *however*, that, (a) for the purposes of computing the amount to be deposited in said Fund, there shall be excluded from the balance in said Fund the amount, if any, set aside in said Fund from the proceeds of Electric System Debt Securities for the payment of interest on Subordinated Bonds less that amount of such proceeds to be applied in accordance with the Subordinated Electric System Resolution to the payment of interest accrued and unpaid and to accrue on Subordinated Bonds to the last day of the then current calendar month; and (b) any amount deposited into said Fund during any month that is in excess of the minimum amount required to be deposited therein during such month may, upon written determination of an Authorized Officer of JEA, be deemed to be accumulated therein with respect to (i) any Sinking Fund Installment or (ii) any principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (iii) some combination of (i) and (ii), and interest thereon.

The Subordinated Electric System Resolution provides that, except as may otherwise be provided in a Commercial Paper Payment Plan, a Medium-Term Note Payment Plan or the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of a particular Series, JEA shall pay out of the Subordinated Bond Fund to the respective Paying Agent(s) therefor (i) on or before each interest payment date for any of the Subordinated Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Subordinated Bonds, the amount required for the payment of interest on the Subordinated Bonds then to be redeemed. Such amounts shall be applied by such Paying Agent(s) on and after the due dates thereof. JEA shall also pay out of the Subordinated Bond Fund the accrued interest included in the purchase price of Subordinated Bonds purchased for retirement. In addition, JEA may apply amounts in the Subordinated Bond Fund to the purchase or redemption of Subordinated Bonds to satisfy sinking fund requirements.

Whenever the moneys on deposit in the Subordinated Bond Fund shall exceed the amount required to be on deposit therein, as determined in accordance with the provisions of the Subordinated Electric System Resolution, such excess may be applied by JEA to any lawful purpose of JEA relating to the Electric System.

The Subordinated Electric System Resolution also provides that, in the event of the refunding or defeasance of any Subordinated Bonds, JEA may withdraw from the Subordinated Bond Fund all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Subordinated Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Subordinated Bonds being refunded or defeased; *provided*, *however*, that such withdrawal shall not be made unless (a) immediately thereafter the Subordinated Bonds being refunded or defeased shall be deemed to have been paid pursuant to the provisions of the Subordinated Electric System Resolution, and (b) the amount remaining in the Subordinated Bond Fund, after giving effect to the issuance of the Electric System Debt Securities being issued to effect such refunding and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund. In the event of such refunding

or defeasance, JEA may also withdraw from the Subordinated Bond Fund all or any portion of the amounts accumulated therein and (i) deposit such amounts in any fund or account under the Electric System Resolution or the Subordinated Electric System Resolution or (ii) apply such amounts to any lawful purpose of JEA relating to the Electric System; *provided*, *however*, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

Notwithstanding anything to the contrary contained in the Subordinated Electric System Resolution, whenever the amounts available therefor under the Electric System Resolution shall not be sufficient to pay the principal or redemption price of, or interest on, the Electric System Bonds then due, and such deficiency shall not have been cured by the transfer from the Subordinated Bond Rate Stabilization Fund described below, JEA shall withdraw from the Subordinated Bond Fund an amount equal to the remaining amount of such deficiency (or the entire amount on deposit therein, if less than the remaining amount of such deficiency), and shall deposit such amount in the Sinking Fund established under the Electric System Resolution.

2. ***To the Subordinated Bond Rate Stabilization Fund established pursuant to the Subordinated Electric System Resolution***, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited to such Fund for the month.

Each month JEA shall transfer from the Subordinated Bond Rate Stabilization Fund to the Subordinated Bond Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited into such Fund for the month. JEA may also from time to time withdraw amounts on deposit in the Subordinated Bond Rate Stabilization Fund and (i) transfer such amounts to any other fund or account established under the Subordinated Electric System Resolution or any fund or account established under the Electric System Resolution, (ii) use such amounts to purchase or redeem Subordinated Bonds or Electric System Bonds, (iii) use such amounts to otherwise provide for the payment of Subordinated Bonds or Electric System Bonds or (iv) use such amounts for any lawful purpose of JEA relating to the Electric System.

At any time and from time to time JEA may transfer for deposit in the Subordinated Bond Rate Stabilization Fund from any source such amounts as JEA deems necessary or desirable; such amounts shall be applied for purposes of the Subordinated Bond Rate Stabilization Fund in accordance with the preceding paragraph.

Notwithstanding anything to the contrary contained in the Subordinated Electric System Resolution, whenever the amounts available therefor under the Electric System Resolution shall not be sufficient to pay the principal or redemption price of, or interest on, the Electric System Bonds then due, JEA shall withdraw from the Subordinated Bond Rate Stabilization Fund an amount equal to the amount of such deficiency (or the entire amount on deposit therein, if less than the amount of such deficiency), and shall deposit such amount in the Sinking Fund established under the Electric System Resolution.

If and to the extent provided in a Supplemental Subordinated Resolution, the Subordinated Electric System Resolution also permits JEA to establish one or more additional funds or accounts with respect to such Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution and, if and to the extent provided in any such Supplemental Subordinated Resolution, amounts on

deposit in any such fund or account, including the investments, if any, thereof may be pledged for the payment of the principal or Redemption Price, if any, of, and interest on, any or all of such Subordinated Bonds. In such event, deposits to and withdrawals from any such fund or account shall be governed by the provisions of such Supplemental Subordinated Resolution; *provided*, *however*, that in the event that any such Supplemental Subordinated Resolution shall provide for the deposit of Revenues into any such fund or account, such deposit shall not be made in any month until after the deposits required to be made to the Subordinated Bond Fund and the Subordinated Bond Rate Stabilization Fund shall have been made for such month; and *provided*, *further*, that if the amount on deposit in the Revenue Fund shall not be sufficient to make all such deposits so required to made with respect to all such funds and accounts in any month, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such fund and account.

During any period in which the Subordinated Debt Service with respect to any Series of Subordinated Bonds containing Build America Bonds shall be calculated in the manner provided in the proviso of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Subordinated Bond Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from JEA to it. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but not such payment shall constitute Revenues for any purpose of the Electric System Resolution or this Subordinated Resolution.

Additional Subordinated Bonds; Conditions to Issuance

JEA may issue additional Subordinated Bonds for the purposes of (i) providing a portion of the funds necessary for the construction or acquisition of additions, extensions and improvements to the Electric System, and purposes incidental thereto, (ii) providing funds for the refunding of Outstanding Electric System Bonds or Outstanding Subordinated Bonds and (iii) providing funds for any other lawful purpose of JEA relating to the Electric System. All such additional Subordinated Bonds will rank equally and be on a parity, as to security and source of payment, with all other Subordinated Bonds. Set forth below are certain conditions applicable to the issuance of additional Subordinated Bonds. The Subordinated Electric System Resolution provides that a Series of Subordinated Bonds may be issued at one time or from time to time. If the Subordinated Bonds of a Series are to be issued from time to time, the Subordinated Electric System Resolution requires that the conditions set forth below be satisfied only prior to the issuance of the first Subordinated Bonds of such Series to be issued.

***Debt Service Coverage Test*:** The issuance of any Series of additional Subordinated Bonds (except for Refunding Subordinated Bonds and Special Subordinated Bonds) is conditioned upon the delivery by an Authorized Officer of JEA of a certificate to the effect that the Adjusted Net Revenues for any 12 consecutive month period within the 24 consecutive months immediately preceding the first date of issuance of the Subordinated Bonds of such Series shall have been at least equal to the greater of (X) 115 percent of the Maximum Annual Aggregate Adjusted Electric System Debt Service on the Outstanding Electric System Bonds, the Outstanding Subordinated Bonds and the Subordinated Bonds of such Series or (Y) the sum of (i) the Maximum Annual Aggregate Adjusted Electric System Debt Service on the Outstanding Electric System Bonds, the Outstanding Subordinated Bonds and the Subordinated Bonds of such Series and (ii) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund established under the Electric System Resolution for the then current, or a previous, Fiscal Year.

The Adjusted Net Revenues for such 12 month period may be adjusted for the purposes of the calculation required by the preceding paragraph (a) to reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the Electric System made after the commencement of such period and preceding the first date of issuance of the Subordinated Bonds of such Series; (b) to reflect any increase in Adjusted Net Revenues due to any new facilities of the Electric System having been placed into use and operation subsequent to the commencement of such period and prior to the first date of issuance of the Subordinated Bonds of such Series; and (c) to include an amount equal to the average annual contribution to Adjusted Net Revenues for the first three full Fiscal Years commencing after the date of completion thereof estimated to be made by the facilities to be acquired and constructed with the proceeds of the Subordinated Bonds of such Series.

For purposes of the second preceding paragraph, Adjusted Net Revenues shall not include any amounts in respect of proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance).

***No Default*:** In addition, additional Subordinated Bonds (except for Refunding Subordinated Bonds) may be issued only if an Authorized Officer of JEA certifies that no Event of Default exists under the Subordinated Electric System Resolution or that any such Event of Default will be cured through application of the proceeds of such Subordinated Bonds.

Redemption

In the case of any redemption of Subordinated Bonds, JEA shall give written notice to the Subordinated Bond Registrar(s) and the Paying Agent(s) therefor of the redemption date, of the Series, and of the principal amounts of the Subordinated Bonds of each maturity of such Series and of the Subordinated Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Subordinated Electric System Resolution or any Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part). Such notice shall be filed with such Subordinated Bond Registrar(s) and Paying Agent(s) for the Subordinated Bonds to be redeemed at least 33 days prior to the redemption date (or such shorter period (a) as may be specified in the Supplemental Subordinated Resolution authorizing the Series of Subordinated Bonds to be redeemed or (b) as shall be acceptable to such Subordinated Bond Registrar(s) and Paying Agent(s)). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agent(s) an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent(s), will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Subordinated Bonds to be redeemed.

Rate Covenant

Under the Subordinated Electric System Resolution, JEA has covenanted to fix, establish, revise from time to time whenever necessary, maintain and collect always such fees, rates, rentals and other charges for the use or the sale of the products, services and facilities of the Electric System which will always provide Adjusted Net Revenues in each Fiscal Year sufficient to pay the greater of (X) the sum of (i) 115 percent of the Debt Service Requirement on the Outstanding Electric System Bonds in such Fiscal Year and (ii) 115 percent of the Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds in such Fiscal Year or (Y) without duplication, (i) 100 percent of the Debt Service Requirement on the Outstanding Electric System Bonds in such Fiscal Year, and any additional amount required to make all reserve or other payments required to be made in such Fiscal Year by the Electric System Resolution and (ii) 100 percent of Aggregate Subordinated Debt Service on the Outstanding Subordinated Bonds in such

Fiscal Year, and any additional amount required to make all other payments required to be made in such Fiscal Year by the Subordinated Electric System Resolution; *provided*, *however*, that for purposes of this paragraph there shall be excluded from the calculation of Aggregate Subordinated Debt Service all Refundable Principal Installments. For purposes of this covenant, Adjusted Net Revenues shall not include any amounts attributable to proceeds from the sale of assets of the Electric System or any proceeds of insurance (other than business interruption insurance). Such rates, fees, rentals or other charges shall not be reduced so as to be insufficient to provide adequate Adjusted Net Revenues for such purposes.

Creations of Liens

JEA will not issue or incur indebtedness, other than the Electric System Bonds and Contract Debts (as defined in the Electric System Resolution), payable from Revenues on a prior basis than payment of Subordinated Bonds. JEA may issue bonds, notes or other evidences of indebtedness that are expressly made subordinate and junior in right of payment to the Subordinated Bonds and for which any pledge of such amounts in the Revenue Fund as may from time to time be available therefor shall be, and shall be expressed to be, subordinate in all respects to the pledge and lien created under the Subordinated Electric System Resolution as security for the Subordinated Bonds.

Sale or Mortgage of the Electric System

JEA will not sell all or substantially all of the physical properties of the Electric System, nor will it create or cause to be created any mortgage or other lien on such properties to secure the repayment of borrowed money or the payment of the deferred purchase price of property. For purposes of this covenant, "substantially all of the physical properties of the Electric System" shall be deemed to mean physical properties of the Electric System having an aggregate depreciated cost of not less than 90 percent of the total depreciated cost of all of the physical properties of the Electric System at the time.

Corporate Reorganization

In the Subordinated Electric System Resolution, JEA reserves the right to effect a reorganization of its corporate structure in any manner whatsoever permitted pursuant to the laws of the State of Florida; *provided* that no such reorganization may be undertaken if the result thereof would adversely affect the security for the Subordinated Bonds provided by the Subordinated Electric System Resolution.

Amendment of Subordinated Electric System Resolution

The Subordinated Electric System Resolution and the rights and obligations of JEA and of the Holders of the Subordinated Bonds may be amended by a Supplemental Subordinated Resolution with the written consent of the Holders of a majority in principal amount of (i) the Subordinated Bonds affected by such amendment or modification Outstanding at the time such consent is given, and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, the Subordinated Bonds of the particular Series and maturity entitled to the benefit of the Sinking Fund Installment and Outstanding at the time such consent is given. No such modification or amendment may (A) permit a change in the terms of redemption or maturity or any installment of interest or a reduction in the principal, Redemption Price or rate of interest thereon without consent of each affected Holder, or (B) reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment. For purposes of the foregoing, a Series of Subordinated Bonds shall be deemed to be affected by a modification or amendment of the Subordinated Electric System Resolution if the same adversely affects or diminishes the rights of the Holders of Subordinated Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Subordinated Bonds of any particular Series or maturity or any particular Commercial Paper Notes or

Medium-Term Notes would be affected by any modification or amendment of the Subordinated Electric System Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Subordinated Bonds. For purposes of the foregoing, a change in the terms of redemption of any Outstanding Subordinated Bond shall be deemed only to affect such Subordinated Bond, and shall be deemed not to affect any other Subordinated Bond. For purposes of the foregoing, the Holders of Subordinated Bonds may include the initial Holders thereof regardless of whether such Subordinated Bonds are being held for subsequent resale. The Subordinated Electric System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided will be deemed to be the Holder of such Subordinated Bonds of any Series, or a maturity within a Series, at all times for the purpose of giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of the Subordinated Electric System Resolution which requires the written approval or consent of Holders, except that the foregoing provisions will not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Subordinated Bond Fiduciary without its written assent thereto. See "Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required" herein.

The Supplemental Subordinated Resolutions authorizing JEA's Variable Rate Electric System Subordinated Bonds, 2000 Series A, 2000 Series F-1, 2000 Series F-2 and 2008 Series D (collectively, the "Prior Series Variable Rate Subordinated Electric System Bonds", all of which constitute Variable Rate Subordinated Bonds within the meaning of the Subordinated Electric System Resolution) provide that in the event that JEA shall adopt any Supplemental Subordinated Resolution making any amendment to the Subordinated Electric System Resolution for which the consent of the Holders of the Prior Series Variable Rate Subordinated Electric System Bonds of a particular Series shall be required (hereinafter in this paragraph referred to as an "Amending Resolution"), an Authorized Officer of JEA may deliver to the Tender Agent for the Prior Series Variable Rate Subordinated Electric System Bonds of such Series a certificate requiring that the Prior Series Variable Rate Subordinated Electric System Bonds of such Series be subject to mandatory tender for purchase at the time and in the manner provided in said Supplemental Subordinated Resolutions. Following the date on which such mandatory tender shall occur, all subsequent Holders of the Prior Series Variable Rate Subordinated Electric System Bonds of such Series shall be deemed to have consented to such Amending Resolution, notwithstanding anything to the contrary contained in the Subordinated Electric System Resolution. JEA intends to include this provision in each Supplemental Subordinated Resolution it may adopt in the future authorizing the issuance of any Series of additional Variable Rate Subordinated Bonds.

The Subordinated Electric System Resolution may be amended, without the consent of the Holders of the Subordinated Bonds, upon the delivery of an Opinion of Counsel to the effect that such amendment will not have a material adverse effect on the interests of the Holders of the Outstanding Subordinated Bonds (in rendering such opinion, such counsel may rely on such certifications of (a) any banking or financial institution serving as financial advisors to JEA, as to financial and economic matters, (b) the Consulting Engineer, as to matters within its field of expertise and (c) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate), (i) to cure any ambiguity, supply any omission or correct any defect or inconsistent provision in the Subordinated Electric System Resolution; (ii) to insert provisions clarifying the Subordinated Electric System Resolution; or (iii) to make any other modification or amendment of the Subordinated Electric System Resolution

which in the reasonable judgment of such counsel will not have a material adverse effect on the interests of the Holders of the Outstanding Subordinated Bonds.

The Subordinated Electric System Resolution provides that in determining whether the interests of the Holders of any Subordinated Bonds are materially adversely affected, such counsel will consider the effect on the Holders of any Subordinated Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Without the consent of the Holders of the Outstanding Subordinated Bonds, JEA may adopt a Supplemental Subordinated Resolution which (i) closes the Subordinated Electric System Resolution against, or provides additional limitations and restrictions to, the issuance of Subordinated Bonds or other evidences of indebtedness; (ii) adds covenants and agreements of JEA; (iii) adds limitations and restrictions to be observed by JEA; (iv) authorizes Subordinated Bonds of an additional Series; (v) provides for the issuance of Subordinated Bonds in coupon form payable to bearer or in uncertificated form, and determines other matters relative thereto; (vi) confirms any security interest or pledge created by the Subordinated Electric System Resolution; (vii) establishes one or more additional funds or accounts with respect to such Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution, specifies the purposes to which amounts on deposit in any such fund or account may be applied and, in connection therewith, specifies and determines any matters and things relative thereto; or (viii) makes any modification which is to be effective only after all Subordinated Bonds of each Series Outstanding as of the date of the adoption of such Supplemental Subordinated Resolution cease to be Outstanding.

Defeasance

The pledge of moneys and securities created by the Subordinated Electric System Resolution and all covenants, agreements and other obligations of JEA to the Holders will cease, terminate and become void and be discharged and satisfied whenever all Subordinated Bonds and interest due or to become due thereon are paid in full. If any Subordinated Bonds are paid in full, such Subordinated Bonds shall cease to be entitled to any lien, benefit or security under the Subordinated Electric System Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Subordinated Bonds will cease, terminate and become void and be discharged and satisfied. Subordinated Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Subordinated Electric System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds) are met: (i) in case any Subordinated Bonds are to be redeemed prior to their maturity, JEA has given to the Escrow Agent therefor instructions to give notice of redemption therefor, (ii) there has been deposited with such Escrow Agent either moneys or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Subordinated Bonds, and (iii) in the event such Subordinated Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA has given such Escrow Agent instructions to give a notice to the Holders of such Subordinated Bonds that the above deposit has been made and that such Subordinated Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Subordinated Bonds.

For purposes of determining whether Variable Rate Subordinated Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the provisions of the Subordinated Electric System Resolution, the interest to come due on such Variable Rate Subordinated Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; *provided*, *however*, that if on any date, as a result of such Variable Rate

Subordinated Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Subordinated Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Subordinated Bonds in order to satisfy the provisions of the Subordinated Electric System Resolution, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Subordinated Bonds or otherwise existing under the provisions of the Subordinated Electric System Resolution.

Option Subordinated Bonds shall be deemed to have been paid in accordance with the provisions of the Subordinated Electric System Resolution only if, in addition to satisfying the requirements described in clauses (i) and (ii) of the first paragraph hereof, there shall have been deposited with the Escrow Agent moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Subordinated Bonds which could become payable to the Holders of such Subordinated Bonds upon the exercise of any options provided to the Holders of such Subordinated Bonds; *provided*, *however*, that if, at the time a deposit is made with the Escrow Agent pursuant to provisions of the Subordinated Electric System Resolution, the options originally exercisable by the Holder of an Option Subordinated Bond are no longer exercisable, such Subordinated Bond shall not be considered an Option Subordinated Bond for purposes of this paragraph. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Subordinated Bonds is not required for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Subordinated Bonds or otherwise existing under the Subordinated Electric System Resolution.

Events of Default; Remedies

Events of default under the Subordinated Electric System Resolution include (i) failure to pay the principal (including Sinking Fund Installments) or Redemption Price of any Subordinated Bond when due; (ii) failure to pay any installment of interest on any Subordinated Bond when due; (iii) failure by JEA to perform or observe any other covenants or agreements contained in the Subordinated Electric System Resolution or the Subordinated Bonds; or (iv) an Event of Default pursuant to the provisions of the Electric System Resolution. Upon the happening of any such Event of Default the Holders of not less than 25 percent in principal amount of the Subordinated Bonds then Outstanding may declare the principal of and accrued interest on the Subordinated Bonds due and payable (subject to a rescission of such declaration upon the curing of such default before the Subordinated Bonds have matured).

The Subordinated Electric System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Subordinated Bonds, the Credit Enhancer for, and not the actual Holders of, Subordinated Bonds for which such Credit Enhancement is being provided will be deemed to be the Holder of such Subordinated Bonds at all times for the purposes of giving any approval or consent, exercising any remedies or taking any other actions in respect of the occurrence of an Event of Default. See "Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required" herein.

During the continuance of an Event of Default under the Subordinated Electric System Resolution, JEA shall apply all moneys, securities and funds held or received by JEA with respect to the Subordinated Bonds as follows and in the following order: (i) to the extent required in the Electric System Resolution, to the payment of the interest and principal or redemption price due on the Electric System Bonds and (ii) to the interest and principal or Redemption Price due on the Subordinated Bonds.

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Subordinated Bond Paying Agents

The Subordinated Electric System Resolution requires the appointment by JEA of one or more Paying Agents for the Subordinated Bonds of each Series. Any Paying Agent may resign on 60 days' notice and may at any time be removed with or without cause by JEA. Successor Paying Agents will be appointed by JEA, and will be an officer of JEA, a transfer agent duly registered pursuant to the Securities Exchange Act of 1934, as amended, or a bank, trust company or national banking association having capital stock, surplus and undivided earnings aggregating at least $25,000,000 if there be such an entity willing to accept appointment.

Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required

Except as otherwise provided in a Supplemental Subordinated Resolution authorizing Subordinated Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Subordinated Bonds of any Series, or maturity within a Series, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of the Subordinated Electric System Resolution which requires the written approval or consent of Holders; *provided*, *however*, that the foregoing shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Subordinated Electric System Resolution.

Special Provisions Relating to Capital Appreciation Subordinated Bonds, Deferred Income Subordinated Bonds and Special Subordinated Bonds

The principal and interest portions of the Accreted Value of Capital Appreciation Subordinated Bonds or the Appreciated Value of Deferred Income Subordinated Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Subordinated Debt Service, Aggregate Subordinated Debt Service, Accrued Aggregate Subordinated Debt Service and Adjusted Aggregate Subordinated Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Capital Appreciation Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Electric System Resolution for any purpose whatsoever, the principal

amount of a Capital Appreciation Subordinated Bond shall be deemed to be its then current Accreted Value.

For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Subordinated Bond is redeemed prior to maturity, or (ii) receiving payment of a Deferred Income Subordinated Bond if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Subordinated Bonds held by the Holder of a Deferred Income Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Electric System Resolution for any purpose whatsoever, the principal amount of a Deferred Income Subordinated Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in the Supplemental Subordinated Resolution authorizing a Series of Special Subordinated Bonds, for the purposes of (i) receiving payment of a Special Subordinated Bond, whether at maturity, upon redemption or if the principal of all Subordinated Bonds is declared immediately due and payable following an Event of Default or (ii) computing the principal amount of Subordinated Bonds held by the Holder of a Special Subordinated Bond in giving to JEA any notice, consent, request, or demand pursuant to the Subordinated Electric System Resolution for any purpose whatsoever, the principal amount of a Special Subordinated Bond shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Subordinated Bonds of the Series or maturity or interest rate within a maturity or the Electric System Bonds of the installment or maturity or interest rate within a maturity for which such Special Subordinated Bond has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such bonds, less any prior repayments thereof.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION

The following is a summary of certain provisions of the Second Power Park Resolution. Summaries of certain definitions contained in the Second Power Park Resolution are set forth below. Other terms defined in the Second Power Park Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Second Power Park Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

The Second Power Park Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Second Power Park Resolution (as so amended) also may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction. The term "Bonds" as used in the Second Power Park Resolution and this summary has the same meaning as the term "Power Park Issue Three Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definition of Terms

The following are summaries of certain definitions in the Second Power Park Resolution.

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (a) interest on the Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (b) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; *provided*, *however*, that (a) there shall be excluded from the calculation of Accrued Aggregate Debt service any Principal Installments which are Refundable Principal Installments, (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in the Second Power Park Resolution and (c) if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d takes into account Accrued Aggregate Debt Service, then, for purposes of such calculation, Accrued Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Additionally Secured Series shall mean a Series of Bonds for which the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of such Series shall be secured, in addition to the pledge created pursuant to the Second Power Park Resolution in favor of all of the Bonds, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Debt Service Fund 2d.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series; *provided*, *however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund 2d takes into account Aggregate Debt Service, then, for purposes of such calculation, Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Bond Anticipation Notes shall mean notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Bonds may be issued, the payment of which notes is to be made from the proceeds of the Bonds in anticipation of the issuance of which said notes are issued.

Bond Year shall mean the 12-month period commencing on October 1 in any year and ending on September 30 of the following year.

Build America Bonds shall mean any Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

Certified Interest Rate shall mean, as of any date of determination:

(a) with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (A) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (B) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*, *however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (a) shall be the rate determined pursuant to the foregoing subclause (A),

(b) with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (A) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (B) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*, *however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have

been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (A); and

(c) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d and with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of JEA executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may, as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, as the rate of interest such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, would bear if, assuming the same maturity date, terms and provisions (other than interest rate and redemption provisions) as such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, and on the basis of JEA's credit ratings with respect to the Bonds (other than Bonds for which credit enhancement is provided by a third party), such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, were issued at a fixed interest rate.

Commercial Paper Payment Plan shall mean, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the Second Power Park Resolution setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes or any subsequent certificate of an Authorized Officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes; *provided*, *however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Bonds other than Commercial Paper Note or Medium-Term Notes or (b) Subordinated Indebtedness, in either case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Notes shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 30th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Notes in each other Fiscal Year in such period.

Costs shall mean, with respect to the System, all costs of planning, designing, acquiring, constructing, financing and placing in operation, or retirement or disposal of, the System, including amounts paid to FPL under the Joint Ownership Agreement for any cost or expense which would be Costs if paid or incurred by JEA, and which shall include, but not be limited to, funds for:

(a) acquisition (including acquisition by prepayment) of additional fuel stockpile for the System;

(b) all federal, state and local taxes and payments in lieu of taxes required to be paid under the Joint Ownership Agreement (other than payments in lieu of taxes provided for in Section 9.4.2.2 of the Joint Ownership Agreement) or otherwise legally required to be paid in connection with the acquisition and construction of the System;

(c) all costs relating to claims or judgments arising out of construction or operation of the System;

(d) planning and development costs, engineering fees, contractors' fees, costs of obtaining governmental or regulatory permits, licenses and approvals, costs of real property, labor, materials, equipment, supplies, training and testing costs, insurance premiums, legal and financing costs, administrative and general costs, and all other costs properly allocable to the acquisition and construction of the System and placing the same in operation;

(e) all other costs incurred in connection with, and properly chargeable or attributable to, the acquisition and construction of the System, including "Costs of Construction," "Other Costs" (other than those "Other Costs" which are payable as Operation and Maintenance Expenses), or "Costs of Plant" as defined in the Joint Ownership Agreement;

(f) the costs of any indemnity or surety bonds and premiums on insurance, preliminary investigation and development costs, engineering fees and expenses and contractors' fees and expenses;

(g) the costs of legal and financial advisory fees and expenses, interest and financing costs, including, without limitation, bank commitment and letter of credit fees, bond insurance and indemnity premiums, discounts to the underwriters or other purchasers thereof, amounts required to be paid under any interest rate exchanges or swaps, cash flow exchanges, options, caps, floors or collars, in each case made in connection with the issuance of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA relating to the System;

(h) fees and expenses of the Fiduciaries, administration and general overhead expense and costs of keeping accounts and making reports required by the Second Power Park Resolution;

(i) amounts, if any, required by the Second Power Park Resolution to be paid into the Debt Service Fund 2d to provide, among other things, for interest accruing on Bonds and to provide for the Debt Service Reserve Requirement or to be paid into the Revenue Fund 2d or the Renewal and Replacement Fund 2d for any of the respective purposes thereof;

(j) payments when due (whether at maturity of principal or due date of interest or of redemption) upon any indebtedness of JEA issued to finance or refinance any of the foregoing, and all federal, state and local taxes and payments in lieu of taxes in connection with the System or any part thereof; and

(k) working capital and reserves for any of the foregoing, including reimbursements to JEA for any of the above items theretofore paid by or on behalf of JEA.

It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of JEA related to the System which on the date of the Second Power Park Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to the provisions of Florida law.

Credit Enhancement shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Bonds.

Credit Enhancer shall mean any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for the Bonds of a Series, a maturity within a Series or an interest rate within a maturity.

Current Interest Commencement Date shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (a) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Debt Service Account in the Debt Service Fund 2d made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d); provided, that in the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on Such Bonds, for purposes of this definition, the interest on the Bonds of such series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Bonds of such Series shall be calculated without regard to such subsidy and (b) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (i) in the case of Bonds other than Reimbursement Obligations, if (A) there shall be no such preceding Principal Installment due date or (B) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the Date of Issuance of Bonds of such Series, whichever date is later, and (ii) in the case of Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Resolution authorizing such Reimbursement Obligations), except to the extent that such Principal Installment is paid or to be paid from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Such interest and Principal Installments for such Series shall be calculated on the assumption that (i) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (ii) the principal amount of Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (iii) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Second Power Park Resolution; *provided*, *however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

For the purpose of computing Debt Service (a) for any future period (i) any Variable Rate Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the greater of (X) the actual rate of interest then borne by such Variable Rate Bonds, Commercial Paper Notes and Medium-Term Notes or (Y) the Certified Interest Rate applicable thereto and, in the case of Commercial Paper Notes and Medium-Term Notes Outstanding, such

period shall be assumed to have Principal Installments that come due in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan applicable thereto and (ii) any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Second Power Park Resolution.

Notwithstanding anything to the contrary contained in the Second Power Park Resolution, (a) if JEA has in connection with any Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount corresponding to the principal amount or issue price of such Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Debt Service with respect to such Bonds for purposes of the rate covenant contained in the Second Power Park Resolution, it will be assumed that such Bonds bear interest at a rate equal to the sum of (i) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination (or such lesser period the date of determination if in effect for less than five years), calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided*, *however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (A) and (ii) the difference (whether positive or negative) between (A) the fixed rate of interest on such Bonds and (B) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount of such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Debt Service with respect to such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of the rate covenant contained in the Second Power Park Resolution, it will be assumed that such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement shall mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d, unless otherwise specified in the Supplemental Resolution establishing such subaccount, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on the Additionally Secured Series secured thereby during the then current, or any future, Fiscal Year (assuming, for this purpose, that all Additionally Secured Series secured thereby that bear interest at a variable or floating rate shall bear interest during such period at the Certified Interest Rate applicable thereto) excluding interest on such Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund 2d made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d).

For the purpose of the calculation of the Debt Service Reserve Requirement in the event that any Additionally Secured Bonds secured thereby shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest

on such Bonds shall be calculated net of the amount of such subsidy; *provided, however*, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds,

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (c) below to the extent unconditionally guaranteed by the United States of America, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (ii) which are secured as to principal and interest and redemption

premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate and (iv) which at the time of their purchase under the Second Power Park Resolution are rated "AAA" by Standard & Poor's Credit Market Services, 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"), if rated by such agency, and, are rated "Aaa" by Moody's Investors Service ("Moody's"), if rated by such agency,

(c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall also be specified in such instructions, and which shall be rated in the highest whole rating category by two nationally recognized rating agencies,

(d) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (c) of this definition provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, or territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than $50,000,000, or obligations described in the foregoing clause (c), in any such case, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such obligations on a specified redemption date has been given and such obligations are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(e) deposits in interest-bearing time deposits or certificates of deposit which shall not be subject to redemption or repayment prior to their maturity or due date other than at the option of the depositor or holder thereof or as to which an irrevocable notice of redemption or repayment of such time deposits or certificates of deposit on a specified redemption or repayment date has been given and such time deposits or certificates of deposit are not otherwise subject to redemption or repayment prior to such specified date other than at the option of the depositor or holder thereof, and which are fully secured by obligations described in clause (a) or clause (b) of this definition to the extent not insured by the Federal Deposit Insurance Corporation,

(f) agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this paragraph referred to as "Providers"), (i) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other

equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (ii) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off; the Provider may have the right to assign its obligations under any Investment Agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided*, *however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (i) or clause (ii) of the preceding sentence, and

(g) upon compliance with the applicable provisions of the Second Power Park Resolution, such securities (i) as are described in clause (a) of this definition and (ii) as are described in clause (d) of this definition so long as such securities evidence ownership of the right to payments of principal and/or interest on obligations described in clause (a) of such definition, in each case provided that, notwithstanding such clauses, such securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

Deferred Income Bonds shall mean any Bonds issued under the Second Power Park Resolution as to which interest accruing prior to the Current Interest Commencement Date is (a) compounded periodically on dates specified in the Supplemental Resolution authorizing such Deferred Income Bonds and (b) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Second Power Park Resolution or the Supplemental Resolution authorizing such Deferred Income Bonds.

Designated Swap Obligation shall mean, to the extent from time to time permitted by law, any interest rate swap transaction (a) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Bonds) and (b) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Bonds with respect to which such Designated Swap Obligation is entered into).

Electric Resolution shall mean the resolution adopted by JEA on March 30, 1982, authorizing the issuance of Electric System Revenue Bonds, as amended.

Electric System shall mean JEA's existing electric generating, transmission and distribution system consisting of the existing generating plants and transmission and distribution lines and facilities together with any and all improvements, extensions and additions thereto hereafter constructed or acquired, and all lands or interests therein, including buildings, machinery, equipment and all property, real or personal, tangible or intangible, now or hereafter owned and constructed or acquired by JEA as part of said existing electric system; such Electric System shall not be deemed to include (a) any facilities or property now or hereafter constructed, owned or operated by JEA as a part of the System or any other bulk power supply system projects or any other separate non-competing electric utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system, (b) the existing water and sewer system owned by JEA or any additional utility functions hereafter added to such water and sewer system, (c) the district energy system owned by JEA or (d) any properties or interests in properties of JEA (i) which

JEA determines shall not constitute a part of the Electric System for the purpose of the Electric Resolution at the time of the acquisition thereof by JEA or (ii) as to which JEA shall determine by resolution that the exclusion of such properties or interests in properties from the Electric System will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the Electric Resolution.

First Resolution shall mean the St. Johns River Power Park System Revenue Bond Resolution adopted by JEA on March 30, 1982, as from time to time amended or supplemented.

FPL shall mean Florida Power & Light Company, a corporation organized and existing under the laws of the State of Florida.

Highest Rating Category shall mean (a) if the Bonds are rated by a Rating Agency, that each such Rating Agency has assigned a rating in the highest rating category given by that Rating Agency for that general category of security or obligation, and (b) if the Bonds are not rated (and, consequently, there is no Rating Agency), that Standard and Poor's or Moody' s Investor Service has assigned a rating in the highest rating category given by that rating agency for that general category of security or obligation.

Investment Securities shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA's funds:

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States of America;

(b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase under the Second Power Park Resolution are rated "AAA" by S&P and "Aaa" by Moody's, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of "AAA" or "Aaa" by S&P or Moody's, as the case may be;

(c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision; *provided* that at the time of their purchase under the Second Power Park Resolution such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;

(d) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;

(e) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (b) of this definition; *provided* that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than $50,000,000;

(f) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than $100,000,000; *provided* that at the time of their purchase under the Second Power Park Resolution such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody's or S&P or (Y) two nationally recognized rating agencies or (2) which bind, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; *provided* that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in subclause (a) or (b) of this clause (f), JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (a) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

(g) commercial paper that, at the date of investment, is rated "P-1" by Moody's and "A-1" by S&P, or if not so rated by both such rating agencies, then rated "P1" by Moody's or "A-1" by S&P or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;

(h) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (a) and (b) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;

(i) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by S&P and "Aa2" or above if rated by Moody's;

(j) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and

(k) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding

senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Any such agreement or contract may provide that, with the approval of JEA, the insurance company or other financial institution may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution.

Joint Ownership Agreement shall mean (i) the Agreement for Joint Ownership, Construction and Operation of St. Johns River Power Park Coal Units #1 and #2, dated April 2, 1982 between JEA and FPL, as amended and (ii) after the expiration of the term of the agreement described in clause (i), the agreement between JEA and FPL governing the joint ownership and operation of the System designated by JEA's governing board as intended to be treated as the Joint Ownership Agreement within the meaning of the Second Power Park Resolution. References in the Second Power Park Resolution to particular sections of the Joint Ownership Agreement after the agreement referred to in clause (ii) is in effect shall be deemed to be references to the respective sections of such agreement which cover the substance covered in the sections referenced in the Joint Ownership Agreement described in clause (i) above.

Medium-Term Note Payment Plan shall mean, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the Second Power Park Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes or any subsequent certificate of an Authorized Officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; *provided*, *however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Indebtedness, in either case, that JEA intends to pay from Revenues, the principal of such Medium-Term Notes shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the earlier of (a) the 40th anniversary of the first issuance of Medium-Term Notes of such Series or (b) the 30th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Notes in each other Fiscal Year in such period.

Net Revenues shall mean, for any period, the Revenues during such period, determined on an accrual basis, minus the Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues.

One-Month LIBOR Rate shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Operation and Maintenance Expenses shall mean JEA's current expenses, paid or accrued, of operation, maintenance and repair of the System (but only to the extent not paid by or accrued in respect of "Revenues" under the First Resolution), including administration costs, as calculated in accordance with generally accepted accounting principles, and shall include all Contract Debts. Notwithstanding the foregoing, Operation and Maintenance Expenses shall not include any reserve for renewals or replacements

or any allowance for depreciation or amortization and there shall be included in Operation and Maintenance Expenses only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the System.

Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (a) the principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance (determined as provided in the Second Power Park Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (c) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Refundable Principal Installment shall mean any Principal Installment for any Series of Bonds which JEA intends to pay with moneys which are not Revenues; *provided* that (a) in the case of Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds, (b) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (c) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; *provided*, *further*, that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Reimbursement Obligations shall mean all Bonds issued to evidence JEA's obligation to repay any advances or loans made to, or behalf of, JEA in connection with any Credit Enhancement or liquidity support for the Bonds of a series (or a maturity or maturities or interest rate within a maturity thereof).

Renewal and Replacement Requirement shall mean, (a) if the First Resolution has not been satisfied and discharged, zero and (b) if the First Resolution has been satisfied and discharged, for each Bond Year, 12 1/2 percent of Aggregate Debt Service for such Bond Year or such greater amount as shall be determined from time to time by JEA's governing board as being prudent and appropriate.

Revenues shall mean (a) so long as the First Resolution has not been satisfied and discharged, (i) all payments made by JEA from its Electric System into the Revenue Fund 2d (x) pursuant to the applicable provision in the Second Power Park Resolution and (y) as may be required to comply with the requirements of the Second Power Park Resolution and (ii) amounts received or to be received as described in sub-clause (iii) of clause (b) below and (b) after the First Resolution has been satisfied and discharged, in addition to the payments received pursuant to sub-sub-clause (x) and (y) of sub-clause (i) of clause (a) above, (i) all revenues, income, rents and receipts derived or to be derived by JEA from or attributable or relating to the ownership and operation of the System, including all revenues attributable or relating to the System or to the payment of the costs thereof received or to be received by JEA from FPL under Section Eight of the Joint Ownership Agreement or otherwise payable to it for the sale of the output, capacity, use of service of the System or any part thereof or otherwise with respect to the System, including all payments made by

JEA from its Electric System into the Revenue Fund 2d pursuant to the Second Power Park Resolution, (ii) the proceeds of any insurance covering business interruption loss relating to the System derived or to be derived by JEA and (iii) interest received or to be received on any moneys or securities (other than moneys or securities in the Construction Fund 2d) held pursuant to the Second Power Park Resolution and required to be paid into the Revenue Fund 2d. Revenues shall not include (a) any income, fees, charges, receipts, profits or other moneys derived by JEA from its ownership or operation of the Electric System (except that payments made by JEA into the Revenue Fund 2d from the Electric System pursuant to the Second Power Park Resolution, as referred to in the preceding sentence, shall become Revenues when and to the extent such payments are actually made) or of any other separate bulk power supply utility or system of the nature referred to in the last sentence of the definition of St. Johns River Power Park System below, or (b) any payments by FPL to JEA for transmission service under 6.17 of the Joint Ownership Agreement. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall not constitute "Revenues" for any purpose of the Resolution.

St. Johns River Power Park System or System shall mean the Initial Facilities and the Additional Facilities. St. Johns River Power Park System or System shall not include JEA's Electric System or any other separate utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system.

Second Highest Rating Category shall mean (a) if the Bonds are rated by a Rating Agency, that each such Rating Agency has assigned a rating not lower than the second highest rating category (not taking into account numerical or plus or minus or other gradations within a rating category) given by that Rating Agency for that general category of security or obligation and (b) if the Bonds are not rated (and, consequently, there is no Rating Agency), that S&P or Moody's has assigned a rating not lower than the second highest rating category given by that rating agency for that general category of security or obligation.

Trust Estate shall mean (a) the proceeds of the sale of the Bonds, (b) the Revenues, and (c) all Funds and Accounts established by the Second Power Park Resolution (other than the Debt Service Reserve Account in the Debt Service Fund 2d and the Renewal and Replacement Fund 2d), including the investments and investment income, if any, thereof.

U.S. Treasury shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Bond shall mean any Bond not bearing interest throughout its remaining term at a specified rate or specified rates.

Variable Rate Taxable Index shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. Pursuant to the Second Power Park Resolution, there is pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the Second Power Park Resolution, subject only to the provisions of the Second Power Park Resolution permitting or requiring the application thereof for the purposes and on the terms and conditions set forth in the Second Power Park Resolution, the Trust Estate.

Pursuant to the Second Power Park Resolution, there are pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the Second Power Park Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Second Power Park Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account in the Debt Service Fund 2d, including the investments and investment income, if any, thereof.

Application of Revenues

Revenues are pledged by the Second Power Park Resolution to payment of principal of and interest and redemption premium on the Bonds of all series, subject to the provisions of the Second Power Park Resolution permitting application for other purposes. For application of the Revenues, the Second Power Park Resolution establishes a Construction Fund 2d, Revenue Fund 2d, Debt Service Fund 2d, which shall consist of a Debt Service Account and a Debt Service Reserve Account, and within such Debt Service Reserve Account an Initial Subaccount; Subordinated Indebtedness Fund; Renewal and Replacement Fund 2d and General Reserve Fund 2d; all of such funds are held by JEA; *provided* that if and to the extent provided in a Supplemental Resolution authorizing Subordinated Indebtedness, the Subordinated Indebtedness Fund shall be held by the entity specified in such Supplemental Resolution.

Construction Fund 2d

There shall be paid into the Construction Fund 2d the amounts required to be so paid by the provisions of any Supplemental Resolution and there may be paid into the Construction Fund 2d, at the option of JEA, any moneys received for or in connection with the System by JEA from any other source, unless required to be otherwise applied as provided by the Second Power Park Resolution or the First Resolution. Amounts in the Construction Fund 2d shall be applied to the payment of the Costs of the System in the manner provided in the Second Power Park Resolution or for any other lawful purpose of JEA relating to the System.

The proceeds of insurance maintained pursuant to the Second Power Park Resolution against physical loss of or damage to the System or of contractors' performance bonds or other assurances of completion with respect thereto (all to the extent not required to be paid into an account under the First Resolution or not required to be held and applied under the Joint Ownership Agreement), pertaining to the period of construction or acquisition thereof, shall, upon receipt by JEA, be paid into the Renewal and Replacement Fund 2d.

Amounts in the Construction Fund 2d shall be paid by JEA into the Construction and Plant Account established pursuant to the Joint Ownership Agreement (and referred to in JEA's accounting system as the "Cost of Plant Account") to the extent, in the amounts and at the times required by the Joint Ownership Agreement.

To the extent that other moneys are not available therefor, amounts in the Construction Fund 2d shall be applied to the payment of the principal of and interest on the Bonds when due.

JEA may withdraw amounts from the Construction Fund 2d for the payment of amounts due and owing on account of Costs of the System.

Amounts credited to the Construction Fund 2d which JEA determines at any time to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt Service Reserve Account in the Debt Service Fund 2d, if and to the extent necessary to make the amount in any separate subaccount therein equal to the Debt Service Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount), and any balance of such excess, upon written determination of an Authorized Officer of JEA, shall be deposited in the Revenue Fund 2d and the excess shall be deposited into the General Reserve Fund 2d; *provided*, *however*, that the amount of any such deposit to the Revenue Fund 2d shall not constitute or be deemed to constitute Revenues for any purpose of the Second Power Park Resolution.

JEA may permanently discontinue the acquisition or construction of any portion of the System, the Costs of which are at the time being paid out of the Construction Fund 2d, if the Governing Body determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of JEA and not disadvantageous to the Holders of the Bonds.

Revenues and Revenue Fund 2d

Pursuant to the Second Power Park Resolution, all Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund 2d.

After payment of Operation and Maintenance Expenses, the Second Power Park Resolution provides that the Revenue Fund 2d should be applied monthly to the extent available in the following order:

> (a) in the Debt Service Fund 2d, (i) for credit to the Debt Service Account, an amount at least equal to the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; *provided* that (A) for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the balance in said Account the amount, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d) for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance with the Second Power Park Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and (B) any amount deposited into said Account during any month that is in excess of the minimum amount required to be deposited therein during such month may be deemed by JEA to be accumulated therein with respect to (1) any Sinking Fund Installment or (2) any principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (3) some combination of (1) and (2), and interest thereon; and (ii) thereafter, for deposit in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such subaccount shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month (or, if the amount on deposit in the Revenue Fund 2d shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with

respect to all of the separate subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund 2d shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount);

(b) in the Subordinated Indebtedness Fund, an amount at least equal to the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness coming due in such month, whether as a result of maturity or prior call for redemption, and to provide reserves therefor and make other payments, as required by the Supplemental Resolution authorizing such issue of Subordinated Indebtedness; and

(c) in the Renewal and Replacement Fund 2d, an amount determined in the discretion of JEA; *provided*, *however*, that the amount deposited therein in each Fiscal Year shall be at least equal to the Renewal and Replacement Requirement for that Fiscal Year.

The balance of any moneys remaining in the Revenue Fund 2d after the above required payments have been made shall be withdrawn from the Revenue Fund 2d and deposited in the General Reserve Fund 2d (other than amounts set aside therein as a general reserve for Operation and Maintenance Expenses or as a reserve for the acquisition of fuel or materials and supplies inventory); *provided*, *however*, that none of the remaining moneys shall be used for any purpose other than those specified in this section above unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA shall have complied fully with all the covenants and provisions of the Second Power Park Resolution.

Notwithstanding the provisions above, so long as there shall be held in the Debt Service Fund 2d an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), no deposits shall be required to be made into the Debt Service Fund 2d.

Debt Service Fund 2d -- Debt Service Reserve Account

There shall be established in the Debt Service Reserve Account in the Debt Service Fund 2d one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of Bonds, in the manner and to the extent provided in the Second Power Park Resolution or the Supplemental Resolution establishing such subaccount, as the case may be.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund 2d (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Series of the Bonds secured thereby.

Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement related thereto, and after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount or the Second Power Park Resolution, as the case may be, such excess shall be deposited in the Revenue Fund 2d and the balance after all required payments have been made shall be deposited into the General

Reserve Fund 2d; *provided*, *however*, that the amount of any such deposit to the Revenue Fund 2d shall not constitute or be deemed to constitute Revenues for any purpose of the Second Power Park Resolution.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price, if applicable, and interest on the Bonds.

In the event of the refunding or defeasance of any Bonds of an Additionally Secured Series, JEA may withdraw from the separate subaccount in the Debt Service Reserve Account established for the benefit of the Bonds of such Additionally Secured Series all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Second Power Park Resolution, and (b) the amount remaining in such separate subaccount in the Debt Service Reserve Account, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement related thereto. In the event of such refunding or defeasance, JEA may also withdraw from such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Second Power Park Resolution; *provided* that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied; *provided*, *further*, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Second Power Park Resolution.

In addition to or in lieu of maintaining moneys or investments in a subaccount in the Debt Service Reserve Account JEA, in the Supplemental Resolution or Supplemental Resolutions authorizing the Series of Bonds additionally secured by such subaccount, may provide for the deposit into such subaccount of other available monies of JEA, from the sources and otherwise subject to such limitations as shall be provided in such Supplemental Resolution or Supplemental Resolutions.

Establishment of Initial Subaccount in the
Debt Service Reserve Account and Application Thereof

The Second Power Park Resolution establishes an Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d. Amounts held by JEA in the Initial Subaccount shall constitute a trust fund for the benefit of the Holders of the Bonds of any Series, if and to the extent that the Supplemental Resolution authorizing such Bonds provides that such Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount; *provided*, *however*, that if the Bonds of any Series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount, then it shall be a condition precedent to the authentication and delivery of such Bonds that the amount on deposit in the Initial Subaccount, after giving effect to any surety bond, insurance policy or letter of credit that may be credited to the Initial Subaccount in accordance with the provisions of the Second Power Park Resolution, and after giving effect to the issuance of such Bonds, shall not be less than the Debt Service Reserve Requirement for the Initial Subaccount. The Bonds of any Series that are additionally secured by amounts on deposit in the Initial Subaccount as aforesaid are herein referred to collectively as the "Initial Subaccount Additionally Secured Bonds." As of the date of the Annual Disclosure Report to which this

Appendix is attached, the Initial Subaccount secures JEA's Outstanding St. Johns River Power Park Revenue Bonds, Issue Three, Series One, Series Two, Series Four, Series Five, Series Six, Series Seven and Series Eight.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund 2d (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from the Initial Subaccount to the extent necessary to cure the deficiency that exists with respect to the Initial Subaccount Additionally Secured Bonds.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Initial Subaccount Additionally Secured Bonds an irrevocable surety bond, an insurance policy or a letter of credit (referred to in the Second Power Park Resolution as a "reserve fund credit instrument") satisfying the requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of moneys or value of Investment Securities on deposit in the Initial Subaccount, if any, upon provision of such reserve fund credit instrument.

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated in the Highest Rating Category by each Rating Agency.

(b) A surety bond or insurance policy issued by an entity other than a municipal bond insurer may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount; *provided* that such entity or its claims paying ability is rated in the Highest Rating Category by each Rating Agency.

(c) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least the Second Highest Rating Category by each Rating Agency. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(d) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is

replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) through (c) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(e) The use of any reserve fund credit instrument pursuant to the Second Power Park Resolution shall be subject to receipt of an opinion of counsel acceptable to JEA as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount and in form and substance satisfactory to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(f) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subaccount to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below the Highest Rating Category (as rated by any Rating Agency) or (iv) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(g) If (i) the revolving reinstatement feature described in the preceding clause (f) is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below the Highest Rating Category (as rated by any Rating Agency) or (iii) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instrument then on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least

semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence.

(h) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (g).

(i) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Second Power Park Resolution for purposes of the rate covenant contained in the Second Power Park Resolution.

(j) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice timely to the issuer of the reserve fund credit instrument in accordance with its terms in order to receive proceeds thereunder prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Bonds.

(k) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On April 3, 2007, simultaneously with the issuance of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series One (the "Series One Bonds"), JEA caused XL Capital Assurance Inc. ("XLCA") to issue a debt service reserve insurance policy (the "XLCA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d. The XLCA Reserve Policy is in an initial amount equal to $6,396,976.26, is non-cancelable, terminates on October 1, 2037 or earlier retirement of the Series One Bonds, and satisfied the requirements with respect to a reserve fund credit instrument contained in the Second Power Park Resolution at the time of its deposit to the Initial Subaccount. Because of a rating downgrade of XLCA, JEA has made a deposit to the Initial Subaccount in the amount of the XLCA Reserve Policy.

Renewal and Replacement Fund 2d

Amounts in the Renewal and Replacement Fund 2d shall be applied to the Costs of the System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the System, all to the extent not paid as Operation and Maintenance Expenses or from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Amounts in the Renewal and Replacement Fund 2d also may be applied (a) to the purchase, redemption, payment or provision for payment of Bonds or Subordinated Indebtedness, or interest thereon or (b) upon determination of the Governing Body, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the System.

If and to the extent provided in the Supplemental Resolution authorizing Bonds of a Series or Subordinated Indebtedness, amounts from the proceeds of such Bonds or Subordinated Indebtedness may be deposited in the Renewal and Replacement Fund 2d for any purpose of such Fund or may be deposited in the "Renewal and Replacement Fund" established under the First Resolution for any purpose of such Fund.

If at any time the amounts in the Debt Service Account or any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d shall be less than the current requirements of such Account or subaccount, respectively, then JEA shall transfer from the Renewal and Replacement Fund 2d for deposit in the Debt Service Account or such separate subaccount(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency in the Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

If at any time the amounts in the Subordinated Indebtedness Fund shall be less than the current requirement of such Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d shall equal the current requirements of such Account and subaccounts, respectively, and such amounts are not required for the payment of Operation and Maintenance Expenses, then JEA shall transfer from the Renewal and Replacement Fund 2d for deposit in the Subordinated Indebtedness Fund the amount necessary (or all the moneys in the Renewal and Replacement Fund 2d if less than the amount necessary) to make up such deficiency.

General Reserve Fund 2d

JEA shall withdraw from the General Reserve Fund 2d and apply moneys in the following amounts and in the following order of priority: (a) JEA shall pay Operation and Maintenance Expenses due and unpaid, (b) JEA shall deposit in the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund 2d the amount necessary (or all the moneys in the General Reserve Fund 2d if less than the amount necessary) to make up any deficiencies in said Accounts, and (c) JEA shall deposit in the Renewal and Replacement Fund 2d the amount necessary (or all the moneys in the General Reserve Fund 2d if less than the amount necessary) to make up any deficiencies in payments to such Fund required the Second Power Park Resolution.

Amounts in the General Reserve Fund 2d not required to meet a deficiency or for transfer as required above shall upon determination of JEA be applied to or set aside for any one or more of the following:

(a) the purchase (and delivery to the Bond Registrar for cancellation) or redemption of Bonds and expenses in connection with the purchase or redemption of such Bonds;

(b) payment of any reserves which JEA determines shall be required for such purposes;

(c) transfer to the Renewal and Replacement Fund 2d for application to the purposes of such Fund; and

(d) any other lawful purpose of JEA.

Additional Bonds

JEA may issue one or more series of additional Bonds for any lawful purpose of JEA relating to the System. All such Bonds will be payable from the Trust Estate pledged pursuant to the Second Power Park Resolution and secured thereby on a parity with all other Bonds. In addition, each series of Bonds may be additionally secured by amounts on deposit in a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d established under the Second Power Park Resolution (which may be the Initial Subaccount therein). Set forth below are certain conditions applicable to the issuance of additional Bonds:

Debt Service Reserve. If, at JEA's option, any series of additional Bonds is to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d established under the Second Power Park Resolution, the issuance of the additional Bonds of such series is further conditioned upon the deposit to the Initial Subaccount of moneys or reserve fund credit instruments, or a combination thereof, in an amount such that the balance in such Subaccount equals the Debt Service Reserve Requirement for such Subaccount calculated immediately after the delivery of such Bonds.

No Default. In addition, Bonds of any series other than Refunding Bonds may be issued only if JEA certified that upon the issuance of such series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Second Power Park Resolution.

Subordinated Indebtedness

JEA may, at any time, or from time to time, issue Subordinated Indebtedness for any lawful purpose of JEA related to the System, which Subordinated Indebtedness shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof; *provided*, *however*, that any pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Trust Estate created by the Second Power Park Resolution as security for the Bonds.

Investment of Certain Funds

Unless further limited as to maturity by the provisions of a Supplemental Resolution, moneys held in the Funds and Accounts established under the Second Power Park Resolution may be invested and reinvested by JEA in Investment Securities which will provide moneys not later than such times as shall be needed for payments to be made from such Funds and Accounts. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Second Power Park

Resolution and held by JEA, JEA may combine such moneys with moneys in any other Fund or Account held by JEA, but solely for purposes of making such investment in such Investment Securities.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts, other than the Construction Fund 2d, shall be paid into the Revenue Fund 2d. Interest earned on any moneys or investments in the Construction Fund 2d shall be held in such Fund for the purposes thereof or paid into the Revenue Fund 2d.

Nothing contained in the Second Power Park Resolution shall prevent JEA, to the extent permitted by law, from entering into securities lending agreements or bonds borrowed agreements ("lending agreements") with banks which are members of the Federal Deposit Insurance Corporation, having capital stock, surplus and undivided earnings aggregating at least $25,000,000 and government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, secured by securities, which are obligations described in the definition of Investment Securities; *provided* that each such lending agreement (a) is in commercially reasonable form and is for a commercially reasonable period, and (b) results in a transfer to JEA of legal title to, or a grant to JEA of a prior perfected security interest in, identified securities which are obligations described in the definition of Investment Securities and which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the borrower) as the agent solely of, or in trust solely for the benefit of, JEA; *provided* that such securities acquired or pledged pursuant to such lending agreements shall have a current market value not less than 102 percent of the market value of the securities loaned by JEA under such agreement. Any Investment Securities loaned by JEA under any such agreement shall be released from the lien of the pledge of the Trust Estate created under the Second Power Park Resolution , but only if all rights of JEA under the lending agreement (including, but not limited to, the monetary obligations to JEA of the bank and/or government bond dealer party to such agreement) and any related collateral agreement and all rights of JEA to the identified securities transferred or pledged to JEA in connection therewith are substituted for the securities loaned, and such rights of JEA are by the Second Power Park Resolution declared to be subject to the lien of the pledge of the Trust Estate created under the Second Power Park Resolution to the same extent that the loaned Investment Securities formerly were subject.

Redemption

In the case of any redemption of Bonds, JEA shall give written notice to the Bond Registrar(s) therefor and the Paying Agents of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series and of the Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Second Power Park Resolution or any Supplemental Resolution authorizing the Series of which such Bonds are a part). Such notice shall be filed with such Bond Registrars and the Paying Agents for the Bonds to be redeemed at least 40 days prior to the redemption date (or such shorter period (a) as shall be specified in the Supplemental Resolution authorizing the Series of the Bonds to be redeemed or (b) as shall be acceptable to such Bond Registrars and Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

Covenants as to Rates, Fees and Charges

JEA shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which shall be sufficient to provide Net Revenues in each Bond Year which shall be at least equal to the greater of (a) 115 percent of the Aggregate Debt Service for such Bond Year; *provided*, *however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, and (b) the amount which, together with other available funds, shall be sufficient for the payment of:

(a) the amount to be paid during such Bond Year into the Debt Service Account in the Debt Service Fund 2d (other than amounts required to be paid into such Account out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(b) the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(c) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund 2d (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and

(e) all other charges and liens whatsoever payable out of Revenues during such Bond Year.

The Second Power Park Resolution establishes charges to JEA for the account of the Electric System, for the output, capacity, use and service of the System which are due on such dates and in such aggregate amounts as shall be sufficient to provide Net Revenues in each Bond Year sufficient to comply with the provision above.

JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the System free of charge to any person, firm or corporation, public or private.

Certain Other Covenants

Creation of Liens; Sale and Lease of Property. JEA shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a security interest in or pledge of the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d or other moneys, securities or funds held or set aside by JEA or by the Fiduciaries under the Second Power Park Resolution and shall not create or cause to be created any lien or charge on the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d or such moneys, securities or funds; *provided*, *however*, that nothing contained in the Second Power Park Resolution shall prevent JEA from issuing, if and to the extent permitted by law, (a) Bond Anticipation Notes or other evidences of indebtedness payable

out of, and which may be secured by a pledge of (i) the proceeds of sale of Bonds or investment income therefrom, or (ii) amounts in the Construction Fund 2d derived from the proceeds of sale of said Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) as part of the Costs of the System, or (iii) Revenues to be derived on and after such date as the pledge of the Revenues provided in the Second Power Park Resolution shall be discharged and satisfied as provided in the Second Power Park Resolution, or (b) Subordinated Indebtedness.

No part of the System shall be sold, mortgaged, leased or otherwise disposed of, except as follows:

(a) JEA may dispose of, sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (i) JEA shall determine that such property or facilities are not needed or useful in the operation of the System, or (ii) the net book value of the property or facilities disposed of, sold or exchanged is not more than 15 percent of the net book value of the property and facilities of the System, or (iii) there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the disposal, sale or exchange of such property or facilities will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the rate covenant described under "Covenant as to Rates, Fees and Other Charges." The proceeds of any sale or exchange of any property or facilities constituting a part of the System not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Revenue Fund 2d; *provided*, *however*, that the amount of any such deposit to the Revenue Fund 2d shall not constitute or be deemed to constitute Revenues for any purpose of the Second Power Park Resolution;

(b) JEA may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, to the extent required by the Joint Ownership Agreement;

(c) In addition to the Joint Ownership Agreement, JEA may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System; *provided* that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by JEA of the System and (ii) does not in any manner impair or adversely affect the rights or security of the Holders of the Bonds under the Second Power Park Resolution; *provided*, *further*, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement or other right is in excess of 15 percent of the then current accumulated Cost of Acquisition and Construction (as defined in the First Resolution) of the System, JEA shall first file with the records of JEA a certificate of an Authorized Officer of JEA to the effect that the action of JEA with respect thereto does not result in a breach of the conditions under this clause (c). Any payments received by JEA under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues;

(d) JEA may permanently discontinue the acquisition or construction of any portion of the System as provided in the Second Power Park Resolution; and

(e) JEA may acquire by lease or lease purchase additions and improvements to the System. The agreement pursuant to which such lease or lease purchase is made may provide that upon termination of such lease or lease purchase JEA shall be obligated to

return the property subject to such lease or lease purchase, or such portion thereof as has not been fully paid for, to the lessor or its designee.

Maintenance of Insurance. JEA shall at all times keep or cause to be kept the properties of the System which are of an insurable nature and of the character usually insured by those operating properties similar to such properties of the System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. JEA shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the System.

JEA shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Holders of the Bonds.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA unless otherwise required by the Joint Ownership Agreement.

Reconstruction; Application of Insurance Proceeds; Condemnation Awards. If any useful portion of the System shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise ("Condemnation"), JEA shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there shall be filed with the records of JEA a certificate of an Authorized Officer of JEA setting forth a determination by JEA that, taking into account all relevant facts and circumstances, including, if and to the extent JEA deems appropriate, the advice of the Consulting Engineer as to engineering matters, its attorneys as to legal matters and other consultants and advisors, such reconstruction or replacement is not in the interest of JEA and the Holders of the Bonds or unless it is determined under the provisions under the Joint Ownership Agreement that such reconstruction or replacement is not to be undertaken. Except as provided in the Second Power Park Resolution, the proceeds of any insurance paid or award received on account of such damage, destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund 2d pursuant to the Second Power Park Resolution) or Condemnation unless held and applied under the Joint Ownership Agreement shall be held by JEA in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by JEA in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement. Interest earned on such account or investments shall be deposited in the Revenue Fund 2d. Any such proceeds not applied within 36 months after receipt thereof by JEA to repairing or replacing damaged, destroyed or taken property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged, destroyed or taken shall not have been filed with the records of JEA within such 36 months, or which JEA shall at any time determine are not to be so applied, unless otherwise applied, shall, unless otherwise applied or to be applied under the Joint Ownership Agreement, upon determination of JEA, be deposited in the Revenue Fund 2d; *provided*, *however*, that the amount of any such deposit to the Revenue Fund 2d shall not constitute or be deemed to constitute Revenues for any purpose of the Second Power Park Resolution. Notwithstanding the foregoing, in the event that payments for any such repairing or replacing of property damaged, destroyed or taken prior to the availability of proceeds of insurance or Condemnation therefor are made from the Renewal and Replacement Fund 2d, or from other funds of JEA not held in any Fund or Account established pursuant to the Second Power Park Resolution, such proceeds when received shall be deposited in the Renewal and Replacement Fund 2d to the extent of such payments therefrom, or shall be paid over to JEA, free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Second Power Park Resolution, as appropriate.

If the proceeds of insurance or Condemnation authorized by this Section to be applied to the reconstruction or replacement of any portion of the System are insufficient for such purpose, the deficiency may be supplied out of moneys in the Renewal and Replacement Fund 2d.

The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund 2d unless otherwise required by the First Resolution or the Joint Ownership Agreement.

Joint Ownership Agreement: Enforcement and Amendment. Upon the satisfaction and discharge of the First Resolution, JEA shall collect and forthwith deposit in the Revenue Fund 2d all amounts payable to it pursuant to Section Eight of the Joint Ownership Agreement or otherwise payable to it for the sale of the output, capacity, use or service of the System or any part thereof or otherwise with respect to the System. JEA shall enforce the provisions of the Joint Ownership Agreement and duly perform its covenants and agreements thereunder.

Allocation to Electric System of Output and Capacity of System; Obligations of Electric System. JEA shall allocate to and make available for the account of the Electric System in each year that portion of the output, capacity, use and service of the System which is in excess of the output, capacity, use and service of the System sold to FPL pursuant to Section Eight of the Joint Ownership Agreement. JEA shall make payments from the Electric System which will provide:

(i) in each month, Revenues equal to:

(a) the Operation and Maintenance Expenses due and payable during such month (but with no duplication for amounts paid therefor pursuant to the First Resolution);

(b) the amount, if any, to be set aside in the Revenue Fund 2d (other than amounts required to be paid into such Fund out of the proceeds of Bonds) as a general reserve for Operation and Maintenance Expenses or as a reserve for the acquisition of fuel in accordance with the then current Annual Budget,

(c) the Monthly Debt Service Deposit for such month,

(d) the amount, if any, to be paid during such month into the Debt Service Reserve Account in the Debt Service Fund 2d (other than amounts required to be paid into such Account out of the proceeds of Bonds),

(e) to the extent not paid into the revenue fund established pursuant to the First Resolution, all other direct and indirect costs of operating and maintaining the System, if any, which are not payable under the Second Power Park Resolution, but which are required to be paid by JEA under the Joint Ownership Agreement, including but not limited to (X) all costs, expenses, liabilities and charges which constitute "Costs of Operation" under the Joint Ownership Agreement and (Y) all losses, costs, damages and expenses payable to FPL under Section 13.6 of the Joint Ownership Agreement, and

(f) all other charges or liens (other than Costs of Acquisition and Construction of Initial Facilities or any Additional Facilities) whatsoever payable out of Revenues during such month, including payments of damages awarded pursuant to judgments of any court; and

During any period in which the Debt Service for any Series of Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* contained in clause (i) of the first paragraph of the definition thereof contained in Section 101 hereof,

no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund 2d and transfer to the Debt Service Account in the Debt Service Fund 2d an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from JEA to it. Any such cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund 2d, but no such payment shall constitute Revenues for any purpose of the Resolution.

(ii) in each 12-month period ending September 30, the Renewal and Replacement Requirement for such period.

So long as the Electric Resolution shall not be satisfied and discharged, all payments to be made pursuant to the applicable provision of the Second Power Park Resolution shall constitute a "Cost of Operation and Maintenance" (as defined in the Electric Resolution) to be paid directly from the "Revenue Fund" established under the Electric Resolution. After the satisfaction and discharge of the Electric Resolution, JEA shall continue to make such payments from the revenues, income, rents and receipts derived by JEA from the ownership and operation of the Electric System as an operating expense of said Electric System. All such payments from the Electric System shall be made whether or not the System or any part thereof is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of the System for any reason whatsoever, in whole or in part.

So long as the Electric Resolution shall not be satisfied and discharged, JEA shall not consent or agree to or permit any amendment or supplement to the Electric Resolution (other than a supplement thereto to authorize a series of additional parity bonds as permitted by the Electric Resolution) which will in any manner materially impair or materially adversely affect the obligation of JEA to pay for the output, capacity, use and service of the System in accordance with the Second Power Park Resolution or the priority of such obligation under the Electric Resolution, or which will in any manner impair or materially adversely affect the rights or security of the Holders of the Bonds under the Second Power Park Resolution.

Except as otherwise provided in this paragraph, after the satisfaction and discharge of the Electric Resolution and the satisfaction and discharge of the First Resolution, (i) JEA shall not become liable for any bonds, notes, debentures or other evidences of indebtedness of similar nature payable out of or secured by a pledge of or lien or charge on any of the revenues, income, rents or receipts to be derived by JEA from the ownership or operation of the Electric System which shall rank on a parity with or in priority over the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use and service of the System in accordance with the applicable provision in the Second Power Park Resolution, and (ii) JEA shall not become liable for any obligation under any agreement to purchase or pay for electric power and energy or other goods or services whether or not the same are made available or furnished or any other obligation under which JEA lends credit to or guarantees any debt, claim or other obligation of any other person, firm or corporation which shall rank in priority over the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use or service of the System in accordance with the applicable provision in the Second Power Park Resolution; *provided*, *however*, that nothing contained in this paragraph shall prohibit or restrict JEA from establishing one or more other separate bulk power supply utilities or systems pursuant to Chapter 80-513, Laws of Florida, as amended, or any other law, and issuing its bonds therefore as provided in said Chapter 80-513, as amended, or such other law, and from making payments from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System for the purchase of output, capacity,

use or service of any of the facilities of any such separate bulk power supply utility or system, including payments with respect to debt service on such bonds, on a parity with (but no in priority over) the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use and service of the System in accordance with the applicable provision of the Second Power Park Resolution.

Operation and Maintenance of the Electric System. JEA shall at all times operate or cause to be operated the Electric System properly and in an efficient and economical manner, consistent with good business and utility operating practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Electric System may be properly and advantageously conducted.

Rates and Fees of the Electric System. JEA shall at all times fix, establish, maintain, charge and collect fees and other charges for the sale of the output, capacity, use or service of the Electric System as shall be required to provide moneys from the Electric System at least sufficient in each fiscal year with respect to the Electric System for the payment of all charges or liens whatsoever payable out of revenues of the Electric System during such fiscal year, including the obligation of JEA to pay from the Electric System for output, capacity, use and service of the System in accordance with the applicable provision of the Second Power Park Resolution.

Except as otherwise provided in the Electric Resolution, JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System, free of charge to any person, firm or corporation, public or private, and JEA will enforce promptly the payment of any and all accounts owing to JEA by reason of the ownership and operation of the Electric System.

Maintenance of Insurance for the Electric System. JEA shall at all times keep or cause to be kept the properties of the Electric System which are of an insurable nature and of the character usually insured by those operating properties similar to the Electric System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. JEA shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the Electric System.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA.

Reconstruction of the Electric System. If any useful portion of the Electric System shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise, JEA shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there is executed a certificate by an Authorized Officer of JEA to the effect that such reconstruction and replacement is not in the interest of JEA and the Holders of the Bonds.

Events of Default; Remedies

If one or more of the following Events of Default shall happen:

(a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise (determined without giving

effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement);

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement) and such default shall continue for a period of 30 days;

(c) if default shall be made by JEA in the performance or observance of any other of the covenants, agreements or conditions on its part in the Second Power Park Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to JEA by the Holders of not less than 10 percent in principal amount of the Bonds Outstanding;

(d) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of JEA or the filing by JEA of a voluntary petition in bankruptcy, or adjudication of JEA as a bankrupt, or assignment by JEA for the benefit of its creditors, or the entry by JEA into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to JEA in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or

(e) if an order or decree shall be entered, with the consent or acquiescence of JEA, appointing a receiver or receivers of the System, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of JEA, shall not be vacated or discharged or stayed within 90 days after the entry thereof;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Holders of not less than 25 percent in principal amount of the Bonds Outstanding (by notice in writing to JEA), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the Second Power Park Resolution or in any of the Bonds notwithstanding; *provided*, *however*, that in the event that a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided provides that the principal of such Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the following sentence) without the consent in writing of the Credit Enhancer therefor, then such Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled, as provided in the following sentence) without such written consent, and, in that event, the remedies available to the Holders of such Bonds (or such Credit Enhancer, on behalf of such Holders) shall be limited to those set forth in the Second Power Park Resolution. The right of the Holders of not less than 25 percent in principal amount of the Bonds to make such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the Second Power Park Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by

virtue of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Bonds or under the Second Power Park Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25 percent in principal amount of the Bonds Outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

During the continuance of an Event of Default, JEA shall apply all moneys, securities, funds and Revenues held or received by JEA under the Second Power Park Resolution (other than amounts on deposit in any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d) as follows and in the following order:

(a) Operation and Maintenance Expenses -- to the payment of the amounts required for Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of the System necessary in the judgment of JEA to prevent a loss of Revenues;

(b) Principal or Redemption Price and Interest -- to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

(c) unless the principal of all the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(a) if the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

(b) Subordinated Indebtedness -- to the payment of principal, redemption price and interest then due on Subordinated Indebtedness in accordance with the Supplemental Resolution(s) authorizing such Subordinated Indebtedness.

During the continuance of an Event of Default, JEA shall apply all amounts on deposit in each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d as follows and in the following order:

(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of each Additionally Secured Series secured by such separate subaccount in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds of such Additionally Secured Series theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any such installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or sinking fund Redemption Price of any Bonds of such Additionally Secured Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all such Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or sinking fund Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(b) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds of each Additionally Secured Series secured by such separate subaccount without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Fiduciaries, and all other sums payable by JEA under the Second Power Park Resolution including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of JEA, and all defaults under the Second Power Park Resolution or the Bonds shall be made good, JEA and the Holders shall be restored, respectively, to their former positions and rights under the Second Power Park Resolution. No such restoration of JEA and the Holders to their former positions and rights shall extend to or affect any subsequent default under the Second Power Park Resolution or impair any right consequent thereon.

Powers of Amendment

Any modification or amendment of the Second Power Park Resolution and of the rights and obligations of JEA and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Second Power Park Resolution (a) of the Holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment Outstanding at the time such consent is given, and (b) in case the modification

or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; *provided*, *however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of the Second Power Park Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity or any particular Commercial Paper Notes or Medium-Term Notes would be affected by any modification or amendment of the Second Power Park Resolution and any such determination shall, absent manifest error, be binding and conclusive on JEA and all Holders of Bonds. For the purpose of this Section, a change in the terms of redemption of any Outstanding Bond shall be deemed only to affect such Bond, and shall be deemed not to affect any other Bond. For the purpose of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

Amendment to the Second Power Park Resolution

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of JEA may be adopted, which, upon its adoption and compliance with the applicable provisions of the Second Power Park Resolution, shall be fully effective in accordance with its terms:

(a) to close the Second Power Park Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Second Power Park Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to add to the covenants and agreements of JEA in the Second Power Park Resolution other covenants and agreements to be observed by JEA which are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect;

(c) to add to the limitations and restrictions in the Second Power Park Resolution other limitations and restrictions to be observed by JEA which are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect;

(d) to authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(e) to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds in coupon form payable to bearer or in uncertificated form, and, in connection therewith, to specify and determine any matters and things relative thereto;

(f) to confirm, as further assurance, any security interest or pledge under, and the subjection to any security interest or pledge created or to be created by, the Second Power Park Resolution of the Revenues or of any other moneys, securities or funds;

(g) if and to the extent authorized in a Supplemental Resolution authorizing an Additionally Secured Series of Bonds, to specify the qualifications of any provider of an obligation similar to a surety bond, insurance policy or letter of credit for deposit into the particular subaccount in the Debt Service Reserve Account securing the Bonds of such Additionally Secured Series;

(h) to modify any of the provisions of the Second Power Park Resolution in any other respect whatever; *provided* that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof; and

(i) to authorize Subordinated Indebtedness and, in connection therewith, specify and determine any matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness.

Supplemental Resolutions Effective Upon Delivery of Counsel's Opinion as to No Material Adverse Effect

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (a) delivery of a Counsel's Opinion to the effect that the provisions of such Supplemental Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (i) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (ii) the Consulting Engineer, as to matters within its field of expertise and (iii) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) and (b) compliance with the applicable provision of the Second Power Park Resolution, shall be fully effective in accordance with its terms:

(i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Second Power Park Resolution;

(ii) to insert such provisions clarifying matters or questions arising under the Second Power Park Resolution as are necessary or desirable and are not contrary to or inconsistent with the Second Power Park Resolution as theretofore in effect; or

(iii) to make any other modification to or amendment of the Second Power Park Resolution which such counsel in its reasonable judgment shall determine will not have a material adverse effect on the interests of Holders of the Bonds.

Notwithstanding any other provision of the Second Power Park Resolution, in determining whether the interests of the Holders of Outstanding Bonds are materially adversely affected, such counsel shall consider the effect on the Holders of any Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Defeasance

If all Bonds and interest due or to become due therein are paid in full, then the pledge of moneys and securities and all covenants, agreements and other obligations of JEA to the Holders of the Bonds, will thereupon cease, terminate and become void and be discharged and satisfied.

If any Bonds are paid in full, then such Bonds shall cease to be entitled to any lien, benefit or security under the Second Power Park Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds are deemed to have been paid and are not entitled to the lien benefit and security of the Second Power Park Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Bonds) are met (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, JEA shall have given to the Escrow Agent therefor instructions accepted in writing by such Escrow Agent to give notice of redemption thereof, (b) there shall have been deposited with the Escrow Agent therefor either moneys, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such Escrow Agent at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds, and (c) in the event said Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA shall have given such Escrow Agent instructions to give to the Holders of such Bonds a notice that the above deposit has been made and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the provisions of the Second Power Park Resolution, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; *provided*, *however*, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of the Second Power Park Resolution, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Second Power Park Resolution.

Option Bonds shall be deemed to have been paid in accordance with the provisions of the Second Power Park Resolution only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Escrow Agent moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such

Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided*, *however*, that if, at the time a deposit is made with the Escrow Agent pursuant to the provisions of the Second Power Park Resolution, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Second Power Park Resolution.

Action by Credit Enhancer When Action by Holders of Bonds Required

Except as otherwise provided in a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Bonds of a Series, or a maturity within a Series or an interest rate within a maturity, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Bonds of any Series, or maturity within a Series or an interest rate within a maturity, as to which it is the Credit Enhancer at all times for the purpose of (a) giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Second Power Park Resolution, which requires the written approval or consent of Holders; *provided*, *however*, that the provisions of this Section shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (b) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Second Power Park Resolution.

Special Provisions Relating to Capital Appreciation Bonds, Deferred Income Bonds and Reimbursement Obligations

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service and Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (a) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (b) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, or (c) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to JEA any notice, consent, request, or demand pursuant to the Second Power Park Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For the purposes of (a) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, or (b) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, or (c) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to JEA any notice,

consent, request or demand pursuant to the Second Power Park Resolution for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in a Supplemental Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (a) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following an Event of Default or (b) computing the principal amount of Bonds held by the Holder of a Reimbursement Obligation in giving to JEA any notice, consent, request, or demand pursuant to the Second Power Park Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Bonds of the Series or maturity or interest rate within a maturity for which such Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Bonds, less any prior repayments thereof.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM RESOLUTION

The following is a summary of certain provisions of the Restated and Amended Bulk Power Supply System Resolution. Summaries of certain definitions contained in the Restated and Amended Bulk Power Supply System Resolution are set forth below. Other terms defined in the Restated and Amended Bulk Power Supply System Resolution for which summary definitions are not set forth are indicated by capitalization. This summary does not purport to be a complete description of the terms of the Restated and Amended Bulk Power Supply System Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

The Restated and Amended Bulk Power Supply System Resolution is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Restated and Amended Bulk Power Supply System Resolution also may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction. The term "Bonds" as used in the Restated and Amended Bulk Power Supply System Resolution and this summary has the same meaning as the term "Additional Bulk Power Supply System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definition of Terms

The following are summaries of certain definitions in the Restated and Amended Bulk Power Supply System Resolution.

Accreted Value shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (a) interest on the Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (b) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; *provided*, *however*, that (a) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments, (b) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in the Restated and Amended Bulk Power Supply System Resolution and (c) if the calculation of the Debt Service Reserve Requirement for any separate

subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Accrued Aggregate Debt Service, then, for purposes of such calculation, Accrued Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Additionally Secured Series shall mean a Series of Bonds for which the Supplemental Resolution authorizing such Series provides that the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of such Series shall be secured, in addition to the pledge created pursuant to the Restated and Amended Bulk Power Supply System Resolution in favor of all of the Bonds, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account in the Debt Service Fund.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series; *provided*, *however*, that the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Aggregate Debt Service at the times and in the manner provided in the Restated and Amended Bulk Power Supply System Resolution; and *provided*, *further*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Aggregate Debt Service, then, for purposes of such calculation, Aggregate Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

Annual Budget shall mean, with respect to any Project, the annual budget or budgets, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in the Restated and Amended Bulk Power Supply System Resolution.

Appreciated Value shall mean, with respect to any Deferred Income Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Deferred Income Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Deferred Income Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

Authorized Officer of JEA shall mean (a) the Chair, the Vice Chair or the Secretary of the Governing Body, (b) the Managing Director and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer or the Director, Treasury Services of JEA (or any officer of JEA serving in a capacity equivalent to that of any of the foregoing officers) or (c) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by the Governing Body.

Bond Anticipation Notes shall mean notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Bonds may be issued, the payment of which notes is to be made from the proceeds of the Bonds in anticipation of the issuance of which said notes are issued.

Bond Year shall mean the 12-month period commencing on October 1 in any year and ending on September 30 of the following year.

Build America Bonds shall mean any Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code, or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

Certified Interest Rate shall mean, as of any date of determination:

(a) with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (A) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (B) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*, *however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (a) shall be the rate determined pursuant to the foregoing subclause (i),

(b) with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (A) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (B) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*, *however*, if such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (b) shall be the rate determined pursuant to the foregoing subclause (i); and

(c) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Debt Service Fund and with respect to (i) any Commercial Paper Notes or Medium-Term Notes or (ii) any Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of JEA executed on or prior to the date of the initial issuance of such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may, as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, as the rate of interest such Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, would bear if, assuming the same maturity date, terms and provisions (other than interest rate and redemption provisions) as such proposed

Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, and on the basis of JEA's credit ratings with respect to the Bonds (other than Bonds for which credit enhancement is provided by a third party), such proposed Commercial Paper Notes, Medium-Term Notes or Variable Rate Bonds, as the case may be, were issued at a fixed interest rate.

Commercial Paper Payment Plan shall mean, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the Restated and Amended Bulk Power Supply System Resolution setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes or any subsequent certificate of an Authorized Officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Commercial Paper Notes; *provided*, *however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Indebtedness, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Note shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 30th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Notes in each other Fiscal Year in such period.

Costs shall mean, with respect to any Project, the costs, expenses and liabilities paid or incurred or to be paid or incurred by JEA in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, repairing, extending, improving, reconstructing, retiring, decommissioning and disposing thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto (including, for this purpose, any acquisition by JEA of an interest in an existing facility), including, but not limited to, any good faith or other similar payment or deposits required in connection with the acquisition or construction of such Project, or any part thereof, the cost of acquisition by or for JEA of real and personal property or any interests therein, costs of physical construction or acquisition of such Project, or any part thereof, and costs of JEA incidental to such construction or acquisition, the cost of acquisition of fuel or fuel inventory or facilities for the production or transportation of fuel, all costs relating to injury and damage claims relating to such Project, or any part thereof, all costs relating to the settlement or renegotiation of any contract entered into in connection with any Project, the cost of any indemnity or surety bonds and premiums on insurance, preliminary investigation and development costs, engineering fees and expenses, contractors' fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, interest and financing costs, including, without limitation, bank commitment and letter of credit fees and bond insurance and indemnity premiums, discounts to the underwriters or purchasers thereof, amounts required to be paid under any interest rate exchanges or swaps, cash flow exchanges, options, caps, floors or collars and termination fees related to the foregoing, in each case made in connection with the issuance of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA relating to the Project, fees and expenses of the Fiduciaries, administration and general overhead expense and costs of keeping accounts and making reports required by the Restated and Amended Bulk Power Supply System Resolution, amounts, if any, required by the Restated and Amended Bulk Power Supply System Resolution to be paid into the Debt Service Fund to provide, among other things, for interest accruing on Bonds and to provide for the Debt Service Reserve Requirement or to be paid into the Revenue Fund or the Renewal and Replacement Fund for any of the respective purposes thereof, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of JEA, including Bonds,

Bond Anticipation Notes and Subordinated Indebtedness, issued to finance or refinance any of the foregoing, and all federal, state and local taxes and payments in lieu of taxes in connection with any Project, or any part thereof, and working capital and reserves for any of the foregoing and shall include reimbursements to JEA for any of the above items theretofore paid by or on behalf of JEA.

It is intended that this definition be broadly construed to encompass all costs, expenses and liabilities of JEA related to the Project which on the date of the Restated and Amended Bulk Power Supply System Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to the provisions of Florida law.

Credit Enhancement shall mean, with respect to the Bonds of a Series, a maturity within a Series or an interest rate within a maturity, an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Bonds.

Credit Enhancer shall mean any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for the Bonds of a Series, a maturity within a Series or an interest rate within a maturity.

Current Interest Commencement Date shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Deferred Income Bonds (which date must be prior to the maturity date for such Deferred Income Bonds) after which interest accruing on such Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (a) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund); *provided*, that in the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Bonds, for purposes of this definition, the interest on the Bonds of such Series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Bonds of such Series shall be calculated without regard to such subsidy, and (b) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (i) in the case of Bonds other than Reimbursement Obligations, if (A) there shall be no such preceding Principal Installment due date or (B) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the Date of Issuance of Bonds of such Series, whichever date is later, and (ii) in the case of Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Resolution authorizing such Reimbursement Obligations), except to the extent that such Principal Installment is paid or to be paid from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Such interest and Principal Installments for such Series shall be calculated on the assumption that (i) no Bonds (except for Option Bonds actually tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (ii) the principal amount of Option Bonds tendered for payment before the stated maturity thereof shall be deemed

to accrue on the date required to be paid pursuant to such tender and (iii) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Restated and Amended Bulk Power Supply System Resolution; *provided*, *however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Bonds of the Series secured thereby.

For the purpose of computing Debt Service for any future period (i) any Variable Rate Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the Certified Interest Rate applicable thereto and, in the case of Commercial Paper Notes and Medium-Term Notes Outstanding, such period shall be assumed to have Principal Installments that come due in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan applicable thereto and (ii) any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof.

Notwithstanding anything to the contrary contained in the Restated and Amended Bulk Power Supply System Resolution, (a) if JEA has in connection with any Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount corresponding to the principal amount or issue price of such Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Debt Service with respect to such Bonds for purposes of the rate covenant contained in the Restated and Amended Bulk Power Supply System Resolution, it will be assumed that such Bonds bear interest at a rate equal to the sum of (i) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination (or such lesser period preceding the date of determination if in effect for less than five years), calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided*, *however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (i) and (ii) the difference (whether positive or negative) between (A) the fixed rate of interest on such Bonds and (B) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount of such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Debt Service with respect to such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, for purposes of the rate covenant contained in the Restated and Amended Bulk Power Supply System Resolution, it will be assumed that such Variable Rate Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement shall mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund unless otherwise specified in the Supplemental Resolution establishing such subaccount, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on all Additionally Secured Bonds of all Series secured thereby then Outstanding in the then current or any future Bond Year (assuming, for this purpose, that all Additionally Secured Series secured thereby that bear interest at a variable or floating rate except as provided below

shall bear interest during such period at the Certified Interest Rate applicable thereto; *provided*, if such variable or floating rate debt shall have been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Additionally Secured Series in terms of series and maturity, in which case, such Additionally Secured Series shall be deemed to bear interest at the fixed rate payable by JEA under such interest rate swap transaction for so long as such interest rate swap transaction shall remain in effect; *provided*, *further*, *however*, that if, at the time of the original issuance thereof, the interest rate on such Additionally Secured Series of a particular series and maturity shall have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, but such interest rate swap transaction shall be terminated prior to the final maturity date of such Additionally Secured Series and another interest rate swap transaction has not been entered into in replacement thereof, then the Debt Service Requirement for such Additionally Secured Series shall be recalculated as of the date of termination of such interest rate swap transaction, based upon the Certified Interest Rate established for such Additionally Secured Series at the time of original issuance thereof, and any resulting deficiency in the amount on deposit in the separate subaccount shall be required to be funded within one year of such termination with money and one or more additional reserve fund credit instruments) excluding interest on such Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund).

For the purpose of the calculation of the Debt Service Reserve Requirement in the event that the Bonds of any Series shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; *provided, however,* that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly

apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds,

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (c) below to the extent unconditionally guaranteed by the United States of America, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, (iii) as to which the principal of and interest on the bonds and obligations of the character described in clause (a) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (b) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate and (iv) which at the time of their purchase hereunder are rated "AAA" or "Aaa," as applicable, by any two of Standard & Poor's Credit Market Services, 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"), Fitch Ratings and Moody's Investors Service ("Moody's"),

(c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall also be specified in such instructions, and which shall be rated in the highest whole rating category by two nationally recognized rating agencies,

(d) certificates that evidence ownership of the right to payments of principal and/or interest on (i) obligations described in clauses (a) and (b) of this definition provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, or territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than $50,000,000, or (ii) obligations described in the foregoing clause (c), in any such case, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such obligations on a specified redemption date has been given and such obligations are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof,

(e) deposits in interest-bearing time deposits or certificates of deposit which shall not be subject to redemption or repayment prior to their maturity or due date other than at the option of the depositor or holder thereof or as to which an irrevocable notice of redemption or repayment of such time deposits or certificates of deposit on a specified redemption or repayment date has been given and such time deposits or certificates of deposit are not otherwise subject to redemption or repayment prior to such specified date other than at the option of the depositor or holder thereof, and which are fully secured by obligations described in clause (a) or clause (b) of this definition to the extent not fully insured by the Federal Deposit Insurance Corporation,

(f) agreements or contracts with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this paragraph referred to as "Providers"), (i) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated at the time the investment is made, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations or (ii) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category by at least two nationally recognized statistical rating organizations, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by JEA and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off; the Provider may have the right to assign its obligations under any Investment Agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; *provided*, *however*, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either clause (a) or clause (b) above, and

(g) upon compliance with the applicable provisions of the Restated and Amended Bulk Power Supply System Resolution, such securities (i) as are described in clause (a) of this definition and (ii) as are described in clause (d) of this definition so long as such securities evidence ownership of the right to payments of principal and/or interest on obligations described in clause (a) of such definition; in each case *provided* that, notwithstanding such clauses, such securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

Deferred Income Bonds shall mean any Bonds issued under the Restated and Amended Bulk Power Supply System Resolution as to which interest accruing prior to the Current Interest Commencement Date is (a) compounded periodically on dates specified in the Supplemental Resolution authorizing such Deferred Income Bonds and (b) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Restated and Amended Bulk Power Supply System Resolution or the Supplemental Resolution authorizing such Deferred Income Bonds.

Designated Swap Obligation shall mean, to the extent from time to time permitted by law, any interest rate swap transaction (a) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Bonds) and (b) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Bonds with respect to which such Designated Swap Obligation is entered into).

Electric Resolution shall mean the resolution adopted by JEA on March 30, 1982, authorizing the issuance of Electric System Revenue Bonds, as amended.

Electric System shall mean the Electric System of JEA as defined in the Electric Resolution.

Highest Rating Category shall mean a rating in the highest rating category given by the applicable Rating Agency for that general category of security or obligation.

Investment Securities shall mean and include (x) each of the following securities, obligations and investments and (y) any other securities, obligations and investments, in either case, if and to the extent that at the time the same shall be legal for investment of JEA's funds:

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (b) below to the extent unconditionally guaranteed by the United States of America;

(b) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated "AAA" by S&P and "Aaa" by Moody's, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of "AAA" or "Aaa" by S&P or Moody's, as the case may be;

(c) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision; *provided* that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;

(d) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;

(e) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (b) of this definition; *provided* that such obligations shall be held in trust by a bank or trust company or a national banking

association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than $50,000,000;

(f) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than $100,000,000; *provided* that at the time of their purchase hereunder such instruments are (i) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (ii) issued by a bank, trust company or nationally recognized association (A) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (I) Moody's or S&P or (II) two nationally recognized rating agencies or (B) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; *provided* that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in subclause (i) or (ii) of this clause (f), JEA shall sell such certificates of deposit, or (iii) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (a) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

(g) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by S&P, or if not so rated by both such rating agencies, then rated "P-1" by Moody's or "A-1" by S&P or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;

(h) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (a) and (b) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;

(i) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by S&P and "Aa2" or above if rated by Moody's;

(j) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and

(k) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (i) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (ii) are issued or entered into by (A) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (B) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Any such agreement or contract may provide that, with the approval of JEA, the insurance company or other financial institution may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution.

Medium-Term Note Payment Plan shall mean, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA delivered pursuant to the Restated and Amended Bulk Power Supply System Resolution and setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes or any subsequent certificate of an Authorized Officer of JEA thereafter executed to reflect changes, if any, in the expectations of JEA with respect to the sources of funds to be utilized to pay principal of and interest on such Medium-Term Notes; *provided*, *however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Subordinated Indebtedness, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Notes shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the earlier of (a) the 40th anniversary of the first issuance of Medium-Term Notes of such Series or (b) the 30th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Notes in each other Fiscal Year in such period.

Net Revenues shall mean, for any period, the Revenues during such period, determined on an accrual basis, minus Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues.

One-Month LIBOR Rate shall mean, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Operation and Maintenance Expenses shall mean (i) JEA's expenses for operation and maintenance of all Projects, and ordinary repairs, renewals, replacements and reconstruction of all Projects, including all JEA's costs of producing and delivering electric power and energy from all Projects and payments (other than payments out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) into reserves in the Revenue Fund for items of Operation and Maintenance Expenses the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, fuel costs (including fuel hedges), costs of transmission service, rents, administrative and general expenses, costs of financial products, engineering expenses, legal, accounting and financial advisory expenses,

salaries, management fees, payments to pension, retirement, health and hospitalization funds, insurance and surety bond premiums, any taxes or payments in lieu of taxes and payments required to be paid by JEA under any Project Agreement which are to be applied pursuant to the terms thereof to the payment of such costs and expenses, all to the extent properly allocable to the Projects in accordance with generally accepted accounting principles, or required to be incurred under or in connection with the performance of JEA's obligations under any Project Agreement, (ii) any other current expenses or obligations required to be paid by JEA under the provisions of the Restated and Amended Bulk Power Supply System Resolution or by law or regulation, all to the extent properly allocable to the Projects in accordance with generally accepted accounting principles, or required to be paid by JEA under any Project Agreement, (iii) the fees and expenses of the Fiduciaries and (iv) the costs and expenses in connection with the purchase or redemption of Bonds. Notwithstanding the foregoing, operation and Maintenance Expenses shall not include any allowance for depreciation or amortization and there shall be included in operation and Maintenance Expenses only that, portion of the total administrative and general expenses of JEA which are properly allocable to the Projects.

Option Bonds shall mean Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (a) the principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) of such Series due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance (determined as provided in the Restated and Amended Bulk Power Supply System Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (c) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Project shall mean (i) the Scherer 4 Project or (ii) any Additional Project. Each Project shall be a separate bulk power supply utility or system within the meaning of Chapter 80-513, Laws of Florida, Special Acts of 1980, as amended. "Project" shall not include JEA's Electric System, the SJRPP System, or any other separate utility or system which JEA elects to acquire, construct and operate as a separate bulk power supply utility or system, or any part of any of the foregoing, and which is not financed with the proceeds of Bonds issued under the Restated and Amended Bulk Power Supply System Resolution or Subordinated Indebtedness.

Project Agreements shall mean, with respect to the Scherer 4 Project, the Scherer 4 Project Agreements and, with respect to any Additional Project, all of the contracts entered into by JEA relating to the ownership, lease, construction and operation of such Project, as from time to time amended or supplemented, and designated in a Supplemental Resolution or Supplemental Resolutions.

Refundable Principal Installment shall mean any Principal Installment for any Series of Bonds which JEA intends to pay with moneys which are not Revenues; *provided* that (a) in the case of Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Resolution authorizing such Series of Bonds, (b) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (c) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; *provided*, *further*, that such Principal Installment shall be a Refundable Principal Installment only through the penultimate day of the month

preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Reimbursement Obligations shall mean all Bonds issued to evidence JEA's obligation to repay any advances or loans made to, or behalf of, JEA in connection with any Credit Enhancement or liquidity support for the Bonds of a series (or a maturity or maturities or interest rate within a maturity thereof).

Renewal and Replacement Requirement shall mean for each Bond Year, 12.5 percent of Aggregate Debt Service for such Bond Year or such greater amount as shall be determined from time to time by the Governing Body as being prudent and appropriate.

Revenues shall mean (i) all revenues, income, rents and receipts derived or to be derived by JEA from or attributable or relating to the ownership and operation of all Projects, including all payments made by JEA from its Electric System into the Revenue Fund pursuant to the Restated and Amended Bulk Power Supply System Resolution for output, capacity, use or service of the Projects, (ii) the proceeds of any insurance covering business interruption loss relating to any Project derived or to be derived by JEA and (iii) interest and gains on the sale of securities received or to be received on any moneys or securities held pursuant to the Restated and Amended Bulk Power Supply System Resolution and paid or required to be paid into the Revenue Fund. Revenues shall not include any income, fees, charges, receipts, profits or other moneys derived by JEA from its ownership or operation of the Electric System (except that payments made or to be made by JEA into the Revenue Fund from the Electric System pursuant to the Restated and Amended Bulk Power Supply System Resolution, as referred to in clause (i) of the preceding sentence, shall become Revenues when and to the extent such payments have been accrued) or of any other separate bulk power supply utility or system of the nature referred to in the last sentence of the definition of Project. For any purpose of the Restated and Amended Bulk Power Supply System Resolution that requires the computation of Revenues with respect to any period of time, "Revenues" shall include such amounts described in the second preceding sentence derived or to be derived or received or to be received, as the case may be, during such period, determined on an accrual basis, plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period (excluding from (x) amounts included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Restated and Amended Bulk Power Supply System Resolution) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall not constitute "Revenues" for any purpose of the Resolution.

Scherer 4 shall mean Plant Robert W. Scherer Unit No. 4, an 846 MW coal-fired, steam electric generating unit located near Forsyth, Georgia.

Scherer 4 Project shall mean (a) the following, all of which may be acquired by JEA in one or more transactions: (i) an undivided ownership interest in Scherer 4 of not more than 23.64 percent, (ii) an undivided ownership interest in the Additional Unit Common Facilities (as defined in the Scherer 4 Purchase Agreement) of not more than 11.82 percent, (iii) an undivided ownership interest in the Plant Scherer Common Facilities (as defined in the Scherer 4 Purchase Agreement) of not more than 5.91 percent and (iv) an undivided ownership interest in the Plant Scherer Coal Stockpile (as defined in the Scherer 4 Purchase Agreement) of not more than 5.91 percent and (b) any Capital Improvements thereto.

SJRPP Resolution shall mean the resolution adopted by JEA on March 30, 1982 entitled "St. Johns River Power Park System Revenue Bond Resolution," as amended and supplemented, together with a resolution adopted by JEA on February 20, 2007 entitled "St. Johns River Power Park System Second Revenue Bond Resolution."

SJRPP System shall mean the bulk power supply utility or system owned and operated by JEA pursuant to the SJRPP Resolution.

Second Highest Rating Category shall mean a rating not lower than the second highest rating category (not taking into account numerical or plus or minus or other gradations within a rating category) given by that Rating Agency for that general category of security or obligation.

SIFMA Municipal Swap Index shall mean the rate determined on the basis of an index based upon the weekly interest rates of tax exempt variable rate issues included in a database maintained by the Securities Industry and Financial Markets Association ("SIFMA") or any successor indexing agent which meets specific criteria established by SIFMA.

Trust Estate shall mean (a) the proceeds of the sale of the Bonds, (b) the Revenues, and (c) all Funds and Accounts established by the Restated and Amended Bulk Power Supply System Resolution (other than (x) the Debt Service Reserve Account in the Debt Service Fund, (y) the Renewal and Replacement Fund and (z) the Decommissioning Fund which may be established pursuant to the Restated and Amended Bulk Power Supply System Resolution), including the investments and investment income, if any, thereof.

U.S. Treasury shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Bond shall mean any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Bonds, of which such Bond is one.

Variable Rate Taxable Index shall mean the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index shall mean the SIFMA Municipal Swap Index or, if the SIFMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Pledge

The Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. Pursuant to the Restated and Amended Bulk Power Supply System Resolution, there is pledged for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the Restated and Amended Bulk Power Supply System Resolution, subject only to the provisions of the Restated and Amended Bulk Power Supply System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Restated and Amended Bulk Power Supply System Resolution, the Trust Estate.

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, there are pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the Restated and Amended Bulk Power Supply System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Restated and Amended Bulk Power Supply System Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account in the Debt Service Fund, including the investments and investment income, if any, thereof.

Application of Revenues

Revenues are pledged by the Restated and Amended Bulk Power Supply System Resolution to payment of principal of and interest and redemption premium on the Bonds of all Series, subject to the provisions of the Restated and Amended Bulk Power Supply System Resolution permitting application for other purposes. For application of the Revenues, the Restated and Amended Bulk Power Supply System Resolution establishes a Construction Fund, Revenue Fund, Debt Service Fund, which shall consist of a Debt Service Account and a Debt Service Reserve Account, and within such Debt Service Reserve Account an Initial Subaccount; Subordinated Indebtedness Fund, Rate Stabilization Fund, Renewal and Replacement Fund and General Reserve Fund. All of such funds are held by JEA; *provided* that if and to the extent provided in a Supplemental Resolution authorizing Subordinated Indebtedness, the Subordinated Indebtedness Fund shall be held by the entity specified in such Supplemental Resolution.

Construction Fund

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Restated and Amended Bulk Power Supply System Resolution and there may be paid into the Construction Fund, at the option of JEA, any moneys received for or in connection with any Project by JEA from any other source, unless required to be otherwise applied as provided by the Restated and Amended Bulk Power Supply System Resolution or any Project Agreement. Amounts in the Construction Fund shall be applied to the payment of the Costs in the manner provided in the Restated and Amended Bulk Power Supply System Resolution. There shall be established within the Construction Fund a separate Project Account for each Project.

The proceeds of insurance maintained pursuant to the Restated and Amended Bulk Power Supply System Resolution against physical loss of or damage to any Project or of contractors' performance bonds or other assurances of completion with respect thereto pertaining to the period of construction or acquisition thereof, shall, upon receipt by JEA, be paid into the appropriate Project Account in the Construction Fund, unless required to be applied otherwise pursuant to the provisions of any Project Agreement relating to such Project.

Amounts in each Project Account shall be applied to the purpose or purposes specified in the Restated and Amended Bulk Power Supply System Resolution or any Supplemental Resolution authorizing Bonds relating to the Project for which such Project Account was established.

To the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of the principal of and interest on the Bonds when due.

JEA may withdraw amounts from the appropriate Project Account for the payment of amounts due and owing on account of Costs of the Project.

Amounts credited to any Project Account in the Construction Fund which JEA determines at any time to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt Service Reserve Account in the Debt Service Fund if and to the extent necessary to make the amount in any separate subaccount therein equal to the Debt Service Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount), and any balance of such excess shall be deposited (a) in the General Reserve Fund for (i) application to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or (ii) transfer to the Renewal and Replacement Fund for application as provided in the Restated and Amended Bulk Power Supply System Resolution; *provided*, *however*, that in the event such balance deposited in the General Reserve Fund is less than $100,000, such balance may be applied to

or set aside for any lawful purpose of JEA, (b) in the Renewal and Replacement Fund or (c) in any other Project Account in the Construction Fund for application to the payment of the Costs of any Project then under construction and/or being acquired.

Revenues and Revenue Fund

Pursuant to the Restated and Amended Bulk Power Supply System Resolution, all Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund.

After payment of Operation and Maintenance Expenses, the Restated and Amended Bulk Power Supply System Resolution provides that the Revenue Fund should be applied monthly to the extent available in the following order:

(a) in the Debt Service Fund, (i) for credit to the Debt Service Account, an amount at least equal to the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the last day of the then current month; *provided* that (A) for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the balance in said Account the amount, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds less that amount of such proceeds to be applied in accordance with the Restated and Amended Bulk Power Supply System Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the last day of the then current calendar month; and (B) any amount deposited into said Account during any month that is in excess of the minimum amount required to be deposited therein during such month may be deemed by JEA to be accumulated therein with respect to (1) any Sinking Fund Installment or (2) any principal amount of Bonds (including, in the case of any Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof) due (or so tendered for payment) on a certain future date for which no Sinking Fund Installments have been established or (3) some combination of (1) and (2), and interest thereon; and (ii) for deposit in each separate subaccount in the Debt Service Reserve Account, the amount, if any, required so that the balance in each such subaccount shall equal the Debt Service Reserve Requirement related thereto as of the last day of the then current month (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the deposits required to be made pursuant to this clause (ii) with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such subaccount);

(b) in the Subordinated Indebtedness Fund, an amount at least equal to the amount, if any, as shall be required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness coming due in such month, whether as a result of maturity or prior call for redemption, and to provide reserves therefor, as required by the Supplemental Resolution authorizing such issue of Subordinated Indebtedness;

(c) in the Rate Stabilization Fund, the amount, if any (i) budgeted for deposit into such Fund as set forth in the then current Annual Budget or (ii) otherwise determined by an Authorized Officer of JEA to be deposited therein; *provided* that such deposit need not be made until the last day of the Fiscal Year;

(d) in the Renewal and Replacement Fund, an amount determined in the discretion of an Authorized Officer of JEA; *provided*, *however*, that the amount deposited therein in each Fiscal Year shall be at least equal to the Renewal and Replacement Requirement for that Fiscal Year; and

(e) if any Decommissioning Funds shall have been established pursuant to the Restated and Amended Bulk Power Supply System Resolution, in each Decommissioning Fund, the amount budgeted for credit to said Fund for the then current month as set forth in the then current Annual Budget relating to the Project for which such Fund has been established (or, if the amount on deposit in the Revenue Fund shall not be sufficient to make the payments required to be made pursuant to this paragraph (e) with respect all of the Decommissioning Funds, then such amount on deposit in the Revenue Fund shall be applied (i) ratably, in proportion to the amount budgeted for credit to each such Decommissioning Fund or (ii) in such other manner as JEA may determine).

As of the last day of each Bond Year after payment of the Operation and Maintenance Expenses for such Bond Year and after all payments required to be made into the Rate Stabilization Fund, the Debt Service Fund, the Subordinated Indebtedness Fund, the Renewal and Replacement Fund and the Decommissioning Funds out of Revenues have been made for such Bond Year, JEA shall withdraw from the Revenue Fund and deposit in the General Reserve Fund the remaining balance, if any, of amounts on deposit in the Revenue Fund (other than amounts set aside therein as working capital or reserves for Operation and Maintenance Expenses).

Notwithstanding the provisions above, so long as there shall be held in the Debt Service Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), no deposits shall be required to be made into the Debt Service Fund.

Debt Service Fund -- Debt Service Reserve Account

There shall be established in the Debt Service Reserve Account in the Debt Service Fund one or more separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of Bonds, in the manner and to the extent provided in the Restated and Amended Bulk Power Supply System Resolution or the Supplemental Resolution establishing each such subaccount, as the case may be.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due, the amount on deposit in the Debt Service Account in the Debt Service Fund (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Series of the Bonds secured thereby.

Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement related thereto, and after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, such excess shall be retained therein or deposited in the Revenue Fund; *provided*, *however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Restated and Amended Bulk Power Supply System Resolution.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including the maximum amount of principal or applicable sinking fund Redemption Price and interest which could become payable thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price, if applicable, and interest on the Bonds.

In the event of the refunding or defeasance of any Bonds of an Additionally Secured Series, JEA may withdraw from the separate subaccount in the Debt Service Reserve Account established for the benefit of the Bonds of such Additionally Secured Series all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or defeased; *provided* that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Restated and Amended Bulk Power Supply System Resolution, and (b) the amount remaining in such separate subaccount in the Debt Service Reserve Account, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, and after giving effect to the issuance of any obligations being issued to refund any Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement related thereto. In the event of such refunding or defeasance, JEA may also withdraw from such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Restated and Amended Bulk Power Supply System Resolution; *provided* that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied; *provided*, *further*, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Restated and Amended Bulk Power Supply System Resolution.

Establishment of Initial Subaccount in the
Debt Service Reserve Account and Application Thereof

The Restated and Amended Bulk Power Supply System Resolution establishes an Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund. Amounts held by JEA in the Initial Subaccount shall constitute a trust fund for the benefit of the Holders of the Bonds of any Series, if and to the extent that the Supplemental Resolution authorizing such Bonds provides that such Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount; *provided*, *however*, that if the Bonds of any Series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount, then it shall be a condition precedent to the authentication and delivery of such Bonds that the amount on deposit in the Initial Subaccount, after giving effect to any surety bond, insurance policy or letter of credit that may be credited to the Initial Subaccount in accordance with the provisions of the Restated and Amended Bulk Power Supply System Resolution, and after giving effect to the issuance of such Bonds, shall not be less than the Debt Service Reserve Requirement for the Initial Subaccount. The Bonds of any Series that are additionally secured by amounts on deposit in the Initial Subaccount as aforesaid are herein referred to collectively as the "Initial Subaccount Additionally Secured Bonds." As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount secures JEA's Outstanding Bulk Power Supply Revenue Bonds, Scherer 4 Project Issue, Series 2010A (Federally Taxable - Issuer Subsidy - Build America Bonds) and Series 2014A.

If on any day on which the principal or sinking fund Redemption Price of or interest on the Bonds shall be due the amount on deposit in the Debt Service Account in the Debt Service Fund (exclusive of amounts, if any, set aside in said Account from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction

Fund) for the payment of interest on Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from the Initial Subaccount to the extent necessary to cure the deficiency that exists with respect to the Initial Subaccount Additionally Secured Bonds.

In lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited into the Initial Subaccount for the benefit of the Holders of the Initial Subaccount Additionally Secured Bonds an irrevocable surety bond, an insurance policy or a letter of credit (referred to in the Restated and Amended Bulk Power Supply System Resolution as a "reserve fund credit instrument") satisfying the requirements set forth below in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of moneys or value of Investment Securities on deposit in the Initial Subaccount, if any, upon provision of such reserve fund credit instrument.

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated in the Highest Rating Category by each Rating Agency.

(b) A surety bond or insurance policy issued by an entity other than a municipal bond insurer may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount; *provided* that such entity or its claims paying ability is rated in the Highest Rating Category by each Rating Agency.

(c) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least the Second Highest Rating Category by each Rating Agency. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(d) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semiannual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) through (c) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(e) The use of any reserve fund credit instrument pursuant to the Restated and Amended Bulk Power Supply System Resolution shall be subject to receipt of an opinion of counsel acceptable to JEA as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount and in form and substance satisfactory to JEA and the Credit Enhancer, if any, for the Bonds Additionally Secured by the Initial Subaccount to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(f) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subaccount in an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below the Highest Rating Category (as rated by any Rating Agency) or (iv) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any Rating Agency), the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(g) If (i) the revolving reinstatement feature described in the preceding clause (f) is suspended or terminated or (ii) (A) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below the Second Highest Rating Category (as rated by any two of the Rating Agencies) and (B) within 45 days of the occurrence of such ratings reductions by two of the Rating Agencies JEA is unable to obtain confirmation of the underlying ratings on the Initial Subaccount Additionally Secured Bonds from all of the Rating Agencies at the respective ratings assigned to such Initial Subaccount Additionally Secured Bonds immediately before the decline in the rating by the first Rating Agency to reduce such rating or (iii) (A) the rating of the issuer of the letter of credit falls below the Second Highest Rating Category (as rated by any two of the Rating Agencies) and (B) within 45 days of the occurrence of such ratings reductions by two of the Ratings Agencies JEA is unable to obtain confirmation of the underlying ratings on the Initial Subaccount Additionally Secured Bonds from all of the Rating Agencies at the respective ratings assigned to such Initial Subaccount Additionally Secured Bonds immediately before the decline in the rating by the first Rating Agency to reduce such rating, JEA shall either (X)

deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments then on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A-" or "A3" by any two of the Rating Agencies or (2) the rating of the issuer of the letter of credit falls below "A-" or "A3" by any two of the Rating Agencies or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities and any other reserve fund credit instruments on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (c) above within six months of such occurrence.

(h) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (g).

(i) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Restated and Amended Bulk Power Supply System Resolution for purposes of the rate covenant contained in the Restated and Amended Bulk Power Supply System Resolution.

(j) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide timely notice to the issuer of the reserve fund credit instrument in accordance with its terms in order to receive proceeds thereunder prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Bonds.

(k) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

Rate Stabilization Fund

Each Fiscal Year JEA shall transfer from the Rate Stabilization Fund to the Revenue Fund the amount, if any, budgeted for transfer into such Fund for the Fiscal Year as set forth in the then current Annual Budget or the amount otherwise determined by an Authorized Officer of JEA. JEA may, from time to time, withdraw amounts on deposit in the Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the Restated and Amended Bulk Power Supply System

Resolution, (ii) use such amounts to purchase or redeem Bonds, or (iii) use such amounts to otherwise provide for the payment of Bonds or interest thereon.

Renewal and Replacement Fund

Amounts in the Renewal and Replacement Fund shall be applied to the Costs of any Project, including Capital Improvements thereto, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with any Project, all to the extent not paid as Operation and Maintenance Expenses or from the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA. Amounts in the Renewal and Replacement Fund also may be applied (a) to the purchase, redemption, payment or provision for payment of Bonds or bonds issued under the Electric Resolution, or interest thereon or (b) upon determination of the Governing Body, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the Project.

If and to the extent provided in the Supplemental Resolution authorizing Bonds of a Series or Subordinated Indebtedness, amounts from the proceeds of such Bonds or Subordinated Indebtedness may be deposited in the Renewal and Replacement Fund for any purpose of such Fund.

If at any time the amounts in the Debt Service Account or any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall be less than the current requirements of such Account or subaccount, respectively, and there shall not be on deposit in the General Reserve Fund available moneys sufficient to cure such deficiency, then JEA may transfer from the Renewal and Replacement Fund for deposit in the Debt Service Account or such separate subaccount(s) in the Debt Service Reserve Account, as the case may be, the amount necessary to make up such deficiency (or, if the amount in said Fund shall be less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund may be applied first to make up the deficiency in the Debt Service Account, and any balance remaining may be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

If at any time the amounts in the Subordinated Indebtedness Fund shall be less than the current requirement of such Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund shall equal the current requirements of such Account and subaccounts, respectively, and such amounts are not required for the payment of Operation and Maintenance Expenses, then JEA may transfer from the Renewal and Replacement Fund for deposit in the Subordinated Indebtedness Fund the amount necessary (or all the moneys in the Renewal and Replacement Fund if less than the amount necessary) to make up such deficiency.

If at any time amounts in the Renewal and Replacement Fund exceed the Renewal and Replacement Requirement, the excess, if not needed for any of the purposes specified in the Restated and Amended Bulk Power Supply System Resolution, may be deposited in the General Reserve Fund.

General Reserve Fund

JEA shall withdraw from the General Reserve Fund and apply moneys in the following amounts and in the following order of priority: (a) JEA shall pay Operation and Maintenance Expenses due and unpaid, (b) JEA shall deposit in the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund the amount necessary to make up any deficiencies in said Account and subaccounts (or, if the amount in the General Reserve Fund shall be less than the amount necessary to make up the

deficiencies with respect to the Debt Service Reserve Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in said Fund shall be applied first to make up the deficiency Debt Service Account, and any balance remaining shall be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency of each subaccount), (c) JEA shall deposit in the Subordinated Indebtedness Fund the amount necessary (or all of the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in payments to such Fund required by the Restated and Amended Bulk Power Supply System Resolution and (d) JEA shall deposit in the Renewal and Replacement Fund the amount necessary (or all the moneys in the General Reserve Fund if less than the amount necessary) to make up any deficiencies in payments to such Fund required the Restated and Amended Bulk Power Supply System Resolution.

Amounts in the General Reserve Fund not required to meet a deficiency or for transfer as required above shall upon determination of JEA be applied to or set aside for any lawful purpose of JEA (including transfers to any other Fund or Account established under the Restated and Amended Bulk Power Supply System Resolution or transfers to JEA for application in connection with the Electric System, except that the amount of any such transfer to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Restated and Amended Bulk Power Supply System Resolution); *provided*, *however*, that, subject to the provisions of the preceding paragraph, amounts deposited in the General Reserve Fund pursuant to the Amended and Restated Bulk Power Supply System Resolution and required thereby to be (i) applied to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or (ii) transferred to the Renewal and Replacement Fund, shall be applied to such purposes.

Additional Bonds

JEA may issue one or more series or issues of additional Bonds for any lawful purpose of JEA relating to any Project. All such Bonds will be payable from the Trust Estate pledged pursuant to the Restated and Amended Bulk Power Supply System Resolution and secured thereby on a parity with all other Bonds or Bonds of particular Issues. In addition, each series of Bonds may be additionally secured by amounts on deposit in a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Restated and Amended Bulk Power Supply System Resolution (which may be the Initial Subaccount therein). Set forth below are certain conditions applicable to the issuance of additional Bonds:

> ***Debt Service Reserve.*** If, at JEA's option, any series of additional Bonds is to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Restated and Amended Bulk Power Supply System Resolution, the issuance of the additional Bonds of such series is further conditioned upon the deposit to the Initial Subaccount of moneys or reserve fund credit instruments, or a combination thereof, in an amount such that the balance in such Subaccount equals the Debt Service Reserve Requirement for such Subaccount calculated immediately after the delivery of such Bonds.
>
> ***No Default.*** In addition, Bonds of any series may be issued only if JEA certified that upon the issuance of such series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Restated and Amended Bulk Power Supply System Resolution.

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Subordinated Indebtedness

JEA may, at any time, or from time to time, issue Subordinated Indebtedness for any lawful purpose of JEA related to any Project, which Subordinated Indebtedness shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof; *provided*, *however*, that any pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge of the Trust Estate created by the Restated and Amended Bulk Power Supply System Resolution as security for the Bonds.

Investment of Certain Funds

Unless further limited as to maturity by the provisions of a Supplemental Resolution, moneys held in the Funds and Accounts established under the Restated and Amended Bulk Power Supply System Resolution (other than any Decommissioning Fund) may be invested and reinvested by JEA in Investment Securities which will provide moneys not later than such times as shall be needed for payments to be made from such Funds and Accounts. Moneys held in any Decommissioning Fund shall be invested and reinvested by JEA in accordance with the Supplemental Resolution establishing such Fund. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Restated and Amended Bulk Power Supply System Resolution and held by JEA, JEA may combine such moneys with moneys in any other Fund or Account held by JEA, but solely for purposes of making such investment in such Investment Securities.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts (and, in the discretion of JEA, any profit realized from the liquidation of such investment), other than the Construction Fund and any Decommissioning Fund shall be paid into the Revenue Fund. Interest earned on any moneys or investments in the Project Account in the Construction Fund held in such Project Account for the purposes thereof shall be held in such Fund for the purposes thereof or paid into the Revenue Fund. Interest earned on any moneys or investments in any Decommissioning Fund shall be applied as provided in the Supplemental Resolution establishing such Fund.

Nothing contained in the Restated and Amended Bulk Power Supply System Resolution shall prevent JEA, to the extent permitted by law, from entering into securities lending agreements or bonds borrowed agreements ("lending agreements") with banks which are members of the Federal Deposit Insurance Corporation, having capital stock, surplus and undivided earnings aggregating at least $25,000,000 and government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, secured by securities, which are obligations described in the definition of Investment Securities; *provided* that each such lending agreement (a) is in commercially reasonable form and is for a commercially reasonable period, and (b) results in a transfer to JEA of legal title to, or a grant to JEA of a prior perfected security interest in, identified securities which are obligations described in the definition of Investment Securities and which are free and clear of any claims by third parties and are segregated in a custodial or trust account held by a third party (other than the borrower) as the agent solely of, or in trust solely for the benefit of, JEA; *provided* that such securities acquired or pledged pursuant to such lending agreements shall have a current market value not less than 102 percent of the market value of the securities loaned by JEA under such agreement. Any Investment Securities loaned by JEA under any such agreement shall be released from the lien of the pledge of the Trust Estate created under the Restated and Amended Bulk Power Supply System Resolution, but only if all rights of JEA under the lending agreement (including, but not limited to, the monetary obligations to JEA of the bank and/or government bond dealer party to such agreement) and any related collateral agreement and all rights of JEA to the identified securities transferred or pledged to JEA in connection therewith are substituted for the securities loaned, and such rights of JEA are by the Restated and Amended Bulk Power Supply System Resolution declared to be subject to the lien of the pledge of the Trust Estate created under the Restated and Amended Bulk

Power Supply System Resolution to the same extent that the loaned Investment Securities formerly were subject.

Redemption

In the case of any redemption of Bonds, JEA shall give written notice to the Bond Registrar and the Paying Agents of the redemption date, of the Issue and Series, and of the principal amounts of the Bonds of each maturity of such Issue and Series and of the Bonds of each interest rate within a maturity to be redeemed (which Issue, Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Restated and Amended Bulk Power Supply System Resolution or any Supplemental Resolution authorizing the Series of which such Bonds are a part). Such notice shall be filed with the Bond Registrar and the Paying Agents for the Bonds to be redeemed at least 40 days prior to the redemption date (or such shorter period (a) as shall be specified in the Supplemental Resolution authorizing the Issue and Series of the Bonds to be redeemed or (b) as shall be acceptable to such Bond Registrar and the Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

Covenant as to Rates, Fees and Charges

JEA shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of all of the Projects which shall be sufficient to provide Net Revenues in each Bond Year which shall be at least equal to the greater of (i) 115 percent of the Aggregate Debt Service for such Bond Year; *provided*, *however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, and (ii) the amount which, together with other available funds, shall be sufficient for the payment of:

(a) the amount to be paid during such Bond Year into the Debt Service Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(b) the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(c) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(e) if any Decommissioning Funds shall have been established pursuant to the Restated and Amended Bulk Power Supply System Resolution, the amount, if any to be paid during such Bond Year into each Decommissioning Fund (other than amounts required to be paid into any such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and

(f) all other charges and liens whatsoever payable out of Revenues during such Bond Year.

The Restated and Amended Bulk Power Supply System Resolution establishes charges to JEA for the account of the Electric System, for the output, capacity, use and service of the Projects which are due on such dates and in such aggregate amounts as shall be sufficient to provide Net Revenues in each Bond Year sufficient to comply with the provision above.

JEA generally will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System free of charge to any person, firm or corporation, public or private.

Certain Other Covenants

Creation of Liens; Sale and Lease of Property. JEA shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a security interest in or pledge of the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund or other moneys, securities or funds held or set aside by JEA or by the Fiduciaries under the Restated and Amended Bulk Power Supply System Resolution and shall not create or cause to be created any lien or charge on the Trust Estate or any portion thereof, any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund or such moneys, securities or funds; *provided*, *however*, that nothing contained in the Restated and Amended Bulk Power Supply System Resolution shall prevent JEA from issuing, if and to the extent permitted by law, (a) Bond Anticipation Notes or other evidences of indebtedness payable out of, and which may be secured by a pledge of (i) the proceeds of sale of Bonds or investment income therefrom, or (ii) amounts in the Construction Fund derived from the proceeds of sale of said Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) as part of the Costs of any Project, or (iii) amounts in the General Reserve Fund as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) or (iv) Revenues to be derived on and after such date as the pledge of the Revenues provided in the Restated and Amended Bulk Power Supply System Resolution shall be discharged and satisfied as provided in the Restated and Amended Bulk Power Supply System Resolution, or (b) Subordinated Indebtedness.

No part of any Project shall be sold, mortgaged, leased or otherwise disposed of, except as follows:

(a) JEA may dispose of, sell or exchange at any time and from time to time any property or facilities constituting part of such Project only if (i) JEA shall determine that such property or facilities are not needed or useful in the operation of such Project, or (ii) the net book value of the property or facilities, sold or exchanged is not more than 15 percent of the net book value of the property and facilities of such Project, or (iii) there shall be filed with the records of JEA a certificate of an Authorized Officer of JEA stating, in his or her opinion, that the disposal, sale or exchange of such property or facilities will not materially diminish the value of the output, capacity, use and service of such Project being made available for the account of the Electric System pursuant to the Restated and

Amended Bulk Power Supply System Resolution. The proceeds of any sale or exchange of any property or facilities constituting a part of a Project not used to acquire other property necessary or desirable for the safe or efficient operation of a Project shall forthwith be deposited in the General Reserve Fund or the Renewal and Replacement Fund, in either case, for application pursuant to the Restated and Amended Bulk Power Supply System Resolution;

(b) JEA may sell, lease or otherwise dispose of, or grant easements or other rights with respect to, any part of a Project to the extent required by or pursuant to the Project Agreements related thereto.

(c) In addition to the Project Agreements, JEA may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of any Project; *provided* that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by JEA of such Project and (ii) does not materially adversely affect the rights or security of the Holders of the Bonds under the Restated and Amended Bulk Power Supply System Resolution. Any payments received by JEA under or in connection with any such lease, contract, license, arrangement, easement or right in respect of any Project or any part thereof shall constitute Revenues; or

(d) JEA may sell, lease or otherwise dispose of any Project or any part thereof, if, at the time of such sale, lease or other disposition, all Bonds issued to pay the Costs of such Project (including any Refunding Bonds issued to refund such Bonds) shall have been paid or deemed to have been paid within the meaning and with the effect expressed and the defeasance provisions of the Restated and Amended Bulk Power Supply System Resolution.

Maintenance of Insurance. JEA shall at all times keep or cause to be kept the properties of each Project which are of an insurable nature and of the character usually insured by those operating properties similar to such Project insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained, but only to the extent the cost therefor is reasonable, in the judgment of JEA. JEA shall at all times maintain or cause to be maintained insurance or reserves (in the nature of self insurance) against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of each Project.

JEA shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Bondholders.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA unless otherwise required by any Project Agreement.

Reconstruction; Application of Insurance Proceeds; Condemnation Awards. If any useful portion of any Project shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise ("Condemnation"), JEA shall, as expeditiously as possible, continuously and diligently proceed with the reconstruction or replacement thereof or take any other action deemed to be in the best interest of JEA. Except as provided in the Restated and Amended Bulk Power Supply System Resolution, the proceeds of any insurance paid or award received on account of such damage, destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund pursuant to the Restated and Amended Bulk Power Supply System Resolution) or Condemnation, unless held and applied under the applicable Project Agreements shall be held by JEA in a special account

and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement. Pending such application, such proceeds may be invested by JEA in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed to pay such costs of reconstruction or replacement or may be invested as otherwise provided for under such Project Agreements. Interest earned on such account or investments shall be deposited in the Revenue Fund unless otherwise required under such Project Agreements. Any such proceeds not applied within 36 months after receipt thereof by JEA to repairing or replacing damaged, destroyed or taken property, or in respect of which notice in writing of intention to apply the same to the work of repairing or replacing the property damaged, destroyed or taken shall not have been filed with the records of JEA within such 36 months, or which JEA shall at any time determine are not to be so applied, unless otherwise applied or to be applied under the applicable Project Agreements, shall be deposited (a) in the General Reserve Fund for (i) application to the purchase, redemption, payment or provision for payment of Bonds or interest thereon or (ii) transfer to the Renewal and Replacement Fund for application pursuant to the provisions of the Restated and Amended Bulk Power Supply System Resolution; *provided*, *however*, that in the event such amount deposited in the General Reserve Fund is less than $100,000, such amount may be applied to or set aside for any lawful purpose of JEA or (b) in the Renewal and Replacement Fund for application pursuant to the provisions of the Restated and Amended Bulk Power Supply System Resolution. Notwithstanding the foregoing, in the event that payments for any such repairing or replacing of property damaged, destroyed or taken prior to the availability of proceeds of insurance or Condemnation therefor are made from the Renewal and Replacement Fund, or from the General Reserve Fund, or from other funds of JEA not held in any Fund or Account established pursuant to the Restated and Amended Bulk Power Supply System Resolution, such proceeds when received shall be deposited in the Renewal and Replacement Fund or in the General Reserve Fund, in each case, to the extent of such payments therefrom, or shall be paid over to JEA, free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Restated and Amended Bulk Power Supply System Resolution, as appropriate.

If the proceeds of insurance or Condemnation authorized by in the preceding paragraph to be applied to the reconstruction or replacement of any portion of any Project are insufficient for such purpose, the deficiency may be supplied out of moneys in the Renewal and Replacement Fund.

The proceeds of business interruption loss insurance, if any, shall be paid into the Revenue Fund unless otherwise required by the applicable Project Agreements.

Allocation to Electric System of Output and Capacity of System; Obligations of Electric System. JEA shall allocate to and make available for the account of the Electric System in each year 100 percent of the output, capacity, use and service of each Project. JEA shall make payments from the Electric System into the Revenue Fund for such output, capacity, use and service of each Project at the times and in the amounts which (i) will produce Net Revenues in each Bond Year at least equal to 115 percent of the Aggregate Debt Service for such Bond Year; *provided*, *however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues and (ii) will produce Revenues sufficient, together with other available funds, for the payment during each month of:

(a) the Operation and Maintenance Expenses due and payable during such month;

(b) the amount, if any, to be set aside in such month in the Revenue Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) as working capital or as reserves for Operation and Maintenance Expenses;

(c) the amount, to be paid during such month into the Debt Service Account in the Debt Service Fund (other than amounts required to be paid into such Account out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(d) the amount, if any, to be paid during such month into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(e) the amount, if any, to be paid during such month into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(f) the amount, if any, to be paid during such month into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(g) if any Decommissioning Funds shall have been established pursuant to the Restated and Amended Bulk Power Supply System Resolution, the amount, if any, to be paid during such month into each Decommissioning Fund (other than amounts required to be paid into any such Fund out of the proceeds of Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and

(h) all other charges and liens whatsoever payable out of Revenues during such month.

During any period in which the Debt Service for any Series of Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* contained in clause (i) of the first paragraph of the definition thereof contained in Section 101 hereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Debt Service Account in the Debt Service Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from JEA to it. Any such cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but no such payment shall constitute Revenues for any purpose of this Resolution.

So long as the Electric Resolution shall not be satisfied and discharged, all payments to be made in accordance with the preceding paragraph shall constitute a "Cost of Operation and Maintenance" (as defined in the Electric Resolution) to be paid directly from the "Revenue Fund" established under the Electric Resolution. After the satisfaction and discharge of the Electric Resolution, JEA shall continue to make such payments from the revenues, income, rents and receipts derived by JEA from the ownership and operation of the Electric System as an operating expense of said Electric System. All such payments from the Electric System shall be made whether or not any Project or any part thereof is completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or curtailment of the output of any Project for any reason whatsoever, in whole or in part.

So long as the Electric Resolution shall not be satisfied and discharged, JEA shall not consent or agree to or permit any amendment or supplement to the Electric Resolution (other than a supplement thereto to authorize a series of additional parity bonds as permitted by the Electric Resolution) which will in any manner materially impair or materially adversely affect the obligation of JEA to pay for the output,

capacity, use and service of the Projects in accordance with the Restated and Amended Bulk Power Supply System Resolution or the priority of such obligation under the Electric Resolution.

Except as otherwise provided in this paragraph, after the satisfaction and discharge of the Electric Resolution, (i) JEA shall not become liable for any bonds, notes, debentures or other evidences of indebtedness of similar nature payable out of or secured by a pledge of or lien or charge on any of the revenues, income, rents or receipts to be derived by JEA from the ownership or operation of the Electric System which shall rank on a parity with or in priority over or, except for bonds, notes, debentures or other evidences of indebtedness issued in connection with obligations of the type described in clause (ii) below, on a parity with the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use and service of the Projects in accordance with the applicable provision in the Restated and Amended Bulk Power Supply System Resolution, and (ii) JEA shall not become liable for any obligation under any agreement to purchase or pay for electric power and energy or other goods or services whether or not the same are made available or furnished or any other obligation under which JEA lends credit to or guarantees any debt, claim or other obligation of any other person, firm or corporation which shall rank in priority over the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use or service of the Projects in accordance with the applicable provision in the Restated and Amended Bulk Power Supply System Resolution; *provided*, *however*, that nothing contained in this paragraph shall prohibit or restrict JEA from establishing one or more other separate bulk power supply utilities or systems pursuant to Chapter 80-513, Laws of Florida, as amended, or any other law, and issuing its bonds therefor as provided in said Chapter 80-513, as amended, or such other law, and from making payments from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System for the purchase of output, capacity, use or service of any of the facilities of any such separate bulk power supply utility or system, including payments with respect to debt service on such bonds, on a parity with (but not in priority over) the obligation of JEA to pay, from the revenues, income, rents and receipts derived by JEA from the ownership or operation of the Electric System, for the output, capacity, use and service of any Project in accordance with the applicable provision in the Restated and Amended Bulk Power Supply System Resolution.

Operation and Maintenance of the Electric System. JEA shall at all times operate or cause to be operated the Electric System properly and in an efficient and economical manner, consistent with good business and utility operating practices, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Electric System may be properly and advantageously conducted.

Rates and Fees of the Electric System. JEA shall at all times fix, establish, maintain, charge and collect fees and other charges for the sale of the output, capacity, use or service of the Electric System as shall be required to provide moneys from the Electric System at least sufficient in each fiscal year with respect to the Electric System for the payment of all charges or liens whatsoever payable out of revenues of the Electric System during such fiscal year, including all payments required to be made by JEA out of revenues of the Electric System (i) pursuant to the SJRPP Resolution, (ii) pursuant to the Restated and Amended Bulk Power Supply System Resolution and (iii) in connection with any other bulk power supply utility or system previously created by JEA (other than (x) the SJRPP System and (y) all Projects the acquisition and/or construction of which have previously been authorized pursuant to the Restated and Amended Bulk Power Supply System Resolution).

[Remainder of page intentionally left blank]

Except as otherwise provided in the Electric Resolution, JEA will not furnish or supply or cause to be furnished or supplied any use, output, capacity or service of the Electric System, free of charge to any person, firm or corporation, public or private; and JEA will enforce promptly the payment of any and all accounts owing to JEA by reason of the ownership and operation of the Electric System.

Maintenance of Insurance for the Electric System. JEA shall at all times keep or cause to be kept the properties of the Electric System which are of an insurable nature and of the character usually insured by those operating properties similar to the Electric System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained, but only to the extent the cost therefor is reasonable, in the judgment of JEA. JEA shall at all times maintain or cause to be maintained insurance or reserves (in the nature of self insurance) against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the Electric System, but only to the extent the cost therefor is reasonable, in the judgment of JEA.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to JEA.

Events of Default; Remedies

If one or more of the following Events of Default shall happen:

(a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment therefor (except when such Sinking Fund Installment is due on the maturity date of such Bond), when and as such interest installment or Sinking Fund Installment shall become due and payable and such default shall continue for a period of 30 days;

(c) if default shall be made by JEA in the performance or observance of any other of the covenants, agreements or conditions on its part in the Restated and Amended Bulk Power Supply System Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to JEA by the Holders of not less than 10 percent in principal amount of the Bonds Outstanding;

(d) if there shall occur the dissolution (without a successor being named to assume the rights and obligations) or liquidation of JEA or the filing by JEA of a voluntary petition in bankruptcy, or adjudication of JEA as a bankrupt, or assignment by JEA for the benefit of its creditors, or the entry by JEA into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to JEA in any proceeding for its reorganization instituted under the provisions of the Bankruptcy Code, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter enacted; or

(e) if an order or decree shall be entered, with the consent or acquiescence of JEA, appointing a receiver or receivers of the System, or any part thereof, or of the rents, fees, charges or other revenues therefrom, or if such order or decree, having been entered without the consent or acquiescence of JEA, shall not be vacated or discharged or stayed within 90 days after the entry thereof;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Holders of not less than 25 percent in principal amount of the Bonds Outstanding (by notice in writing to JEA), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything contained to the contrary in the Restated and Amended Bulk Power Supply System Resolution or in any of the Bonds notwithstanding; *provided*, *however*, that in the event that a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided provides that the principal of such Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the following sentence) without the consent in writing of the Credit Enhancer therefor, then such Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled, as provided in the following sentence) without such written consent, and, in that event, the remedies available to the Holders of such Bonds (or such Credit Enhancer, on behalf of such Holders) shall be limited to those set forth in the Restated and Amended Bulk Power Supply System Resolution. The right of the Holders of not less than 25 percent in principal amount of the Bonds to make such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and all other sums then payable by JEA under the Restated and Amended Bulk Power Supply System Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of JEA or provision shall be made for such payment, and all defaults under the Bonds or under the Restated and Amended Bulk Power Supply System Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or adequate provision shall be made therefor, then and in every such case the Holders of 25 percent in principal amount of the Bonds Outstanding, by written notice to JEA, may rescind such declaration and annul such default in its entirety, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

During the continuance of an Event of Default, JEA shall apply all moneys, securities, funds and Revenues held or received by JEA under the Restated and Amended Bulk Power Supply System Resolution (other than (x) amounts on deposit in any separate subaccount in the Debt Service Reserve Account in the Debt Service Fund and (y) amounts on deposit in the Decommissioning Fund) as follows and in the following order:

(a) Operation and Maintenance Expenses -- to the payment of the amounts required for Operation and Maintenance Expenses and for the reasonable renewals, repairs and replacements of any Project necessary in the judgment of JEA to prevent a diminution in the value of the output, capacity, use and service of such Project being made available for the account of the Electric System pursuant to the Restated and Amended Bulk Power Supply System Resolution;

(b) Principal or Redemption Price and Interest -- to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

(i) unless the principal of all the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds

theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(ii) if the principal of all the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

(c) Subordinated Indebtedness -- to the payment of principal, redemption price and interest then due on Subordinated Indebtedness in accordance with the Supplemental Resolution(s) authorizing such Subordinated Indebtedness.

During the continuance of an Event of Default, JEA shall apply all amounts on deposit in each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund as follows and in the following order:

(d) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest -- to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of each Additionally Secured Series secured by such separate subaccount in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds of such Additionally Secured Series theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any such installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price -- to the payment to the persons entitled thereto of the unpaid principal or sinking fund Redemption Price of any Bonds of such Additionally Secured Series which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all such Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or sinking

fund Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; or

(e) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds of each Additionally Secured Series secured by such separate subaccount without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds.

During the continuance of an Event of Default, JEA shall apply all amounts on deposit in any Decommissioning Fund only for the purposes for which such Fund was established.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Fiduciaries, and all other sums payable by JEA under the Restated and Amended Bulk Power Supply System Resolution including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of JEA, and all defaults under the Restated and Amended Bulk Power Supply System Resolution or the Bonds shall be made good, JEA and the Holders shall be restored, respectively, to their former positions and rights under the Restated and Amended Bulk Power Supply System Resolution. No such restoration of JEA and the Holders to their former positions and rights shall extend to or affect any subsequent default under the Restated and Amended Bulk Power Supply System Resolution or impair any right consequent thereon.

Powers of Amendment

Any modification or amendment of the Restated and Amended Bulk Power Supply System Resolution and of the rights and obligations of JEA and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Restated and Amended Bulk Power Supply System Resolution (a) of the Holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment Outstanding at the time such consent is given, and (b) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Issue, Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; *provided*, *however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Issue, Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purpose of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Restated and Amended Bulk Power Supply System Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. JEA may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity or any particular Commercial Paper Notes or Medium-Term Notes would be affected by any modification or amendment of the Restated and Amended Bulk Power Supply System Resolution and any such determination shall, absent manifest error, be binding

and conclusive on JEA and all Holders of Bonds. For the purpose of this paragraph, a change in the terms of redemption of any Outstanding Bond shall be deemed only to affect such Bond, and shall be deemed not to affect any other Bond. For the purpose of this paragraph, the Holders of any Bonds may include the Holders thereof, regardless of whether such Bonds are being held for resale. See "Action by Credit Enhancer When Action by Holders of Bonds Required" herein.

Supplemental Resolutions

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of JEA may be adopted, which, upon its adoption and compliance with the applicable provisions of the Restated and Amended Bulk Power Supply System Resolution, shall be fully effective in accordance with its terms:

(a) to close the Restated and Amended Bulk Power Supply System Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Restated and Amended Bulk Power Supply System Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(b) to add to the covenants and agreements of JEA in the Restated and Amended Bulk Power Supply System Resolution other covenants and agreements to be observed by JEA which are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect;

(c) to add to the limitations and restrictions in the Restated and Amended Bulk Power Supply System Resolution other limitations and restrictions to be observed by JEA which are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect;

(d) to authorize Bonds of an Issue or of a Series and, in connection therewith, specify and determine the matters and things referred to in the article of the Restated and Amended Bulk Power Supply System Resolution relating to the authorization and issuance of Bonds, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(e) to provide for the issuance, execution, delivery, authentication, payment, registration, transfer and exchange of Bonds in coupon form payable to bearer or in uncertificated form, and, in connection therewith, to specify and determine any matters and things relative thereto;

(f) to confirm, as further assurance, any security interest or pledge under, and the subjection to any security interest or pledge created or to be created by, the Restated and Amended Bulk Power Supply System Resolution of the Revenues or of any other moneys, securities or funds;

(g) if and to the extent authorized in a Supplemental Resolution authorizing an Additionally Secured Series of Bonds, to specify the qualifications of any provider of an obligation similar to a surety bond, insurance policy or letter of credit for deposit into the particular subaccount in the Debt Service Reserve if and to the extent authorized in a

Supplemental Resolution authorizing an Additionally Account securing the Bonds of such Additionally Secured Series;

(h) to authorize the establishment of a Decommissioning Fund as provided in the Restated and Amended Bulk Power Supply System Resolution and, in connection therewith, to specify and determine the matters and things referred to therein or to modify any such matters and things in any other respect whatsoever;

(i) to modify any of the provisions of the Restated and Amended Bulk Power Supply System Resolution in any other respect whatever; *provided* that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(j) to identify and authorize the acquisition and/or construction of any Project;

(k) to designate any agreement entered into in connection with a Project as a "Project Agreement" therefor; and

(l) to authorize Subordinated Indebtedness and, in connection therewith, specify and determine any matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness.

Supplemental Resolutions Effective Upon Delivery of Counsel's Opinion as to No Material Adverse Effect

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (a) delivery of a Counsel's Opinion to the effect that the provisions of such Supplemental Resolution will not have a material adverse effect on the interests of the Holders of Outstanding Bonds (in rendering such opinion, such counsel may rely on such certifications of (i) any banking or financial institution serving as financial advisor to JEA, as to financial and economic matters, (ii) a consulting engineer, as to matters within its field of expertise and (iii) such other experts, as to matters within their fields of expertise as it, in its reasonable judgment, determines necessary or appropriate) and (b) compliance with the applicable provision of the Restated and Amended Bulk Power Supply System Resolution, shall be fully effective in accordance with its terms:

(a) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Restated and Amended Bulk Power Supply System Resolution;

(b) to insert such provisions clarifying matters or questions arising under the Restated and Amended Bulk Power Supply System Resolution as are necessary or desirable and are not contrary to or inconsistent with the Restated and Amended Bulk Power Supply System Resolution as theretofore in effect; or

(c) to make any other modification to or amendment of the Restated and Amended Bulk Power Supply System Resolution which such counsel in its reasonable judgment shall determine will not have a material adverse effect on the interests of the Bondholders.

Notwithstanding any other provision of the Restated and Amended Bulk Power Supply System Resolution, in determining whether the interests of the Holders of Outstanding Bonds are materially adversely affected, such counsel shall consider the effect on the Holders of any Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Defeasance

If all Bonds and interest due or to become due therein are paid in full, then the pledge of the Trust Estate and all covenants, agreements and other obligations of JEA to the Holders of the Bonds, will thereupon cease, terminate and become void and be discharged and satisfied.

If any Bonds are paid in full, then such Bonds shall cease to be entitled to any lien, benefit or security under the Restated and Amended Bulk Power Supply System Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Restated and Amended Bulk Power Supply System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Bonds) are met (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, JEA shall have given to the Escrow Agent therefor instructions accepted in writing by such Escrow Agent to give notice of redemption thereof, (b) there shall have been deposited with the Escrow Agent therefor either moneys, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such Escrow Agent at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Bonds, and (c) in the event said Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA shall have given such Escrow Agent instructions to give to the Holders of such Bonds a notice that the above deposit has been made and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Securities and moneys, if any, in accordance with the provisions of the Restated and Amended Bulk Power Supply System Resolution, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; *provided*, *however*, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Securities on deposit with the Escrow Agent for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Escrow Agent on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of the Restated and Amended Bulk Power Supply System Resolution, the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing the Bonds or otherwise existing under the Restated and Amended Bulk Power Supply System Resolution.

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Option Bonds shall be deemed to have been paid in accordance with the provisions of the Restated and Amended Bulk Power Supply System Resolution only if, in addition to satisfying the requirements of clauses (a) and (c) of the second preceding paragraph, there shall have been deposited with the Escrow Agent moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Holders of such Bonds upon the exercise of any options provided to the Holders of such Bonds; *provided*, *however*, that if, at the time a deposit is made with the Escrow Agent pursuant to the provisions of the Restated and Amended Bulk Power Supply System Resolution, the options originally exercisable by the Holder of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the moneys deposited with the Escrow Agent for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Escrow Agent shall, if requested by JEA, pay the amount of such excess to JEA free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Restated and Amended Bulk Power Supply System Resolution.

Action by Credit Enhancer When Action by Holders of Bonds Required

Except as otherwise provided in a Supplemental Resolution authorizing Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Bonds of a Series, or a maturity within a Series or an interest rate within a maturity, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Bonds of any Series, or maturity within a Series or an interest rate within a maturity, as to which it is the Credit Enhancer at all times for the purpose of (a) giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Restated and Amended Bulk Power Supply System Resolution, which requires the written approval or consent of Holders; *provided*, *however*, that the provisions of this Section shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (b) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Restated and Amended Bulk Power Supply System Resolution.

Special Provisions Relating to Capital Appreciation Bonds,
Deferred Income Bonds and Reimbursement Obligations

The principal and interest portions of the Accreted Value of Capital Appreciation Bonds or the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service and Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (a) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, or (b) receiving payment of a Capital Appreciation Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, or (c) computing the principal amount of Bonds held by the Holder of a Capital Appreciation Bond in giving to JEA any notice, consent, request, or demand pursuant to the Restated and Amended Bulk Power Supply System Resolution

for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For the purposes of (a) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, or (b) receiving payment of a Deferred Income Bond if the principal of all Bonds is declared immediately due and payable following an Event of Default, or (c) computing the principal amount of Bonds held by the Holder of a Deferred Income Bond in giving to JEA any notice, consent, request or demand pursuant to the Restated and Amended Bulk Power Supply System Resolution for any purpose whatsoever, the principal amount of a Deferred Income Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in a Supplemental Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (a) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Bonds is declared immediately due and payable following an Event of Default or (b) computing the principal amount of Bonds held by the Holder of a Reimbursement Obligation in giving to JEA any notice, consent, request, or demand pursuant to the Restated and Amended Bulk Power Supply System Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Bonds of the Series or maturity or interest rate within a maturity for which such Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Bonds, less any prior repayments thereof.

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF AGREEMENTS RELATING TO SCHERER UNIT 4

The following is a brief summary of certain provisions of certain agreements relating to Scherer Unit 4. This summary does not purport to be a complete or comprehensive statement of the contents of such agreements. This summary is entirely qualified by and reference is hereby made to the provisions of the such agreements themselves, copies of which may be obtained from JEA; *provided* that a reasonable charge may be imposed for the cost of reproduction.

SCHERER UNIT 4 PURCHASE AGREEMENT

The Scherer Unit 4 Purchase Agreement and certain related agreements provide for the purchase by FPL and JEA of their ownership interests in Scherer Unit 4 and associated common facilities and an associated coal stockpile and generally govern the ownership and operation of Scherer Unit 4.

Agent

JEA and FPL have appointed GPC as their agent to act on behalf of JEA and FPL (the "Scherer 4 Participants") in performing all activities relating to the planning, construction, operation, maintenance and disposal of Scherer Unit 4 and the associated common facilities, subject to the terms of the ownership and operation agreements governing the other Plant Scherer units. GPC has sole authority and responsibility to perform such functions and is authorized to take all reasonable actions which in the discretion and judgment of GPC are deemed necessary or advisable to perform such functions with respect to Scherer Unit 4 and the associated common facilities. JEA and FPL retain the right to conduct operating and management audits and to have on-site representatives and inspections and participate in the Scherer Unit 4 Operating Committee. The terms and conditions upon which GPC will perform such functions are further delineated in a Scherer Unit 4 Operating Agreement, as amended (see "Scherer Unit 4 Operating Agreement" herein). GPC can be removed as agent under the Scherer Unit 4 Purchase Agreement in certain circumstances and a successor appointed. GPC's liability for failure to properly perform such agency functions is limited by the provisions of the Scherer Unit 4 Purchase Agreement.

Ownership, Rights and Obligations

The Scherer 4 Participants own Scherer Unit 4 and the associated common facilities, and possess the rights and obligations related thereto, in proportion to their undivided ownership interests therein from time to time. The Scherer 4 Participants are entitled to the capacity and the associated energy from Scherer Unit 4 in proportion to their undivided ownership interests from time to time.

Non-Payment

A Scherer 4 Participant which fails to make payments due under the Scherer Unit 4 Purchase Agreement will have no right to any output of capacity and energy, and other rights under the Scherer Unit 4 Purchase Agreement will be suspended, until all overdue amounts are paid.

Sale or Assignment

Each Scherer 4 Participant may sell or assign its ownership interest, subject to certain rights of first refusal granted to the other Scherer 4 Participants. Upon any sale of its ownership interest or a portion thereof, the selling Scherer 4 Participant's obligations (including payment obligations) under the Scherer Unit 4 Purchase Agreement are reduced to the extent of the interest sold.

Damage or Destruction

If Scherer Unit 4 or the associated common facilities, or any portion thereof, are damaged or destroyed, the damaged or destroyed portion (i) shall be repaired or reconstructed if insurance proceeds are sufficient to pay the cost thereof, or (ii) shall not be repaired or reconstructed if the insurance proceeds are insufficient to pay the cost thereof, in each case subject to the contrary decision of a specified proportion of the utilities having an ownership interest in the damaged or destroyed facilities and further subject to the right of any utility having an ownership interest in the damaged or destroyed facilities to repair or reconstruct such facilities at its own cost; *provided*, *however*, that if any such utility having an ownership interest in the damaged or destroyed facilities elects to repair or reconstruct and bear the full cost thereof, any other Scherer 4 Participant shall reimburse such utility its pro rata share of the net book value of the costs of such repair or reconstruction as a condition to again obtaining its entitlement of energy.

Insurance

GPC is required to carry in the name of the Scherer 4 Participants the following types of insurance: worker's compensation, commercial general liability, and "all risk" property, in such amounts and with such provisions as is consistent with GPC's customary practices.

Coal Stockpiles

JEA and FPL, for accounting, payment and settlement costs only, shall each have a separate coal stockpile and shall be entitled only to the use of coal in its separate stockpile account.

Clean Air Act Emissions Allowances

Each Scherer 4 Participant shall be entitled to a pro rata share (based upon its ownership interest in Scherer Unit 4) of any and all allowances allocated to Scherer Unit 4 under the 1990 Amendments to the Clean Air Act. See "*ELECTRIC UTILITY FUNCTIONS* — Factors Affecting the Electric Utility Industry — *Environmental*" in the Annual Disclosure Report to which this summary is attached.

Common Facilities Agreements

The provisions of the Scherer Unit 4 Purchase Agreement and the Scherer Unit 4 Operating Agreement relating to the associated common facilities are made subject, in the case of conflict, to the provisions of prior ownership and operating agreements governing the ownership and operation of the other Plant Scherer units.

No Adverse Distinction

The Scherer 4 Participants and GPC, as agent, each agree that in discharging their responsibilities under the Scherer Unit 4 Purchase Agreement they will not make any adverse distinction between Scherer Unit 4 and the associated common facilities, on the one hand, and any other generating units or common facilities in which such party has an ownership interest, on the other hand.

SCHERER UNIT 4 OPERATING AGREEMENT

JEA, FPL and GPC have entered into the Plant Robert W. Scherer Unit Number Four Operating Agreement, dated as of December 31, 1990, as amended (the "Scherer Unit 4 Operating Agreement"), which, together with certain related agreements, provides for the operation and maintenance, management, control, renewal, improvement, replacement, modification and disposal of Scherer Unit 4 and the associated common facilities, to the extent not covered by the Scherer Unit 4 Purchase Agreement. The

Scherer Unit 4 Operating Agreement became effective on July 10, 1991 and remains in effect until the final decommissioning of Scherer Unit 4 and the associated common facilities.

GPC Agency

GPC is appointed agent for the Scherer 4 Participants to operate, maintain and perform other functions with respect to Scherer Unit 4 and the associated common facilities.

Operating Committee

The Scherer Unit 4 Operating Agreement creates an Operating Committee consisting of a representative from each of the Scherer 4 Participants. The Operating Committee has general authority to serve as liaison between GPC in its capacity as agent and the Scherer 4 Participants, and to administer the Scherer Unit 4 Operating Agreement and the Scherer Unit 4 Purchase Agreement. The Operating Committee also approves the Scherer Unit 4 business plan prepared by GPC, as agent, and certain procurement activities.

Operation

GPC, as agent for the Scherer 4 Participants, has the sole authority and responsibility to operate, maintain and perform other functions with respect to Scherer Unit 4 and the associated common facilities and is authorized to take all actions which, in its discretion and judgment, are deemed necessary or advisable to effect such operation, maintenance and other functions.

Separate Coal Procurement

Subject to the terms of the Scherer Unit 4 Purchase Agreement and Operating Agreement, FPL and JEA may act separately to supply their own coal requirements, as a separate coal stockpile, upon complying with certain conditions.

Availability, Scheduling and Dispatch of Output

The Scherer 4 Participants are entitled to the net capacity of Scherer Unit 4 in proportion to their ownership interests and other net energy output.

GPC has agreed to use its best efforts to dispatch or allow JEA and FPL direct dispatch control of the net energy output from Scherer Unit 4 to match schedules provided by the Scherer 4 Participants, subject to safety, reliability and integrity requirements of Scherer Unit 4, the other Plant Scherer units and the Georgia transmission grid.

Cost Sharing

Except as otherwise provided, each Scherer 4 Participant is responsible for its respective share of all operating and improvement costs. The Scherer Unit 4 Operating Agreement provides for the establishment of accounting and billing procedures, which have been approved by the Scherer 4 Participants.

AGENCY AGREEMENT BETWEEN JEA AND FPL

JEA and FPL have entered into an Agency Agreement Relating to the Joint Ownership of Plant Scherer Unit Number Four, dated as of December 31, 1990 (the "Scherer Unit 4 Agency Agreement"), which became effective on July 10, 1991. JEA and FPL agree in the Scherer Unit 4 Agency Agreement to

create joint Executive, Operating and Services Committees relating to their ownership interests in Scherer Unit 4 and the associated common facilities. Such committees are to be composed of a representative of FPL (the "Lead FPL Member") and a representative of JEA. JEA agrees to the appointment of FPL, through the FPL Lead Members or other FPL delegates, as its agent and proxy with respect to all matters concerning the parties' ownership interests in Scherer Unit 4 and the associated common facilities, including the operation, maintenance, contracting and project management thereof, to act in accordance with the instructions of the committees established in the Scherer Unit 4 Agency Agreement. FPL's duties and obligations in carrying out such agency include (i) voting JEA's ownership interest in conjunction with FPL's ownership interest at any managing board or operating or other committees, and (ii) directing the activities of the operating agent appointed for Scherer Unit 4 (initially, GPC).

FPL's authority to act on behalf of JEA under the Scherer Unit 4 Agency Agreement does not extend to actions regarding certain third party suits and claims, actions relating to reconstruction of damaged or destroyed facilities, retirement or life extension of Scherer Unit 4, dispatching of JEA's energy entitlement and the scheduling and transmission of such energy, and coal procurement activities.

Actions by the Executive Committee are taken by majority vote, with the votes of JEA and FPL representatives weighted in accordance with their respective ownership interests, *i.e.*, 76.36 percent for FPL and 23.64 percent for JEA. Thus, FPL will generally have the deciding vote. However, the unanimous consent of the committee representatives is required with respect to certain significant matters, including capital modifications or improvements, removal and replacement of the operating agent, and fuel utilization decisions requiring capital expenditures to maintain performance. The Scherer Unit 4 Agency Agreement provides for arbitration of deadlocks with respect to such significant matters. Decisions of the other committees established pursuant to the Scherer Unit 4 Agency Agreement will be by consensus, with disputes resolved by the Executive Committee.

The Scherer Unit 4 Agency Agreement may be terminated by agreement of JEA and FPL or by JEA in certain circumstances, including the insolvency or dissolution of FPL.

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APPENDIX G

FORM OF OPINION OF BOND COUNSEL
RELATING TO THE SERIES THREE 2020A BONDS

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APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL
RELATING TO THE SERIES THREE 2020A BONDS

Upon the delivery of the Series Three 2020A Bonds, Greenberg Traurig, P.A., Orlando, Florida, Bond Counsel to JEA, proposes to render its final approving opinion with respect to the Series Three 2020A Bonds in substantially the following form:

July 22, 2020

JEA
Jacksonville, Florida

Re: $129,255,000 Electric System Revenue Bonds, Series Three 2020A

Ladies and Gentlemen:

We have acted as Bond Counsel to JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida (the "City"), in connection with the issuance of its $129,255,000 aggregate principal amount of Electric System Revenue Bonds, Series Three 2020A (the "Series Three 2020A Bonds") issued pursuant to and under the authority of the Constitution and laws of the State of Florida, including, in particular, Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof, and other applicable provisions of law (collectively, the "Act"), a resolution of JEA adopted on March 30, 1982 (the "Electric System Resolution"), as amended, restated and supplemented, including as particularly supplemented and amended by a resolution of JEA adopted on August 16, 1988, as amended and supplemented, including as supplemented by Resolution No. 2018-15 of JEA adopted on December 11, 2018, authorizing the Series Three 2020A Bonds (such Electric System Resolution, as so amended, restated and supplemented, being herein referred to as the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

The Series Three 2020A Bonds are being issued by JEA to (a) provide a portion of funds to refund all or a portion of certain of JEA's outstanding Electric System Bonds and (b) pay costs of issuance of the Series Three 2020A Bonds. In our capacity as Bond Counsel, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of JEA contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or

inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments (other than the signatures of officers and officials of JEA), the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the Office of the General Counsel of the City, as to the due creation and valid existence of JEA and the due adoption of the Resolution.

Pursuant to the Resolution, the Series Three 2020A Bonds and all other Outstanding Bonds shall rank equally as to security and payment from (a) the Net Revenues derived from the operation of the Electric System and (b) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Resolution as may from time to time be available therefor (the "Pledged Revenues"). Pursuant to the terms, conditions and limitations contained in the Resolution, JEA reserves the right to issue Additional Parity Obligations in the future which shall have a lien on the Pledged Revenues equal to that of the Series Three 2020A Bonds and any then outstanding Additional Parity Obligations.

Neither the Series Three 2020A Bonds, nor the interest thereon, shall be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the Net Revenues and other amounts as provided in the Resolution. No Holder or Holders of any Series Three 2020A Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the City or of JEA, if any, or taxation in any form of any real property in the City to pay such Series Three 2020A Bonds or the interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Resolution.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that, under existing law:

1. JEA has the right and power under the Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by JEA, is in full force and effect, is valid and binding upon JEA and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledges which it purports to create of (a) (i) the Net Revenues derived by JEA from the operation of the Electric System and (ii) the amounts on deposit in the Revenue Fund and the Debt Service Account in the Sinking Fund established pursuant to the Resolution as may from time to time be available therefor and (b) the amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund as may from time to time be available therefor, in each such case, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

2. JEA is duly authorized and entitled to issue the Series Three 2020A Bonds, and the Series Three 2020A Bonds have been duly and validly authorized and issued by JEA in accordance with the Constitution and statutes of the State of Florida, and particularly the Act, and the Resolution, and constitute the legal, valid and binding obligations of JEA as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Act and the Resolution. The Series Three 2020A Bonds rank equally as to security and payment with the Outstanding Bonds.

3. JEA is legally authorized to operate the Electric System, and to collect, receive, hold and apply the Net Revenues in accordance with the provisions of the Resolution.

4. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated herein, interest on the Series Three 2020A Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and, furthermore, interest on the Series Three 2020A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of the Series Three 2020A Bonds.

5. The Series Three 2020A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

This opinion is qualified to the extent that the enforcement of the Series Three 2020A Bonds or the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement of creditors' rights now or hereafter in effect, or by the exercise of judicial discretion in accordance with general principles of equity.

In rendering the opinion set forth in Paragraph 4 above, we have assumed the accuracy of the certifications and representations of JEA and the continuing compliance by JEA with the requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder that must be met after the delivery of the Series Three 2020A Bonds in order that interest on the Series Three 2020A Bonds be and remain excludable from gross income for federal income tax purposes. The failure by JEA to meet such requirements may cause interest on the Series Three 2020A Bonds to be included in gross income for federal income tax purposes retroactively to the date of delivery of the Series Three 2020A Bonds. JEA has covenanted to comply with such requirements.

Except as stated in Paragraphs 4 and 5 above, we express no opinion as to any other tax consequences regarding the Series Three 2020A Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review or verify and, therefore, express no opinion herein regarding the accuracy, adequacy, fairness, or

completeness of the Official Statement or any other offering material relating to the Series Three 2020A Bonds, except as may be otherwise set forth in our supplemental opinion and in our disclosure counsel opinion delivered to the initial purchasers of the Series Three 2020A Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Series Three 2020A Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Series Three 2020A Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by JEA or the underwriters with any federal or state statute, regulation or ruling with respect to the registration, sale and distribution of the Series Three 2020A Bonds or regarding the perfection or priority of the lien on the Net Revenues created by the Resolution, except as stated in Paragraph 2 above with respect to the parity status of the Series Three 2020A Bonds.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update, revise or supplement the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

This opinion is furnished solely for the information and benefit of the addressees hereof and may not be relied upon by any other person except as specifically authorized by the undersigned firm.

Respectfully submitted,

APPENDIX H

FORM OF OPINION OF BOND COUNSEL
RELATING TO THE 2020 SERIES A SUBORDINATED BONDS

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APPENDIX H

PROPOSED FORM OF OPINION OF BOND COUNSEL
RELATING TO THE 2020 SERIES A SUBORDINATED BONDS

Upon the delivery of the 2020 Series A Subordinated Bonds, Greenberg Traurig, P.A., Orlando, Florida, Bond Counsel to JEA, proposes to render its final approving opinion with respect to the 2020 Series A Subordinated Bonds in substantially the following form:

July 22, 2020

JEA
Jacksonville, Florida

Re: $92,415,000 Electric System Subordinated Revenue Bonds, 2020 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel to JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida (the "City"), in connection with the issuance of $92,415,000 aggregate principal amount of its Electric System Subordinated Revenue Bonds, 2020 Series A (the "2020 Series A Subordinated Bonds") issued pursuant to and under the authority of the Constitution and laws of the State of Florida, including, in particular, Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof, and other applicable provisions of law (collectively, the "Act"), a resolution of JEA adopted on August 16, 1988 authorizing the issuance of JEA's Subordinated Bonds (such resolution, as heretofore amended, restated and supplemented, the "Subordinated Resolution"), including as supplemented by Resolution No. 2018-16, entitled the Fifty-Sixth Supplemental Subordinated Electric System Resolution, adopted on December 11, 2018 (the "Fifty-Sixth Supplemental Subordinated Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Subordinated Resolution.

The 2020 Series A Subordinated Bonds are being issued by JEA to (a) provide a portion of funds to refund all or a portion of certain of JEA's outstanding Subordinated Bonds and (b) pay costs of issuance of the 2020 Series A Subordinated Bonds. In our capacity as Bond Counsel, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of JEA contained in the Subordinated Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness

of signatures on all documents and instruments (other than signatures of officers and officials of JEA), the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the Office of the General Counsel of the City, as to the due creation and valid existence of JEA and the due adoption of the Subordinated Resolution.

The 2020 Series A Subordinated Bonds, when issued and delivered in accordance with the Fifty-Sixth Supplemental Subordinated Resolution, will constitute "Subordinated Bonds" for purposes of the Subordinated Resolution and the Electric System Resolution. JEA heretofore has issued certain other Subordinated Bonds under the Subordinated Resolution, and JEA reserves the right to issue additional Subordinated Bonds on the terms and conditions and for the purposes stated in the Subordinated Resolution. Under the provisions of the Subordinated Resolution, any such Subordinated Bonds may rank equally as to security and payment with the 2020 Series A Subordinated Bonds.

Pursuant to the Subordinated Resolution, the 2020 Series A Subordinated Bonds and all other Outstanding Subordinated Bonds shall rank equally as to security and payment from (a) the amounts on deposit in the Revenue Fund established under the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (b) the amounts on deposit in the funds established under the Subordinated Resolution, including the investments, if any, thereof, subject to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Resolution. The 2020 Series A Subordinated Bonds and the other Outstanding Subordinated Bonds 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.

Neither the 2020 Series A Subordinated Bonds, nor the interest thereon, shall be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the amounts pledged thereto as provided in the Subordinated Resolution. No Holder or Holders of any 2020 Series A Subordinated Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the City or of JEA, if any, or taxation in any form of any real property in the City to pay such 2020 Series A Subordinated Bonds or the interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Subordinated Resolution.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that, under existing law:

1. JEA has the right and power under the Act to adopt the Subordinated Resolution, and the Subordinated Resolution has been duly and lawfully adopted by JEA, is in full force and effect, is valid and binding upon JEA and is enforceable in accordance with its terms, and no other authorization for the Subordinated Resolution is required. The Subordinated Resolution creates the valid pledges which it purports to create of (a) the amounts on deposit in the Revenue Fund established under the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (b) the amounts on deposit in the funds established under the Subordinated Resolution, including the investments, if any, thereof, subject to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Resolution; provided, however, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund) is junior and subordinate in all respects to the Electric System Bonds as to lien on and source and security for payment from the Revenues.

2. JEA is duly authorized and entitled to issue the 2020 Series A Subordinated Bonds, and the 2020 Series A Subordinated Bonds have been duly and validly authorized and issued by JEA in accordance with the Constitution and statutes of the State of Florida, and particularly the Act, and the Subordinated Resolution, and constitute the legal, valid and binding obligations of JEA as provided in the Subordinated Resolution, enforceable in accordance with their terms and the terms of the Subordinated Resolution, and are entitled to the benefits of the Act and the Subordinated Resolution. The 2020 Series A Subordinated Bonds rank equally as to security and payment with the Outstanding Subordinated Bonds.

3. JEA is legally authorized to operate the Electric System, and to collect, receive, hold and apply the Net Revenues in accordance with the provisions of the Electric System Resolution and the Subordinated Resolution.

4. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated herein, interest on the 2020 Series A Subordinated Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and, furthermore, interest on the 2020 Series A Subordinated Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of the 2020 Series A Subordinated Bonds.

5. The 2020 Series A Subordinated Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

This opinion is qualified to the extent that the enforcement of the 2020 Series A Subordinated Bonds or the Subordinated Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement

of creditors' rights now or hereafter in effect, or by the exercise of judicial discretion in accordance with general principles of equity.

In rendering the opinion set forth in Paragraph 4 above, we have assumed the accuracy of the certifications and representations of JEA and the continuing compliance by JEA with the requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder that must be met after the delivery of the 2020 Series A Subordinated Bonds in order that interest on the 2020 Series A Subordinated Bonds be and remain excludable from gross income for federal income tax purposes. The failure by JEA to meet such requirements may cause interest on the 2020 Series A Subordinated Bonds to be included in gross income for federal income tax purposes retroactively to the date of delivery of the 2020 Series A Subordinated Bonds. JEA has covenanted to comply with such requirements.

Except as stated in Paragraphs 4 and 5 above, we express no opinion as to any other tax consequences regarding the 2020 Series A Subordinated Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review or verify and, therefore, express no opinion herein regarding the accuracy, adequacy, fairness, or completeness of the Official Statement or any other offering material relating to the 2020 Series A Subordinated Bonds, except as may be otherwise set forth in our supplemental opinion and in our disclosure counsel opinion delivered to the initial purchasers of the 2020 Series A Subordinated Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the 2020 Series A Subordinated Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the 2020 Series A Subordinated Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by JEA or the underwriters with any federal or state statute, regulation or ruling with respect to the registration, sale and distribution of the 2020 Series A Subordinated Bonds or regarding the perfection or priority of the lien on the Net Revenues created by the Subordinated Resolution, except as stated in Paragraph 1 above with respect to the subordination of the pledge created by the Subordinated Resolution to the Electric System Bonds and in Paragraph 2 above with respect to the parity status of the 2020 Series A Subordinated Bonds.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update, revise or supplement the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

This opinion is furnished solely for the information and benefit of the addressees hereof and may not be relied upon by any other person except as specifically authorized by the undersigned firm.

Respectfully submitted,

APPENDIX I

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX I

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement") dated July 22, 2020, is made by JEA, an independent agency of the City of Jacksonville, Florida duly organized and existing under the Constitution and laws of the State of Florida, for the benefit of the holders and beneficial owners from time to time of its Electric System Revenue Bonds, Series Three 2020A (the "Series Three 2020A Bonds") and its Electric System Subordinated Revenue Bonds, 2020 Series A (the "2020 Series A Subordinated Bonds," together with the Series Three 2020A Bonds, the "Bonds"), under the circumstances summarized in the following recitals. Each capitalized term used but not defined in this Agreement having the meaning assigned to it in Resolution No. 2018-15 of JEA, adopted on December 11, 2018, authorizing the Series Three 2020A Bonds and the Fifty-Sixth Supplemental Subordinated Electric System Resolution of JEA, adopted on December 11, 2018, authorizing the issuance of the 2020 Series A Subordinated Bonds (together, the "Supplemental Resolution"):

A. JEA, by passage of the Supplemental Resolution, has determined to issue the Bonds to provide funds for JEA purposes, and the Underwriters have agreed to provide those funds to JEA by purchasing the Bonds.

B. JEA understands that the Underwriters will sell and deliver the Bonds to other holders and beneficial owners; that the Underwriters would not purchase the Bonds from JEA, and JEA would not be assured of the availability of funds required for its purposes, if the Underwriters were not able to so sell and deliver the Bonds; and that the Bonds will be transferred from time to time from holders and beneficial owners to other holders and beneficial owners who may rely upon the continuing disclosure agreement made by JEA in the Supplemental Resolution and this Agreement.

C. As a condition to the purchase of the Bonds from JEA and the sale of the Bonds to holders and beneficial owners, the Underwriters are required to reasonably determine that JEA has made an agreement for the benefit of holders and beneficial owners of the Bonds in accordance with paragraph (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

D. As provided in the Supplemental Resolution JEA has agreed to provide or cause to be provided such financial information and operating data, financial statements and notices, in such manner, as may be required for purposes of paragraph (b)(5)(i) of the Rule.

NOW, THEREFORE, in consideration of the purchase of the Bonds from JEA by the Underwriters and the contemplated sale of the Bonds to, and transfer of the Bonds between, holders and beneficial owners from time to time, JEA hereby sets forth, pursuant to the Supplemental Resolution authorizing the Bonds, certain terms of its continuing disclosure

agreement made for purposes of the Rule and formed, collectively, by the Supplemental Resolution and this Agreement for the benefit of the holders and beneficial owners from time to time of the Bonds, as follows:

Section 1. Provision of Annual Information; Audited Financial Statements; and Notices of Events. JEA shall provide or cause to be provided:

(a) to the Municipal Securities Rulemaking Board (the "MSRB"), (i) not later than the June 1 following the end of each JEA fiscal year ended on or after September 30, 2020, annual financial information and operating data for such fiscal year of the type described in Section 2 ("Annual Information"), and (ii) when and if available, audited JEA financial statements for each such fiscal year; and

(b) to the MSRB, notice of (i) any Specified Event described in Section 2 in a timely manner not in excess of 10 business days after the occurrence of such Specified Event, (ii) JEA's failure to provide the Annual Information on or prior to the date specified above, and (iii) any change in the accounting principles applied in the preparation of its annual financial statements, any change in its fiscal year, and termination of this Agreement.

Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made in electronic format through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org, accompanied by such identifying information as is prescribed by the MSRB.

JEA expects that audited annual JEA financial statements will be prepared and that such statements will be available together with the Annual Information. Each of the financial statements will be prepared in accordance with generally accepted accounting principles described in note 1 to the financial statements included in the Official Statement of JEA, dated July 10, 2020, relating to the Bonds (the "Official Statement").

Section 2. Annual Information and Specified Events.

(a) "Annual Information" to be provided by JEA shall consist of the following information and data of the type included in the Official Statement:

(i) the table entitled "Percent Fuel Mix" under the caption "ELECTRIC SYSTEM - Fuel Mix";

(ii) the table entitled "Electric System Generating Facilities" under the caption "ELECTRIC SYSTEM - Electric System Generating Facilities";

(iii) the table entitled "Largest Customer Accounts" under the caption "ELECTRIC SYSTEM - Customers and Sales";

(iv) the table entitled "Peak Demand for Power on the Electric System" under the caption "ELECTRIC SYSTEM - Resource Requirements - System Load"'

(v) the table entitled "Power Park Capacity Factor" under the caption "ELECTRIC SYSTEM - Other Electric Utility Facilities - St. Johns River Power Park - Operation";

(vi) the table entitled "Scherer Unit 4 Plant Availability Factors and Capacity Factors" under the caption "ELECTRIC SYSTEM - Other Electric Utility Facilities - Scherer Unit 4 - Operation";

(vii) the table entitled "Outstanding Bulk Power Supply System Bonds" under the caption "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Outstanding Bulk Power Supply System Bonds";

(viii) the table entitled "Outstanding Power Park Issue Three Bonds" under the caption "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Contract Debts - Outstanding Power Park Issue Three Bonds";

(ix) the table entitled "Outstanding Electric System Bonds" under the caption "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Electric System Bonds - Outstanding Electric System Bonds";

(x) the table entitled "Outstanding Subordinated Bonds" under the caption "OUTSTANDING ELECTRIC SYSTEM OBLIGATIONS - Subordinated Bonds - Outstanding Subordinated Bonds"; and

(xi) the information under the caption "ELECTRIC SYSTEM FINANCE MATTERS - Management's Discussion and Analysis (Unaudited)" for the applicable fiscal year ended September 30th;

(xii) the table entitled "JEA Electric System Schedules of Debt Service Coverage" under the caption "ELECTRIC SYSTEM FINANCE MATTERS - Historical Debt Service Coverage" for the applicable fiscal years ended September 30th.

If the audited financial statements of JEA for the fiscal year are provided contemporaneously with the Annual Information, information and data set forth in such audited financial statements may be incorporated by reference.

(b) "Specified Events" shall include the occurrence of the following events, within the meaning of the Rule, with respect to the Bonds, as applicable: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of holders or beneficial owners, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the

Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of JEA; (xiii) the consummation of a merger, consolidation, or acquisition involving JEA or the sale of all or substantially all of the assets of JEA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; or (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For the purposes of the Specified Event identified in Section 2(b)(xii) above, the Specified Event is considered to occur when any of the following occur: (a) the appointment of a receiver, fiscal agent or similar officer for JEA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of JEA or (b) if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or (c) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of JEA.

Section 3. **Amendments**. JEA reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of JEA, or type of business conducted by JEA. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until JEA shall have received either (a) a written opinion of bond or other qualified independent special counsel selected by JEA that the amendment or waiver would not materially impair the interests of holders or beneficial owners, or (b) in the case of an amendment or waiver (i) affecting the Series Three 2020A Bonds, the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the Series Three 2020A Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Electric System Resolution at such time, or (ii) affecting the 2020 Series A Subordinated Bonds, the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the 2020 Series A Subordinated Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Subordinated Electric System Resolution at such time. Annual Information containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided.

Section 4. **Remedy for Breach**. This Agreement shall be solely for the benefit of the holders and beneficial owners from time to time of the Bonds. A failure by JEA to comply with the provisions hereof does not constitute a default under the Electric System Resolution or the Subordinated Electric System Resolution. The exclusive remedy for any breach of this Agreement by JEA shall be limited, to the extent permitted by law, to a right of holders and beneficial owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of its obligations under this Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require JEA to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require JEA to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) shall be instituted and maintained only by a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of (i) the Series Three 2020A Bonds then outstanding, in the case of proceedings relating to the Series Three 2020A Bonds or (ii) the 2020 Series A Subordinated Bonds then outstanding, in the case of proceedings relating to the 2020 Series A Subordinated Bonds or by holders or beneficial owners of not less than 10 percent in principal amount of (x) the Series Three 2020A Bonds then outstanding, in the case of proceedings relating to the Series Three 2020A Bonds or (y) the 2020 Series A Subordinated Bonds then outstanding, in the case of proceedings relating to the 2020 Series A Subordinated Bonds.

Section 5. **Termination**. The obligations of JEA under this Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and JEA remains an obligated person with respect to the Bonds within the meaning of the Rule. The obligation of JEA to provide the Annual Information and notices of the events described above shall terminate, if and when JEA no longer remains such an obligated person.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, JEA has caused this Agreement to be duly signed and delivered to the Underwriters, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Underwriters, on its behalf by its official signing below, all as of the date set forth above, and the holders and beneficial owners from time to time of the Bonds shall be deemed to have accepted JEA's continuing disclosure undertaking, as contained in the Supplemental Resolution authorizing the Bonds and further described and specified herein, made in accordance with the Rule.

JEA

By: _____
Paul E. McElroy,
Interim Managing Director and
Chief Executive Officer

APPENDIX J

BOOK-ENTRY ONLY SYSTEM

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APPENDIX J

BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's book-entry system has been obtained from DTC and neither JEA nor the Underwriters make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the 2020A Bonds. The 2020A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2020A Bond certificate will be issued for each maturity of the 2020A Bonds as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," and together with the Direct Participants, the "Participants"). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of 2020A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020A Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not

receive certificates representing their ownership interests in the 2020A Bonds, except in the event that use of the book-entry system for the 2020A Bonds is discontinued.

To facilitate subsequent transfers, all 2020A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2020A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the 2020A Bonds. For example, Beneficial Owners of 2020A Bonds may wish to ascertain that the nominee holding the 2020A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020A Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to JEA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2020A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the 2020A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from JEA or the bond paying agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the paying agent, or JEA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the 2020A Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is

the responsibility of JEA and/or the paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the 2020A Bonds at any time by giving reasonable notice to JEA or paying agent. Under such circumstances, in the event that a successor depository is not obtained, 2020A Bonds certificates are required to be printed and delivered.

JEA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2020A Bonds certificates will be printed and delivered to DTC.

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APPENDIX K-1

REFUNDED BONDS

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REFUNDED BONDS

JEA will select the particular Outstanding Electric System Bonds to be refunded through the issuance of the Series Three 2020A Bonds at or about the time of pricing of the Series Three 2020A Bonds; and such selection will be based upon, among other things, market conditions existing at such time. No assurance can be given as to which Outstanding Electric System Bonds will be finally selected for refunding or the principal amount to be refunded of such Outstanding Electric System Bonds.

The following table provides information regarding the Refunded Bonds, which is contingent upon the issuance and delivery of the Series Three 2020A Bonds. The Refunded Bonds will be refunded at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date, and will not be subject to partial redemption.

Electric System Series Three Bonds	Maturity (October 1)	Interest Rate	Par Amount to be Refunded	Redemption Date	Initial CUSIP Number
2010C	2031	4.500%	$ 1,290,000	08/14/2020	46613SGS3
2010D	2038	4.250	60,000	08/14/2020	46613SGU8
2012B	2027	3.000	1,915,000	08/14/2020	46613CU94
2012B	2028	3.000	1,395,000	08/14/2020	46613CV28
2012B	2029	3.125	1,390,000	08/14/2020	46613CV36
2012B	2030	3.250	365,000	08/14/2020	46613CV44
2012B	2031	3.250	1,180,000	08/14/2020	46613CV51
2012B	2032	3.375	1,180,000	08/14/2020	46613CV69
2012B	2035	3.625	30,000,000	08/14/2020	46613CW35
2012B	2039	3.750	40,000,000	08/14/2020	46613CV93
2012B	2035	3.750	5,415,000	08/14/2020	46613CV77
2013A	2026	3.000	180,000	08/14/2020	46613SJC5
2013B	2026	3.000	25,000	08/14/2020	46613C3A1
2013B	2027	3.000	25,000	08/14/2020	46613C3B9
2013B	2028	3.250	25,000	08/14/2020	46613C3C7
2013B	2029	3.375	30,000	08/14/2020	46613C3D5
2013B	2030	3.500	25,000	08/14/2020	46613C3E3
2013B	2033	3.500	190,000	08/14/2020	46613C3F0
2013B	2038	4.000	1,355,000	08/14/2020	46613C3G8
2013B	2038	5.000	5,825,000	08/14/2020	46613C3H6

Electric System Series Three Bonds	Maturity (October 1)	Interest Rate	Par Amount to be Refunded	Redemption Date	Initial CUSIP Number
Series Three 2014A	2026	3.500	1,475,000	08/14/2020	46613SKC3
Series Three 2014A	2027	3.600	1,525,000	08/14/2020	46613SKD1
Series Three 2014A	2028	3.750	1,585,000	08/14/2020	46613SKE9
Series Three 2014A	2029	4.000	1,225,000	08/14/2020	46613SKF6
Series Three 2014A	2030	4.000	450,000	08/14/2020	46613SKG4
Series Three 2014A	2031	4.000	470,000	08/14/2020	46613SKH2
Series Three 2014A	2032	4.100	490,000	08/14/2020	46613SKJ8
Series Three 2014A	2033	4.250	420,000	08/14/2020	46613SKK5
Series Three 2014A	2034	4.300	425,000	08/14/2020	46613SKL3
Series Three 2015A	2026	3.000	825,000	08/14/2020	46613SKR0
Series Three 2015A	2027	3.125	1,240,000	08/14/2020	46613SKS8
Series Three 2015A	2028	3.250	1,060,000	08/14/2020	46613SKT6
Series Three 2015A	2029	3.375	930,000	08/14/2020	46613SKU3
Series Three 2015A	2030	3.375	4,430,000	08/14/2020	46613SCR9
Series Three 2015A	2031	3.375	1,895,000	08/14/2020	46613SCS7
Series Three 2015A	2032	3.500	1,955,000	08/14/2020	46613SCT5
Series Three 2015A	2033	3.500	2,025,000	08/14/2020	46613SCU2
Series Three 2015A	2034	3.500	1,660,000	08/14/2020	46613SCV0
Series Three 2015A	2041	3.750	38,005,000	08/14/2020	46613SCW8
Series Three 2015B	2028	3.375	10,000	10/01/2020	46613SKY5
Series Three 2015B	2029	3.500	10,000	10/01/2020	46613SKZ2
Series Three 2015B	2030	3.500	3,120,000	10/01/2020	46613SDD9
Series Three 2015B	2031	3.625	2,605,000	10/01/2020	46613SDE7
Total			$159,705,000		

APPENDIX K-2

REFUNDED SUBORDINATED BONDS

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APPENDIX K-2

REFUNDED SUBORDINATED BONDS

JEA will select the particular Outstanding Subordinated Bonds to be refunded through the issuance of the 2020 Series A Subordinated Bonds at or about the time of pricing of the 2020 Series A Subordinated Bonds; and such selection will be based upon, among other things, market conditions existing at such time. No assurance can be given as to which Outstanding Subordinated Bonds will be finally selected for refunding or the principal amount to be refunded of such Outstanding Subordinated Bonds.

The following table provides information regarding the Refunded Subordinated Bonds, which is contingent upon the issuance and delivery of the 2020 Series A Subordinated Bonds. The Refunded Subordinated Bonds will be refunded at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date, and will not be subject to partial redemption.

Subordinated Bonds	Maturity (October 1)	Interest Rate	Par Amount to be Refunded	Redemption Date	Initial CUSIP Number
2012 Series B	2028	3.250%	$ 5,020,000	08/14/2020	46613CS63
2012 Series B	2031	3.500	4,505,000	08/14/2020	46613CS97
2012 Series B	2032	3.500	4,655,000	08/14/2020	46613CT21
2012 Series B	2035	3.750	1,795,000	08/14/2020	46613CT54
2012 Series B	2037	4.000	30,780,000	08/14/2020	46613CT39
2013 Series A	2028	3.000	8,850,000	08/14/2020	46613CY25
2013 Series A	2030	3.100	7,235,000	08/14/2020	46613CY41
2013 Series C	2027	3.250	515,000	08/14/2020	46613C3W3
2013 Series C	2028	3.375	490,000	08/14/2020	46613C3X1
2013 Series C	2029	3.500	740,000	08/14/2020	46613C3Y9
2013 Series C	2030	3.500	2,900,000	08/14/2020	46613C3Z6
2013 Series C	2033	3.625	3,695,000	08/14/2020	46613C4A0
2013 Series C	2032	5.000	6,790,000	08/14/2020	46613C4K8
2013 Series C	2038	4.000	18,875,000	08/14/2020	46613C4B8
2013 Series D	2027	4.375	395,000	08/14/2020	46613SNH9
2013 Series D	2028	4.500	380,000	08/14/2020	46613SNJ5
2013 Series D	2029	4.625	90,000	08/14/2020	46613SNK2
2013 Series D	2030	4.750	225,000	08/14/2020	46613SNL0
2013 Series D	2031	4.750	275,000	08/14/2020	46613SNM8
2013 Series D	2032	4.750	610,000	08/14/2020	46613SNN6
2013 Series D	2033	4.750	525,000	08/14/2020	46613SNP1
2013 Series D	2034	4.800	450,000	08/14/2020	46613SNQ9
2013 Series D	2035	5.000	425,000	08/14/2020	46613SNR7

Subordinated Bonds	Maturity (October 1)	Interest Rate	Par Amount to be Refunded	Redemption Date	Initial CUSIP Number
2014 Series A	2029	4.000	1,480,000	08/14/2020	46613SPP9
2014 Series A	2030	4.000	1,540,000	08/14/2020	46613SPQ7
2014 Series A	2031	4.125	1,605,000	08/14/2020	46613SPR5
2014 Series A	2032	4.250	1,670,000	08/14/2020	46613SPS3
2014 Series A	2036	4.500	6,645,000	08/14/2020	46613SPV6
Total			$113,160,000		



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RESOLUTION NO. 2020-13

JEA

Not To Exceed
$271,000,000
Electric System Subordinated
Revenue Bonds, 2021/22 Series X

FIFTY-SEVENTH SUPPLEMENTAL SUBORDINATED
ELECTRIC SYSTEM RESOLUTION

Adopted December 15, 2020

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FIFTY-SEVENTH SUPPLEMENTAL SUBORDINATED ELECTRIC SYSTEM RESOLUTION

A RESOLUTION OF JEA SUPPLEMENTING THE RESOLUTION OF JEA ADOPTED ON AUGUST 16, 1988, AUTHORIZING THE ISSUANCE IN ONE OR MORE SERIES OF ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, AS SUPPLEMENTED AND AMENDED; AUTHORIZING THE ISSUANCE OF ITS ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, 2021/22 SERIES X IN AN ORIGINAL AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $271,000,000 FOR THE PURPOSE OF FINANCING THE REFUNDING OF CERTAIN OF JEA'S OUTSTANDING ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS, FINANCING THE TERMINATION OF FLOATING-TO-FIXED RATE INTEREST RATE SWAP TRANSACTIONS ASSOCIATED WITH OUTSTANDING VARIABLE RATE ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS TO BE REFUNDED AND PAYING THE COSTS OF ISSUANCE OF SUCH SUBORDINATED BONDS; AUTHORIZING THE TERMINATION OR PARTIAL TERMINATION OF FLOATING-TO-FIXED RATE INTEREST RATE SWAP TRANSACTIONS ASSOCIATED WITH OUTSTANDING VARIABLE RATE ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS TO BE REFUNDED; ESTABLISHING CRITERIA FOR AND DELEGATING THE AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH; AUTHORIZING THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER TO AWARD THE SALE OF SAID SUBORDINATED BONDS IN ONE OR MORE SERIES TO THE UNDERWRITERS DESCRIBED HEREIN PURSUANT TO A NEGOTIATED SALE AND APPROVING THE CONDITIONS AND CRITERIA FOR SUCH SALE; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; APPOINTING U.S. BANK NATIONAL ASSOCIATION AS SUBORDINATED BOND REGISTRAR AND PAYING AGENT FOR SAID SUBORDINATED BONDS; PROVIDING FOR THE APPOINTMENT OF AN ESCROW AGENT FOR THE REFUNDED SUBORDINATED BONDS AND APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; APPROVING THE FORM OF A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE SUBORDINATED BONDS AND AUTHORIZING THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, THE CHIEF FINANCIAL OFFICER OR THE TREASURER TO DEEM THE PRELIMINARY OFFICIAL STATEMENT FINAL FOR PURPOSES OF SEC RULE 15c2-12; AUTHORIZING THE APPROVAL AND EXECUTION OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO SAID SUBORDINATED BONDS; AUTHORIZING THE REGISTRATION OR QUALIFICATION OF SAID SUBORDINATED BONDS UNDER THE BLUE SKY LAWS OF THE VARIOUS STATES; APPROVING THE FORM

AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE AGREEMENT; PROVIDING FEDERAL INCOME TAX COVENANTS; AUTHORIZING CERTAIN OFFICIALS OF JEA TO TAKE OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SAID SUBORDINATED BONDS, THE REFUNDING AND REDEMPTION OF SAID REFUNDED SUBORDINATED BONDS AND THE TERMINATION OR PARTIAL TERMINATION OF INTEREST RATE SWAP TRANSACTIONS ASSOCIATED WITH THE VARIABLE RATE REFUNDED SUBORDINATED BONDS; PROVIDING FOR SEVERABILITY AND CERTAIN OTHER DETAILS WITH RESPECT THERETO; SUPERSEDING AND REPEALING THE AUTHORIZATION TO ISSUE ADDITIONAL DEBT UNDER RESOLUTION NO. 2018-16; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED by JEA as follows:

ARTICLE I
AUTHORITY, DEFINITIONS AND FINDINGS

SECTION 101. Supplemental Subordinated Resolution. This Fifty-Seventh Supplemental Subordinated Electric System Resolution is adopted pursuant to Article 21 of the Charter of the City of Jacksonville, Florida (the "City"), as amended, and other applicable provisions of law and is supplemental to, and is adopted in accordance with, Article X of the resolution of JEA adopted on August 16, 1988 entitled "A Resolution of the Jacksonville Electric Authority authorizing the issuance of Electric System Subordinated Revenue Bonds of said Authority for the purpose of financing the construction and acquisition of additions, extensions and improvements to the Electric System of said Authority and the refunding of certain indebtedness of said Authority, and any other lawful purpose of said Authority relating to its Electric System; specifying definitions and the statutory authority therefor; specifying terms and conditions for the authorization and issuance of said Bonds; specifying general terms and provisions of said Bonds; specifying general terms for the redemption of said Bonds; providing for the payment and security of said Bonds and providing for the establishment of Funds and application thereof; making certain covenants and agreements with the Holders of said Bonds; establishing Events of Default and remedies therefor; providing for the rights and responsibilities of the Fiduciaries; providing for amending and supplementing such Resolution; providing certain other matters in connection with said Bonds; and providing an effective date," as heretofore amended, restated and supplemented (the "Subordinated Resolution").

SECTION 102. Definitions. 1. Except as provided by this Fifty-Seventh Supplemental Subordinated Electric System Resolution, all terms which are defined in Section 2 of the Electric System Resolution (as defined in the Subordinated Resolution) and in Section 1.01 of the Subordinated Resolution shall have the same meanings, respectively, herein as such terms are given in said Section 2 of the Electric System Resolution and in said Section 1.01 of the Subordinated Resolution. Words importing a singular number shall include the plural number in each case and vice versa, and words importing persons shall include business entities.

2. In this Fifty-Seventh Supplemental Subordinated Electric System Resolution, the following terms shall have the indicated meanings:

"Authorized Officer of JEA" shall mean (1) the Chair, the Vice Chair, the Secretary and any Assistant Secretary of JEA, (2) the Managing Director/CEO, (3) the President and Chief Operating Officer, (4) the Vice President and General Manager, Electric Systems, the Chief Financial Officer and the Treasurer of JEA (or any officer of JEA hereafter serving in a capacity equivalent to that of any of the foregoing officers) or (5) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by JEA.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement to be entered into between JEA and the Underwriters named therein relating to a particular Series of the 2021/22 Series X Subordinated Bonds, the form of which is attached as Exhibit A to Resolution No. 2020-12.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement to be delivered by JEA in connection with the issuance of a particular Series of the 2021/22 Series X Subordinated Bonds, a form of which is attached as Appendix I to the Form Preliminary Official Statement.

"Delivery Date" shall mean the date of initial issuance and delivery of a particular Series of the 2021/22 Series X Subordinated Bonds (however such Subordinated Bonds are identified upon initial issuance and delivery pursuant to the certificate referred to in Section 203 hereof relating to the 2021/22 Series X Subordinated Bonds of such Series).

"DTC" shall mean The Depository Trust Company.

"Escrow Agent" shall mean the bank or trust company appointed as escrow agent under an Escrow Deposit Agreement, if any, and its duly appointed successors, such appointment, with respect to a particular Series of the 2021/22 Series X Subordinated Bonds, to be made in the certificate referred to in Section 203 hereof relating to the 2021/22 Series X Subordinated Bonds of such Series.

"Escrow Deposit Agreement" shall mean each escrow deposit agreement between JEA and an Escrow Agent that may be entered into concurrently with the issuance and delivery of any Series of the 2021/22 Series X Subordinated Bonds, a form of which is attached hereto as Exhibit A.

"Fifty-Seventh Supplemental Subordinated Resolution" shall mean this Fifty-Seventh Supplemental Subordinated Electric System Resolution (Resolution No. 2020-13), as from time to time amended or supplemented by Supplemental Subordinated Resolutions in accordance with the terms of the Subordinated Resolution. This Fifty-Seventh Supplemental Subordinated Resolution shall constitute a Supplemental Subordinated Resolution within the meaning of the Subordinated Resolution.

"Form Preliminary Official Statement" shall mean the preliminary official statement relating to the 2021/22 Series X Subordinated Bonds in substantially the form of the Preliminary Official Statement relating to Electric System Subordinated Revenue Bonds, 2020 Series A, or any other Preliminary Official Statement more recently executed and delivered by JEA in connection with the sale of bonds, in each case with such changes, omissions, insertions and revisions as an Authorized Officer of JEA shall deem necessary or appropriate.

"Letter of Representations" shall mean the Blanket Issuer Letter of Representations, dated May 6, 2004, from JEA to DTC, providing for the issuance of certain obligations of JEA (including the 2021/22 Series X Subordinated Bonds) in book-entry form through the facilities of DTC.

"Managing Director/CEO" shall mean the Managing Director and Chief Executive Officer of JEA.

"Refunded Subordinated Bonds" shall mean, with respect to any particular Series of 2021/22 Series X Subordinated Bonds, the Subordinated Bonds of the Series and maturities (and, if applicable, interest rates within maturities) in the respective principal amounts, to be refunded thereby, as identified by the Managing Director/CEO in the certificate described in Section 203 hereof relating to the 2021/22 Series X Subordinated Bonds of such Series.

"Resolution No. 2020-12" shall mean Resolution No. 2020-12 of JEA adopted on the date of adoption hereof authorizing the issuance of JEA Electric System Revenue Bonds, Series Three 2021/22X.

"Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Sale Date" with respect to a particular Series of 2021/22 Series X Subordinated Bonds, shall mean the date on which JEA enters into a Bond Purchase Agreement with respect to such Series of 2021/22 Series X Subordinated Bonds.

"Subordinated Bond Fund" shall mean the Subordinated Bond Fund established pursuant to the Subordinated Resolution.

"Subordinated Interest Rate Swap Transactions" shall mean the floating-to-fixed rate interest rate swap transactions entered into by JEA associated with variable rate Refunded Subordinated Bonds which interest rate swap transactions are to be terminated, in whole or in part, contemporaneously with the issuance of a Series of 2021/22 Series X Subordinated Bonds.

"Underwriters" shall mean any or all of the other investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA's debt named in the applicable Bond Purchase Agreement.

"2021/22 Series X Subordinated Bonds" shall mean the Electric System Subordinated Revenue Bonds, 2021/22 Series X of JEA authorized to be issued and sold pursuant to Article II of this Fifty-Seventh Supplemental Subordinated Resolution.

SECTION 103. Findings. It is hereby ascertained, determined and declared that:

A. Pursuant to the Subordinated Resolution, JEA has heretofore authorized the issuance of Subordinated Bonds in one or more Series.

B. Pursuant to its Ordinances 88-1108-554, 92-1411-902, 95-736-450, 1999-797-E, 2001-664-E, 2003-844-E, 2005-460-E, 2008-581-E and 2013-490-E, the Council of the City has authorized, among other things, the issuance and sale by JEA of Subordinated Bonds for the purposes, among others, of financing the refunding of any Subordinated Bonds.

C. It is in the best interests of JEA to provide for the refunding of the Refunded Subordinated Bonds to permit JEA to (i) refund fixed rate Subordinated Bonds at favorable interest rates, (ii) refund variable rate debt with fixed rate bonds at favorable fixed interest rates, and (iii) terminate or partially terminate Subordinated Interest Rate Swap Transactions in an aggregate notional amount not to exceed the principal amount of the associated variable rate Refunded Subordinated Bonds on favorable terms and thereby reduce the put, liquidity, renewal, counterparty, basis and other risks associated with bonds structured as variable rate demand obligations with associated variable-to-fixed rate interest rate swaps. Anything provided herein to the contrary notwithstanding, in no event shall interest rate swap transactions remain outstanding in a notional amount in excess of the outstanding principal amount of the debt hedged thereby.

D. It is in the best interests and serves a valid public purpose of JEA to issue and sell the 2021/22 Series X Subordinated Bonds as authorized herein for the purpose of providing all or a portion of funds required to refund the Refunded Subordinated Bonds, to pay the costs of terminating or partially terminating the Subordinated Interest Rate Swap Transactions in an aggregate notional amount not to exceed the aggregate principal amount of the associated variable rate Refunded Subordinated Bonds and to pay the costs of issuance of the 2021/22 Series X Subordinated Bonds.

E. Because of the characteristics of the 2021/22 Series X Subordinated Bonds, prevailing and anticipated market conditions, the need for flexibility in timing the issuance of each Series of the 2021/22 Series X Subordinated Bonds and, if applicable, the coordination of the termination or partial termination of the Subordinated Interest Rate Swap Transactions, it is necessary and in the best interests of JEA to sell each Series of the 2021/22 Series X Subordinated Bonds at a negotiated sale to the Underwriters, upon satisfaction of the terms and conditions set forth herein and in the Bond Purchase Agreement.

F. Upon issuance in accordance with the terms hereof, the 2021/22 Series X Subordinated Bonds will constitute Subordinated Bonds under the Subordinated Resolution, entitled to all the security and benefits thereof.

G. The 2021/22 Series X Subordinated Bonds shall be limited obligations of JEA payable solely from and secured by a lien upon and pledge of (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Resolution, including investments, if any, thereof, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Resolution; *provided*, *however*, that such pledge shall be junior and subordinate in all respects to the Electric System Bonds as to lien on and source and security for payment from the Revenues. The 2021/22 Series X Subordinated Bonds shall not constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and pledge of the amounts provided in the Subordinated Resolution. In no event shall any owner of 2021/22 Series X Subordinated Bonds ever have the right to compel the ad valorem taxing power of the City or JEA, if any, or taxation of any form to pay the 2021/22 Series X Subordinated Bonds or be entitled to payment thereof from any other funds of the City or JEA.

H. Prior to the sale of the 2021/22 Series X Subordinated Bonds of a particular Series, the Underwriters will provide JEA with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes. The Bond Purchase Agreement shall include a Truth-In-Bonding Statement pursuant to Section 218.385, Florida Statutes.

ARTICLE II
AUTHORIZATION OF
2021/22 SERIES X SUBORDINATED BONDS

SECTION 201. Principal Amount, Designation and Series. Pursuant to the provisions of the Electric System Resolution and the Subordinated Resolution one or more Series of Subordinated Bonds entitled to the benefit, protection and security of the Subordinated Resolution are hereby authorized in an aggregate principal amount not to exceed $271,000,000; *provided*, that not to exceed $138,000,000 principal amount of the 2021/22 Series X Subordinated Bonds may be issued for the purpose of refunding fixed rate Refunded Subordinated Bonds and not to exceed $133,000,000 principal amount of the 2021/22 Series X Subordinated Bonds may be issued for the purpose of refunding variable rate Refunded Subordinated Bonds. Such Subordinated Bonds shall be designated as, and shall be distinguished from the Subordinated Bonds of all other Series by the title, "Electric System Subordinated Revenue Bonds, 2021/22 Series X"; *provided*, that the Managing Director/CEO may alter the year and letter designation of the 2021/22 Series X Subordinated Bonds as he deems appropriate to reflect the year of issue or sale of such 2021/22 Series X Subordinated Bonds, the designation of Subordinated Bonds previously issued and JEA's custom in identifying Subordinated Bonds or as he otherwise deems desirable. Notwithstanding any such alteration of the Series designation for the 2021/22 Series X Subordinated Bonds, references in this Fifty-Seventh Supplemental Subordinated Resolution to "2021/22 Series X Subordinated Bonds" shall include all Subordinated Bonds issued pursuant to the authority contained in this Section 201. The actual aggregate principal amount of the 2021/22 Series X Subordinated Bonds of a particular Series to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purpose of which the 2021/22 Series X Subordinated Bonds of such Series are

being issued, such determination to be set forth in the certificate referred to in Section 203 hereof to be executed with respect to the 2021/22 Series X Subordinated Bonds of such Series. Notwithstanding any other provision of the Subordinated Resolution or this Fifty-Seventh Supplemental Resolution, each particular Series of the 2021/22 Series X Subordinated Bonds shall be deemed to be a separate Series of Subordinated Bonds for all purposes of the Subordinated Resolution, including (without limitation) for the purpose of determining satisfaction of the conditions to the issuance of the 2021/22 Series X Subordinated Bonds of such Series set forth in Article II of the Subordinated Resolution.

The 2021/22 Series X Subordinated Bonds of each Series authorized to be issued hereunder may be sold pursuant to a Bond Purchase Agreement entered into not later than December 31, 2022.

SECTION 202. Purpose. The 2021/22 Series X Subordinated Bonds of a particular Series shall be issued for the purposes of: (a) financing the refunding of the Refunded Subordinated Bonds; (b) paying the cost of terminating or partially terminating Subordinated Interest Rate Swap Transactions in an aggregate notional amount not to exceed the principal amount of the associated variable rate Refunded Subordinated Bonds; and (3) paying the costs of issuance of the 2021/22 Series X Subordinated Bonds of such Series. Subject to complying with the criteria provided in Section 203 hereof, the refunding of the Refunded Subordinated Bonds is hereby authorized.

SECTION 203. Date(s), Maturities and Interest; Certain Determinations with Respect to the 2021/22 Series X Subordinated Bonds. The 2021/22 Series X Subordinated Bonds of each Series shall be issued as fully registered bonds in the denomination of $5,000 each or integral multiples thereof, shall be numbered from 1 upward, shall bear interest from their respective dates (payable semiannually thereafter on April 1 and October 1 in each year, commencing on either of the October 1 or April 1 next following the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds, as determined by the Managing Director/CEO) at such rates per annum and shall mature on October 1 in such years and amounts, all as shall be determined by the Managing Director/CEO in the manner hereinafter set forth.

On or prior to the Sale Date for a particular Series of the 2021/22 Series X Subordinated Bonds, the Managing Director/CEO shall execute a certificate setting forth the following determinations and the Managing Director/CEO may rely on a certificate from JEA's financial advisor in order to confirm the savings determinations made in clause (e) below:

(a) the aggregate principal amount of the 2021/22 Series X Subordinated Bonds of such Series; *provided,* that, the aggregate principal amount of all 2021/22 Series X Subordinated Bonds shall not exceed $271,000,000, the aggregate principal amount of 2021/22 Series X Subordinated Bonds issued to refund fixed rate Refunded Subordinated Bonds shall not exceed $138,000,000, and the aggregate principal amount of the 2021/22 Series X Subordinated Bonds issued to refund variable rate Refunded Subordinated Bonds shall not exceed $133,000,000;

(b) the year and letter and any other designation and the Delivery Date for such Series of 2021/22 Series X Subordinated Bonds;

(c) the Refunded Subordinated Bonds to be refunded through the issuance of the 2021/22 Series X Subordinated Bonds of such Series and the date(s) on which such Refunded Subordinated Bonds are to be redeemed, which shall be such date as the Managing Director/CEO determines to be the earliest date on which such Refunded Subordinated Bonds may be redeemed in light of the circumstances then existing; and the identity of the Escrow Agent, if any, for such Refunded Subordinated Bonds and, if applicable, the Sinking Fund Installments to which the principal amount of the Refunded Subordinated Bonds shall be credited;

(d) the respective dates on which the 2021/22 Series X Subordinated Bonds of such Series shall mature and the principal amounts of each such maturity; *provided*, *however*, that the 2021/22 Series X Subordinated Bonds of each Series (i) that are issued for refunding purposes in order to achieve debt service savings shall have a weighted average life no greater than the remaining weighted average life of the Refunded Subordinated Bonds being refunded thereby, plus one year and (ii) that are issued for refunding purposes to refund variable rate obligations shall have a weighted average life no greater than the remaining weighted average life of the Refunded Subordinated Bonds, plus one year;

(e) the respective rate or rates of interest to be borne by the 2021/22 Series X Subordinated Bonds of such Series maturing on each such date; *provided*, *however*, that (1) with respect to any 2021/22 Series X Subordinated Bonds of such Series that are issued for the purpose of refunding variable rate Subordinated Bonds, the true interest cost of such 2021/22 Series X Subordinated Bonds shall not exceed 5.00 percent; and (2) with respect to any 2021/22 Series X Subordinated Bonds of such Series, issued for the purpose of refunding fixed rate Refunded Subordinated Bonds and to achieve debt service savings (i) if any such 2021/22 Series X Subordinated Bonds mature on the October 1 next following the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds, such refunding shall result in positive net present value savings; (ii) the present value savings from (A) the issuance of such 2021/22 Series X Subordinated Bonds that are issued to refund any Refunded Subordinated Bonds maturing on an October 1 occurring at least one year and less than three years after the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds shall not be less than 3.00 percent of the aggregate principal amount of such Refunded Subordinated Bonds; (B) the issuance of such 2021/22 Series X Subordinated Bonds that are issued to refund any Refunded Subordinated Bonds maturing on an October 1 occurring at least three years and less than nine years after the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds, shall not be less than 4.00 percent of the aggregate principal amount of such Refunded Subordinated Bonds; and (C) the issuance of such 2021/22 Series X Subordinated Bonds that are issued to refund any Refunded Bonds maturing on or after the October 1 occurring at least nine years after the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds shall not be less than 5.00 percent of the aggregate principal amount of the Refunded Subordinated Bonds; or (3) in lieu of complying with the requirements of clauses (1) and (2) above, the present value savings resulting from the issuance of such 2021/22 Series X Subordinated Bonds that are issued to refund any Refunded Subordinated Bonds other than variable rate Subordinated Bonds shall not be less than 5.00 percent of the aggregate principal amount of such Refunded Subordinated Bonds; *provided*, *further*, that compliance with the

foregoing requirements of this clause (e) shall be effected by dividing the Series into its constituent purposes *(i.e.,* refunding of variable rate Subordinated Bonds and refunding fixed rate Subordinated Bonds for debt service savings) and allocating on a ratable basis (based on the respective issue prices for federal income tax purposes) costs of issuance, underwriting discount and any other items to the purpose that gave rise to such expenses; *provided*, *however*, that if the Managing Director/CEO determines that some other allocation method will result in a more accurate determination of the true interest cost or present value savings attributable to such constituent purpose (which determination shall be confirmed by JEA's financial advisor), then such other allocation method shall be used in lieu of the foregoing method;

(f) the commencement date of interest payments on the 2021/22 Series X Subordinated Bonds, which shall be either of the October 1 or April 1 next following the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds;

(g) if the 2021/22 Series X Subordinated Bonds of such Series maturing on a particular date and bearing interest at a particular rate are to be subject to redemption prior to maturity as provided in Article IV of the Subordinated Resolution by operation of the Subordinated Bond Fund from mandatory Sinking Fund Installments, the due dates and amounts of such Sinking Fund Installments; *provided*, *however*, that each Sinking Fund Installment due date shall fall upon an interest payment date for the 2021/22 Series X Subordinated Bonds;

(h) if the 2021/22 Series X Subordinated Bonds of such Series maturing on a particular date and bearing interest at a particular rate are to be subject to optional redemption, the terms upon which such 2021/22 Series X Subordinated Bonds shall be subject to redemption at the election of JEA; *provided*, *however*, that the highest redemption price at which such 2021/22 Series X Subordinated Bonds may be so redeemed shall be not greater than 101 percent of the principal amount thereof, plus accrued interest to the date of redemption and the first such optional redemption date shall not be less than four years nor more than 10 years from the Delivery Date of such 2021/22 Series X Subordinated Bonds;

(i) the identity of the senior managing underwriter and co-senior managing underwriter, if applicable, for such Series of 2021/22 Series X Subordinated Bonds from any of the Underwriters;

(j) the Subordinated Interest Rate Swap Transactions and notional amounts thereof to be terminated upon the issuance of such Series of 2021/22 Series X Subordinated Bonds and the termination payment, if any, to be paid in connection therewith; *provided*, that the aggregate notional amount of the Subordinated Interest Rate Swap Transactions terminated in connection with the issuance of such Series of 2021/22 Series X Subordinated Bonds shall not exceed the principal amount of the variable rate Refunded Subordinated Bonds to which such Subordinated Interest Rate Swap Transactions are associated to be refunded through the issuance of such Series of the 2021/22 Series X Subordinated Bonds; and

(k) the purchase price for the 2021/22 Series X Subordinated Bonds of such Series to be paid by the Underwriters pursuant to the applicable Bond Purchase Agreement; *provided*, *however*, that such purchase price shall result in compliance with the limitations set forth in this Section 203.

In the event that one or more Series of 2021/22 Series X Subordinated Bonds are issued on the same day as part of a common plan of finance for the same Bond financing, JEA may demonstrate compliance with the savings requirements set forth in clause (e) above by calculating such savings either on an aggregate basis (e.g., each Series of 2021/22 Series X Subordinated Bonds issued on the same day as part of the same Bond financing are combined into one Series and compliance with the savings criteria is measured using the combined Series) or on a Series by Series basis (e.g., each individual Series that is issued as part of the same Bond financing must satisfy the savings criteria independently of any other Series issued on the same day).

The 2021/22 Series X Subordinated Bonds of each Series shall bear interest from the Delivery Date therefor or, if one or more payments of interest on such 2021/22 Series X Subordinated Bonds has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has then been paid or duly provided for.

SECTION 204. Minimum Denomination, Dates, Numbers and Letters. The 2021/22 Series X Subordinated Bonds shall be issued in fully registered form in the denominations of $5,000 or any integral multiple of $5,000. The 2021/22 Series X Subordinated Bonds shall be dated the Delivery Date thereof. Unless an Authorized Officer of JEA shall otherwise direct, the 2021/22 Series X Subordinated Bonds shall be numbered, from one upward, preceded by the letter "R" prefixed to the number.

SECTION 205. Place of Payment; Appointment of Paying Agent and Subordinated Bond Registrar. Except as provided in paragraph 5 of Section 3.09 of the Subordinated Resolution and paragraph 3 of Section 206 hereof, the principal and Redemption Price of the 2021/22 Series X Subordinated Bonds shall be payable at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (or such other city as may be designated by such bank), as Subordinated Bond Registrar and Paying Agent for the 2021/22 Series X Subordinated Bonds. The principal and Redemption Price of the 2021/22 Series X Subordinated Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Subordinated Resolution. Except as provided in paragraph 3 of Section 206 hereof, the interest on the 2021/22 Series X Subordinated Bonds shall be payable by check or draft of U.S. Bank National Association, as Paying Agent, mailed to the persons entitled thereto at the addresses of such persons shown on the registration books of JEA kept for that purpose at the office of U.S. Bank National Association, and such institution is hereby appointed Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds.

SECTION 206. Designation of the 2021/22 Series X Subordinated Bonds as Book Entry Subordinated Bonds; Appointment of Securities Depository for the 2021/22 Series X Subordinated Bonds. (a). Except as provided in paragraph (d) below, the 2021/22 Series X Subordinated Bonds are hereby authorized to be and shall be issued as Book Entry Subordinated Bonds within the meaning of and subject to Section 3.09 of the Subordinated Resolution.

(b). DTC is hereby appointed as the initial Securities Depository for the 2021/22 Series X Subordinated Bonds.

(c). The 2021/22 Series X Subordinated Bonds of each Series shall be initially issued in the form of a separate single, fully registered Bond in the amount of each such separate stated maturity (and, if applicable, each interest rate within a maturity) of the 2021/22 Series X Subordinated Bonds of such Series. Upon initial issuance, the ownership of each such 2021/22 Series X Subordinated Bond of a particular Series shall be registered in the registry books of JEA kept by the Subordinated Bond Registrar in the name of Cede & Co. ("Cede"), as nominee of DTC. So long as DTC serves as Securities Depository for the 2021/22 Series X Subordinated Bonds, the registered holder of all 2021/22 Series X Subordinated Bonds of such Series shall be, and each of the 2021/22 Series X Subordinated Bonds of such Series shall be registered in the name of, Cede, as nominee of DTC. Upon delivery by DTC to JEA or the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds of such Series of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Subordinated Resolution, the word "Cede" in this Fifty-Seventh Supplemental Subordinated Resolution shall refer to such new nominee of DTC. So long as any 2021/22 Series X Subordinated Bond of a particular Series is registered in the name of Cede, as nominee of DTC in its capacity as Securities Depository for the 2021/22 Series X Subordinated Bonds of such Series, all payments with respect to the principal or Redemption Price of, and interest on, such 2021/22 Series X Subordinated Bond and all notices with respect to such 2021/22 Series X Subordinated Bond shall be made or given, as the case may be, to DTC as provided in DTC's Operational Arrangements (as defined in the Letter of Representations); *provided*, *however*, that if a substitute securities depository shall be appointed, all payments with respect to the principal or Redemption Price of, and interest on, the 2021/22 Series X Subordinated Bonds of such Series and all notices with respect to the 2021/22 Series X Subordinated Bonds of such Series shall be made and given, respectively, to such substitute securities depository (or any nominee thereof) as provided in the procedures of such substitute securities depository.

(d). (i) DTC may determine to discontinue providing its services as Securities Depository for the 2021/22 Series X Subordinated Bonds at any time by giving reasonable notice thereof to JEA or the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds of such Series. Upon the discontinuance of the services of DTC as Securities Depository for the 2021/22 Series X Subordinated Bonds of such Series pursuant to the first sentence of this paragraph, JEA may within 90 days thereafter appoint a substitute securities depository which, in the opinion of JEA, is willing and able to undertake the functions of Securities Depository under the Subordinated Resolution upon reasonable and customary terms. In such event, and subject to the transfer provisions of the Subordinated Resolution, the word "DTC" in this Fifty-Seventh Supplemental Subordinated Resolution shall refer to such substitute securities depository and the word "Cede" in this Fifty-Seventh Supplemental Subordinated Resolution shall refer to the nominee, if any, of such substitute securities depository (or, if there shall be no such nominee, then the word "Cede" in this Fifty-Seventh Supplemental Subordinated Resolution shall refer to such substitute securities depository). If no such successor can be found within such period, the 2021/22 Series X Subordinated Bonds of such Series no longer shall be restricted to being registered in the registration books kept by the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds in the name of a Securities Depository.

(ii) In the event that the 2021/22 Series X Subordinated Bonds of a particular Series no longer shall be restricted to being registered in the registration books kept by the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds of such Series in the name of a Securities Depository as provided in subparagraph (i) of this paragraph (d), (a) JEA shall execute and the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds of such Series shall authenticate and deliver, upon presentation and surrender of the 2021/22 Series X Subordinated Bonds of such Series, Bond certificates as requested by the Securities Depository therefor of like Series, aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in the 2021/22 Series X Subordinated Bonds of such Series and (b) such Subordinated Bond Registrar shall notify the Paying Agents for the 2021/22 Series X Subordinated Bonds of such Series that the 2021/22 Series X Subordinated Bonds of such Series no longer are restricted to being registered in the registration books kept by such Subordinated Bond Registrar in the name of a Securities Depository.

SECTION 207. Redemption Provisions. (a). If the Managing Director/CEO determines that the 2021/22 Series X Subordinated Bonds of a particular Series maturing on a particular date and bearing interest at a particular rate shall be subject to redemption prior to maturity as provided in Article IV of the Subordinated Resolution by operation of the Subordinated Bond Fund from mandatory Sinking Fund Installments, such determination to be set forth in the certificate referred to in Section 203 hereof, then the 2021/22 Series X Subordinated Bonds of such Series maturing on such date and bearing interest at such rate shall be subject to redemption prior to maturity as provided in Article IV of the Subordinated Resolution, on the respective dates and in the respective amounts set forth in such certificate, in each such case, at a Redemption Price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date.

(b). If the Managing Director/CEO determines that the 2021/22 Series X Subordinated Bonds of a particular Series maturing on a particular date and bearing interest at a particular rate shall be subject to optional redemption, such 2021/22 Series X Subordinated Bonds shall be subject to redemption prior to maturity at the election of JEA, as a whole or in part, at any time on and after the initial date on which such 2021/22 Series X Subordinated Bonds may be so redeemed set forth in the certificate referred to in Section 203 hereof relating to the 2021/22 Series X Subordinated Bonds of such Series, at the respective Redemption Prices set forth in such certificate, in each case, together with accrued interest to the redemption date.

SECTION 208. Application of Proceeds of 2021/22 Series X Subordinated Bonds. In accordance with Article II of the Subordinated Resolution, the proceeds of the 2021/22 Series X Subordinated Bonds of a particular Series shall be applied simultaneously with the delivery of such Series of the 2021/22 Series X Subordinated Bonds as follows:

(a) if applicable, there shall be delivered to the Escrow Agent, simultaneously with the delivery of the 2021/22 Series X Subordinated Bonds of such Series, for deposit in the Escrow Account (the "Escrow Account") to be created under the Escrow Deposit Agreement executed in connection with the issuance of the 2021/22 Series X Subordinated Bonds of such Series, if any, an amount determined by an Authorized Officer of JEA as being equal to the amount necessary, when combined with the moneys, if any, transferred to the Escrow Account as provided in Section 209 hereof, to either (i) purchase such securities as are permitted by Section 9.01 of the Subordinated Resolution, the principal of and interest to be received on which, together with any initial cash balance, will provide moneys which will be sufficient to, or (ii) to be held uninvested to, pay when due the Redemption Price of the Refunded Subordinated Bonds being refunded thereby on the respective dates such Refunded Subordinated Bonds are to be called for redemption or mature and the interest to become due on such Refunded Subordinated Bonds on and prior to such respective redemption or maturity date;

(b) there shall be paid to the counterparties in the Subordinated Interest Rate Swap Transactions to be terminated or partially terminated with the issuance of such Series of 2021/22 Series X Subordinated Bonds, the termination payments, if any, with respect to the termination or partial termination of such Subordinated Interest Rate Swap Transactions as determined by the Managing Director/CEO pursuant to Section 203(j) hereof; and

(c) all proceeds remaining after application as provided in subsections (a) and (b) hereof shall be deposited into the Subordinated Bond Construction Fund or a separate subaccount thereof simultaneously with the delivery of the 2021/22 Series X Subordinated Bonds of such Series and applied to pay, together with any funds transferred pursuant to Section 209, if applicable, the principal of and interest on the Refunded Subordinated Bonds being refunded thereby on the respective redemption or maturity dates therefor if an Escrow Account is not funded pursuant to (a) above and to pay costs of issuance of the 2021/22 Series X Subordinated Bonds of such Series.

SECTION 209. Transfer of Certain Amounts. In accordance with Section 5.05(6) of the Subordinated Resolution, simultaneously with the delivery of the 2021/22 Series X Subordinated Bonds of a particular Series, there shall be transferred from the Subordinated Bond Fund to the Escrow Agent, for deposit in the Escrow Account, or, if no such Escrow Account is established, to the Subordinated Bond Construction Fund or a separate subaccount thereof, monies in an amount determined by an Authorized Officer of JEA as being not greater than the amount accumulated therein with respect to the Refunded Subordinated Bonds to be refunded through the issuance of such 2021/22 Series X Subordinated Bonds. Such withdrawal shall, however, not be made unless immediately thereafter (a) such Refunded Subordinated Bonds are deemed to have been paid pursuant to the Subordinated Resolution and (b) the amount remaining in the Subordinated Bond Fund, after giving effect to the issuance of the 2021/22 Series X Subordinated Bonds and the refunding of the Refunded Subordinated Bonds of such Series being refunded thereby, shall not be less than the amount required to be maintained therein.

SECTION 210. Tax Covenants. (a). JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any

circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2021/22 Series X Subordinated Bonds under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of any Series of 2021/22 Series X Subordinated Bonds concerning certain matters pertaining to the use of proceeds of the 2021/22 Series X Subordinated Bonds of such Series, including any and all exhibits attached thereto (the "Tax Certificate"). This covenant shall survive payment in full or defeasance of the 2021/22 Series X Subordinated Bonds of such Series.

(b). Notwithstanding any provisions of this Section, if JEA shall obtain an Opinion of Counsel of an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal income tax treatment of interest on bonds issued by states and their political subdivisions to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the 2021/22 Series X Subordinated Bonds of a particular, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(c). Notwithstanding any other provision of the Subordinated Resolution to the contrary, (a) upon JEA's failure to observe or refusal to comply with the above covenants with respect to the 2021/22 Series X Subordinated Bonds of a particular Series, the Holders of the 2021/22 Series X Subordinated Bonds of such Series shall be entitled to the rights and remedies provided to Holders of Subordinated Bonds under the Subordinated Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all 2021/22 Series X Subordinated Bonds of such Series then outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of any Subordinated Bonds other than the 2021/22 Series X Subordinated Bonds of such Series shall not be entitled to exercise any right or remedy provided to Holders of Subordinated Bonds under the Subordinated Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to the 2021/22 Series X Subordinated Bonds of such Series.

SECTION 211. Redemption of Refunded Subordinated Bonds. (a). In the case of any Refunded Subordinated Bonds to be refunded by a particular Series of the 2021/22 Series X Subordinated Bonds that are to be redeemed prior to maturity, such Refunded Subordinated Bonds are hereby designated for redemption and the Escrow Agent (if any) or the respective Paying Agents therefor, as applicable, are hereby directed to redeem such Refunded Subordinated Bonds on the respective dates determined by the Managing Director/CEO pursuant to clause (c) of the second paragraph of Section 203 hereof and at a Redemption Price equal to the principal amount of the Subordinated Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption.

(b). The designation for redemption set forth in the foregoing paragraph (a), and the direction to the Escrow Agent (if any) or the respective Paying Agents for the Refunded Subordinated Bonds, as applicable, set forth therein, shall be, and hereby are declared to be,

irrevocable upon the original issuance of the 2021/22 Series X Subordinated Bonds of such Series; *provided*, that notice of such redemption as provided in 3 below shall be revocable and conditioned upon the issuance of the 2021/22 Series X Subordinated Bonds of such Series.

(c). In order to effectuate such designation, on or prior to the applicable Delivery Date, an Authorized Officer of JEA shall give the Escrow Agent or the Subordinated Bond Registrar, as applicable, for any Refunded Subordinated Bonds to be redeemed prior to maturity instructions to mail, postage prepaid, not less than 30 days (or such lesser number of days as is permitted pursuant to the applicable supplemental resolution(s) for the Refunded Subordinated Bonds) prior to the redemption date therefor, to all registered owners of such Refunded Subordinated Bonds at their last addresses appearing on the registry books of JEA kept by the Subordinated Bond Registrar therefor, a notice of redemption in substantially the following form:

REVOCABLE NOTICE OF [PARTIAL] REDEMPTION

JEA
[VARIABLE RATE] ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS,
_____ SERIES _____

Notice is hereby given to the holders of the outstanding JEA [Variable Rate] Electric System Subordinated Revenue Bonds, _____ Series _____ described below (the "Bonds") that the Bonds have been called for redemption prior to maturity on _____ ___, 20___ in accordance with their terms at a redemption price of 100 percent of the principal amount thereof, together with accrued interest thereon to _____ ___, 20___.

Series	Maturity Date (October 1)	Interest Rate	Principal Amount	CUSIP
_____ Series _____		_____%	$____	

THIS CALL FOR REDEMPTION IS REVOCABLE AND IS CONDITIONED UPON THE ISSUANCE BY JEA OF ITS REFUNDING BONDS FOR THE PURPOSE OF FINANCING THE REFUNDING OF THE BONDS ON OR PRIOR TO _____ ___, 20___. In the event that such refunding bonds are not issued on or prior to _____ ___, 20___, this notice shall be of no further force or effect and the Bonds shall continue to bear interest until paid at the same rates they would have borne had this notice not been given. If JEA's refunding bonds are not issued on or prior to _____ ___, 20___, the undersigned, on behalf of JEA, shall give notice forthwith of such fact to the holders of the Bonds, and this notice shall thereupon be revoked and shall be of no further force and effect.

Subject to the foregoing, the redemption price of and accrued interest on the Bonds shall become due and payable on _____ ___, 20___ and from and after _____ ___, 20___ interest on the Bonds shall cease to accrue and be payable.

Holders of the Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust office of **[insert name of current Paying Agent]**.

Dated this ___ day of _____, 20___.

JEA

By: _____,
as [Escrow Agent/Subordinated Bond Registrar]

ARTICLE III
FORM OF 2021/22 SERIES X SUBORDINATED BONDS

The form of the 2021/22 Series X Subordinated Bonds and the Subordinated Bond Registrar's certificate of authentication shall be of substantially the following tenor, with such variations, omissions and insertions as are required or permitted by the Subordinated Resolution:

[FORM OF 2021/22 SERIES X SUBORDINATED BONDS]

At such times as the 2021/22 Series X Subordinated Bonds of a particular Series are restricted to being registered in the registration books kept by the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds in the name of DTC (or a successor Securities Depository), each 2021/22 Series X Subordinated Bond of such Series shall contain or have endorsed thereon the following legend:

> AS PROVIDED IN THE SUBORDINATED RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE SUBORDINATED RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE SUBORDINATED RESOLUTION TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE SUBORDINATED RESOLUTION.

In addition, so long as DTC shall serve as Securities Depository for the 2021/22 Series X Subordinated Bonds of a particular Series, each 2021/22 Series X Subordinated Bond of such Series shall contain or have endorsed thereon the following legend, which legend JEA hereby determines to be necessary or desirable:

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE SUBORDINATED BOND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY 'TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF JACKSONVILLE

JEA
ELECTRIC SYSTEM SUBORDINATED REVENUE BOND,
2021/22 SERIES X

R-___ $_____

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	October 1, _____	_____ ___, 20___	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

JEA, a body politic and corporate and an independent agency of the City of Jacksonville, Florida (the "City"), organized and existing under and by virtue of the laws of the State of Florida, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner (stated above) or registered assigns, on the Maturity Date (stated above), but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (such bank and any successors thereto being referred to herein as the "Paying Agent"), the Principal Amount (stated above) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay, but solely from the funds pledged therefor, interest on such Principal Amount in like coin or currency from the Original Issue Date (stated above), or, if one or more payments of interest has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has been paid or duly provided for, payable on the first days of April and October in each year commencing on [April 1] [October 1], 20___ or, if the date of this bond is after [April 1] [October 1], commencing with the first April 1 or October 1 after the date of this bond, at a rate per annum equal to the Interest Rate (stated above), until JEA's obligation with respect to the payment of such Principal Amount shall be discharged; *provided*, *however*, that so long as this bond shall be

restricted to being registered in the registration books of JEA in the name of the Securities Depository (as defined in the Subordinated Resolution hereinafter referred to) for this bond, the provisions of the Subordinated Resolution governing Book Entry Subordinated Bonds (as defined in the Subordinated Resolution) shall govern the manner of payment of the principal or redemption price of, and interest on, this bond. The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Subordinated Resolution, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day of the calendar month next preceding such interest payment date, such payment to be made by check or draft of the Paying Agent mailed to such person at the address shown on the registration books of JEA kept for that purpose at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida, or its successor, as Subordinated Bond Registrar for the bonds of the series of which this bond is one. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this bond is registered on the Regular Record Date, and shall be paid, in the manner described above, to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by such Subordinated Bond Registrar, notice whereof shall be given to holders of bonds of the series of which this bond is one not less than 10 days prior to such Special Record Date.

This bond is one of a duly authorized series of bonds of JEA designated as its "Electric System Subordinated Revenue Bonds, 2021/22 Series X" (herein sometimes called the "2021/22 Series X Subordinated Bonds"), in the aggregate principal amount of $_____, issued pursuant to Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended (herein called the "Act") and under and pursuant to a resolution of JEA adopted on August 16, 1988, as amended, restated and supplemented, including (a) as amended and restated by a resolution of JEA adopted on January 18, 2000 and (b) as supplemented by Resolution No. 2020-13 of JEA entitled "Fifty-Seventh Supplemental Subordinated Electric System Resolution," adopted on December 15, 2020 authorizing the 2021/22 Series X Subordinated Bonds (the "Fifty-Seventh Supplemental Subordinated Resolution"; said resolution as amended, restated and supplemented, being herein called the "Subordinated Resolution"). As provided in the Subordinated Resolution, bonds, notes or other evidences of indebtedness of JEA may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Subordinated Resolution provided. All such bonds, notes or other evidences of indebtedness issued pursuant to the Subordinated Resolution are referred to herein as the "Subordinated Bonds."

As provided in the Subordinated Resolution, the Subordinated Bonds are special obligations of JEA payable solely from and secured as to payment of the principal of, premium, if any, and interest thereon, in accordance with their terms and the provisions of the Subordinated Resolution and are secured equally and ratably by a lien upon and a pledge of (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution (as defined in the Subordinated Resolution) as may from time to time be available therefor, including the investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Resolution, including the investments, if any, thereof, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application

thereof for the purposes and on the terms and conditions set forth in the Electric System Resolution and the Subordinated Resolution; *provided*, *however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund established pursuant to the Subordinated Resolution) shall be junior and subordinate in all respects to the Electric System Bonds (as defined in the Subordinated Resolution) as to lien on and source and security for payment from the Revenues (as defined in the Subordinated Resolution). This bond and the series of which it is one constitute Subordinated Bonds for all purposes of the Subordinated Resolution, and are payable from and secured, on a parity with the Subordinated Bonds heretofore issued by JEA, by a pledge of the amounts described in clauses (i) and (ii) above. In accordance with the provisions of the Subordinated Resolution, JEA reserves the right to issue additional Subordinated Bonds payable from and secured, on a parity with the 2021/22 Series X Subordinated Bonds, by a pledge of the amounts described in clauses (i) and (ii) above. Copies of the Subordinated Resolution are on file at the office of JEA and at the principal corporate trust office of the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds, and reference to the Subordinated Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the security interest, pledge and covenants securing the Subordinated Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Subordinated Bonds with respect thereto and for the other terms and provisions thereof.

This bond and the issue of which it is one do not constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the amounts as provided in the Subordinated Resolution and it is expressly agreed by the owner of this bond that such owner shall never have the right to compel the exercise of the ad valorem taxing power of the City or JEA, if any, or taxation in any form of any real property in the City to pay this bond or interest hereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Subordinated Resolution.

To the extent and in the manner permitted by the terms of the Subordinated Resolution, the provisions of the Subordinated Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by JEA, with the written consent of the holders of not less than a majority in principal amount of the Subordinated Bonds affected by such modification or amendment then outstanding under the Subordinated Resolution, and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of not less than a majority in principal amount of the Subordinated Bonds of the particular series and maturity entitled to such sinking fund installment then outstanding; *provided*, *however*, that, if such modification or amendment will, by its terms, not take effect so long as any Subordinated Bonds of any specified like series and maturity remain outstanding under the Subordinated Resolution, the consent of the holders of such Subordinated Bonds shall not be required and such Subordinated Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Subordinated Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Subordinated Bond, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the holders of which is required to effect any such modification

or amendment, or shall change or modify any of the rights or obligations of any Fiduciary (as defined in the Subordinated Resolution) without its written assent thereto.

The Subordinated Resolution also contains provisions permitting JEA, without the necessity for the consent of the holder of any Subordinated Bond, to modify or amend the Subordinated Resolution to cure ambiguities or defects in the Subordinated Resolution, to clarify the provisions of the Subordinated Resolution or to make any other modification or amendment which will not have a material adverse effect on the interests of Holders of the Subordinated Bonds, determined as provided in the Subordinated Resolution.

This bond is transferable, as provided in the Subordinated Resolution, only upon the books of JEA kept for that purpose at the above-mentioned office of the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds, by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to such Subordinated Bond Registrar duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new fully registered bond or bonds, without coupons, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Subordinated Resolution, and upon payment of the charges therein prescribed. JEA and each Fiduciary may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2021/22 Series X Subordinated Bonds are issuable in the form of fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple of $5,000.

[redemption provisions to be inserted here]

If less than all of the 2021/22 Series X Subordinated Bonds of like maturity (and, if applicable, interest rate within a maturity) are to be redeemed, the particular 2021/22 Series X Subordinated Bonds to be redeemed shall be selected in such manner as JEA in its discretion may deem fair and appropriate.

The 2021/22 Series X Subordinated Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be given by first class mail, postage prepaid, to the registered owners of the 2021/22 Series X Subordinated Bonds to be redeemed sent not less than 30 days before the redemption date, but failure of the owner of any 2021/22 Series X Subordinated Bond which is to be redeemed to receive any such notice by mail will not affect the validity of the proceedings for the redemption of 2021/22 Series X Subordinated Bonds. If notice of redemption shall have been given as aforesaid, on the redemption date so designated, (a) unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof and (b) if there shall be sufficient moneys available therefor, then the 2021/22 Series X Subordinated Bonds or portions thereof specified in said notice shall become due and payable on such redemption date, and if, on the redemption date, moneys for the redemption of all the 2021/22 Series X Subordinated Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2021/22 Series X Subordinated Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond shall be payable, as to principal or redemption price hereof, and interest hereon, solely from the Revenues and other funds of JEA as provided in the Subordinated Resolution. No member, officer, agent or employee of JEA shall be individually or personally liable for the payment of the principal or redemption price of or interest on this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Subordinated Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2021/22 Series X Subordinated Bonds, together with all other indebtedness of JEA, comply in all respects with the applicable laws of the State of Florida including, particularly, the Act.

This bond shall not be entitled to any benefit under the Subordinated Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds of the Subordinated Bond Registrar's Certificate of Authentication hereon.

IN WITNESS WHEREOF, JEA has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chair or its Vice Chair, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary.

JEA

(SEAL)

By: _____
Chair or Vice-Chair

ATTESTED:

By: _____
Secretary or Assistant Secretary

[FORM OF
SUBORDINATED BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION]

**SUBORDINATED BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Subordinated Bonds described in the within-mentioned Subordinated Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Subordinated Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____, 20___

[Insert Statement of Insurance, if applicable.]

The following abbreviations, when used in the inscription on the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-	as tenants in common	UNIF GIF MIN ACT
			_____ (Cust.)
TEN ENT	-	as tenants by the entireties	Custodian for
			_____ (Minor)
JT TEN	-	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act of
			_____ (State)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

_____

PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

the within bond and does hereby irrevocably constitute and appoint the Subordinated Bond Registrar as his agent to transfer the bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature guaranteed: (Bank, Trust Company or Firm)

_____ _____

(Authorized Officer)

NOTICE: This signature to this assignment must correspond with the name of the registered Owner as it appears upon the face of the within bond in every particular, without

alteration or enlargement or any change whatever.

ARTICLE IV
MISCELLANEOUS

SECTION 401. Authorization and Approval of the Negotiated Sale of the 2021/22 Series X Subordinated Bonds and Execution and Delivery of the Bond Purchase Agreement; Delegation of Authority to Determine Certain Matters in Connection Therewith. The terms and conditions of the bond purchase agreement(s) between JEA and the Underwriters, providing for the negotiated sale and purchase of the 2021/22 Series X Subordinated Bonds of a particular Series, in substantially the form attached to Resolution No. 2020-12 as Exhibit A (the "Bond Purchase Agreement"), are hereby approved. At such time or times as the Managing Director/CEO of JEA shall determine is advantageous to JEA, such officer shall execute and deliver the Bond Purchase Agreement(s) (with such changes as are necessary to reflect, among other things, the terms of the 2021/22 Series X Subordinated Bonds of a particular Series, such determination to be evidenced by the execution and delivery thereof); *provided*, *however*, that at or prior to the time of the execution and delivery of the Bond Purchase Agreement, JEA shall have received from the senior managing underwriter the disclosure statement required pursuant to Section 218.385(6), Florida Statutes. The purchase price of the 2021/22 Series X Subordinated Bonds of a particular Series to be paid by the Underwriters pursuant to the Bond Purchase Agreement shall be determined as provided in Section 203 hereof, subject to the limitations set forth therein.

SECTION 402. Appointment of Subordinated Bond Registrar and Paying Agent. U.S. Bank National Association is hereby appointed as Subordinated Bond Registrar and Paying Agent for the 2021/22 Series X Subordinated Bonds.

SECTION 403. Authorization of Authentication. In the event that the Managing Director/CEO shall determine that it is desirable to sell and issue 2021/22 Series X Subordinated Bonds, as provided herein, U.S. Bank National Association, as Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds, is hereby requested and authorized to authenticate and deliver such 2021/22 Series X Subordinated Bonds in the aggregate principal amount determined as provided in Section 203 hereof, to or upon the order of the Underwriters, upon payment to JEA of the sum to be specified in the Subordinated Bond Purchase Agreement.

SECTION 404. Appointment of the Escrow Agent and Authorization and Approval of the Escrow Deposit Agreement; Authorization to Purchase SLGS and Other Investments. The Managing Director/CEO is hereby authorized to appoint U.S. Bank National Association, The Bank of New York Mellon Trust Company, N.A. or any other bank or trust company selected pursuant to JEA's purchasing code to act as Escrow Agent under the Escrow Deposit Agreement. The Escrow Deposit Agreement is hereby approved in substantially the form attached hereto as Exhibit A. The Escrow Deposit Agreement may be executed and delivered as provided in Section 409 hereof. Pursuant to the Escrow Deposit Agreement, the Escrow Agent may be directed to invest the funds held thereunder in the manner provided therein.

In connection with the refunding of the Refunded Subordinated Bonds as provided herein, each Authorized Officer of JEA is hereby authorized, if deemed desirable, to cause proceeds of the 2021/22 Series X Subordinated Bonds and other available amounts, and earnings thereon, to be invested in United States Treasury Securities - State and Local Government Series ("SLGS")

or other obligations permitted to be used to accomplish the defeasance of such Refunded Subordinated Bonds in such amounts, at such times, maturing at such times and having such rate or rates of interest as any Authorized Officer of JEA shall determine is necessary or desirable; and each such Authorized Officer of JEA and, upon receipt of instructions from an Authorized Officer of JEA, any authorized officer of the Escrow Agent is hereby authorized in the name and on behalf of JEA to submit subscriptions to the Bureau of Public Debt of the United States Department of the Treasury for the purchase of book-entry form SLGS, and to take such other action as such person deems necessary or appropriate to effectuate such purposes or to purchase such other obligations.

SECTION 405. Approval of the Form and Use of Preliminary Official Statement and Official Statement. The form and use of a preliminary official statement for each Series of the 2021/22 Series X Subordinated Bonds, in substantially the form of the Form Preliminary Official Statement is hereby authorized and approved in connection with the offering and sale of the 2021/22 Series X Subordinated Bonds of each Series.

In the event that the Managing Director/CEO shall determine that it is desirable to issue and sell the 2021/22 Series X Subordinated Bonds of one or more Series as provided herein, the Managing Director/CEO is hereby authorized and directed to cause to be prepared a Preliminary Official Statement with respect to such bonds in substantially the form of the Form Preliminary Official Statement and with such changes thereto as are necessary so that such Preliminary Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and, in such case, to cause such Preliminary Official Statement to be used in connection with the offering and sale of the 2021/22 Series X Subordinated Bonds of such Series and, if applicable, the Managing Director/CEO, the Chief Financial Officer, and the Treasurer of JEA is hereby authorized to deem said Preliminary Official Statement final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. In the event that the Managing Director/CEO shall cause to be prepared a Preliminary Official Statement for such 2021/22 Series X Subordinated Bonds as aforesaid, an Official Statement relating to the 2021/22 Series X Subordinated Bonds, in substantially the form of said Preliminary Official Statement, with such changes thereto as are necessary (a) to reflect the terms of the 2021/22 Series X Subordinated Bonds of such Series and (b) so that such Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, is hereby authorized and approved for use in connection with the offering and sale of the 2021/22 Series X Subordinated Bonds. In such event, such Official Statement shall be executed as provided in Section 409 hereof.

SECTION 406. Approval with Respect to Registration or Qualification of the Authorized Bonds Under the Blue Sky or Securities Laws of Various States. The Authorized Officers of JEA shall be, and hereby are, authorized in the name and on behalf of JEA, to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the 2021/22 Series X Subordinated Bonds of a Series for issue, offer, sale or trade under the Blue Sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports, consents to service of process, appointments of

attorneys to receive service of process and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters.

SECTION 407. Continuing Disclosure. For the benefit of holders and beneficial owners from time to time of the 2021/22 Series X Subordinated Bonds of each Series, JEA agrees, as an obligated person with respect to the 2021/22 Series X Subordinated Bonds of such Series under Rule 15c2-12, to provide or cause to be provided such financial information and operating data, audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5) of Rule 15c2-12. In order to describe and specify certain terms of JEA's continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Authorized Officers of JEA are, and each of them hereby is, authorized and directed to sign and deliver, in the name and on behalf of JEA, a Continuing Disclosure Agreement with respect to the 2021/22 Series X Subordinated Bonds of a particular Series substantially in the form of Appendix I to the Form Preliminary Official Statement, with any changes or amendments that (i) are not inconsistent with this Fifty-Seventh Supplemental Subordinated Resolution, (ii) are not substantially adverse to JEA, or (iii) may be required by Rule 15c2-12, and that are approved by the Authorized Officer of JEA executing the same on behalf of JEA, all of which shall be conclusively evidenced by the signing of that agreement or amendments to it. The agreement formed, collectively, by this paragraph and that agreement, shall be JEA's continuing disclosure agreement with respect to the 2021/22 Series X Subordinated Bonds of such Series for purposes of Rule 15c2-12, and its performance shall be subject to the annual appropriation of any funds that may be necessary to perform it.

The Authorized Officers of JEA are, and each of them hereby is, further authorized and directed to take such actions as shall be necessary to comply with each such continuing disclosure agreement, including timely provision of information and notices. Prior to making any filing in accordance with any such agreement or providing notice of the occurrence of any other events, any such officer of JEA shall consult with and obtain legal advice from, as appropriate, the Office of the General Counsel and bond or other qualified independent special counsel selected by JEA. Any such officer of JEA, acting in the name and on behalf of JEA, shall be entitled to rely upon any such legal advice in determining whether a filing should be made.

SECTION 408. Representations and Covenants Regarding the Pledge of the Subordinated Resolution. JEA represents that, pursuant to the Act, the Subordinated Resolution creates a valid and binding lien on (i) the amounts on deposit in the Revenue Fund established pursuant to the Electric System Resolution as may from time to time be available therefor, including the investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Resolution, including the investments, if any, thereof (collectively, the "Subordinate Lien Pledged Assets"), in each such case, except as described below, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Electric System Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, for the benefit of the Holders of the Subordinated Bonds, including the 2021/22 Series X Subordinated Bonds, as security for the payment of the Subordinated Bonds, including the 2021/22 Series X Subordinated Bonds, to the

extent set forth therein, enforceable in accordance with the terms thereof; *provided*, *however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund) is junior and subordinate in all respects to the Electric System Bonds as to lien on and source and security for payment from the Revenues.

Except for the pledge and lien created by the Electric System Resolution in favor of the holders of the Electric System Bonds, JEA has not heretofore made or granted a pledge or assignment of, lien on or security interest in the Subordinate Lien Pledged Assets that ranks on a parity with or prior to the lien and pledge made or granted in the Subordinated Resolution. JEA shall not hereafter make or grant a pledge or assignment of, lien on or security interest in such Subordinate Lien Pledged Assets that ranks prior to or on a parity with the lien and pledge made or granted in the Subordinated Resolution, except as expressly permitted thereby.

SECTION 409. Authorization of the Execution and Delivery of 2021/22 Series X Subordinated Bonds and Related Documents. The Authorized Officers of JEA are hereby authorized to execute the 2021/22 Series X Subordinated Bonds of each Series, the Bond Purchase Agreement, the Escrow Deposit Agreement, if any, the Continuing Disclosure Agreement and the Official Statement, each subject to completion thereof, and with such changes therein as they may approve as necessary and desirable and in the best interest of JEA, such approval to be evidenced by the execution and delivery thereof; *provided*, *however*, that the 2021/22 Series X Subordinated Bonds shall be executed and delivered pursuant to the Subordinated Resolution and applicable law. The Secretary or an Assistant Secretary of JEA is hereby authorized (but not required) to cause the seal of JEA to be affixed to the 2021/22 Series X Subordinated Bonds and the foregoing documents and to attest the same. Such Authorized Officers of JEA are each hereby authorized to deliver such 2021/22 Series X Subordinated Bonds and documents on behalf of JEA.

SECTION 410. Authorization of Execution and Delivery of Documents Related to Termination of Interest Rate Swap Transactions. The Authorized Officers of JEA are hereby authorized to execute and deliver such documents as the Managing Director/CEO shall determine to be necessary or appropriate and commercially reasonable (as confirmed by JEA's Financial Advisor) in connection with the termination, or partial termination, of the Interest Rate Swap Transactions, including, without limitation Termination Agreements, amended Confirmations, documents to enable the counterparties to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder. Such Authorized Officers of JEA are each hereby authorized to deliver such documents on behalf of JEA.

SECTION 411. Further Actions. Each Authorized Officer of JEA is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all administrative acts and things as may be necessary or desirable in connection with: the approval, execution and delivery of the Bond Purchase Agreement, the Escrow Deposit Agreement, if any, and the Continuing Disclosure Agreement; and the carrying out of their terms and the terms of the Electric System Resolution, the Subordinated Resolution and this Fifty-Seventh Supplemental Resolution; the issuance, sale, execution and delivery of the 2021/22 Series X Subordinated Bonds, the refunding and redemption of the Refunded Subordinated Bonds and the termination or partial termination of the Subordinated Interest Rate Swap Transactions; and the use of the Preliminary Official Statement and the Official

Statement. Without limiting the generality of the foregoing, the Managing Director/CEO is hereby authorized to execute the certificates referred to in Section 203 hereof. In the absence of the Managing Director/CEO for any reason, the authority granted to him in this resolution is hereby delegated to the Vice President and General Manager, Electric Systems, the Chair of JEA's governing board and the Chair of the Finance and Audit Committee of JEA's governing board, in that order.

SECTION 412. Remaining Authorization Under Resolution No. 2018-16 Superseded. The remaining authorization to issue additional debt under Resolution No. 2018-16 adopted by JEA on December 11, 2018, is hereby superseded by this Resolution and repealed. The foregoing shall not affect in any manner the authorization of debt previously issued pursuant to Resolution No. 2018-16.

SECTION 413. Severability. If any one or more of the covenants, agreements or provisions of this resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof and shall in no way affect the validity or enforceability of such remaining provisions.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SECTION 414. Effective Date. This Fifty-Seventh Supplemental Subordinated Resolution shall take effect immediately upon its adoption.

ADOPTED THIS 15TH DAY OF DECEMBER, 2020.



JEA

By: _____
Name:
Title:

ATTEST:

By: _____
Secretary

Approved as to Form:

By: _____
Office of General Counsel

VOTE: In Favor: ___ Opposed: __ Abstained: __

EXHIBIT A

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT

relating to

JEA
ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS,
2021/22 SERIES X

THIS ESCROW DEPOSIT AGREEMENT, dated as of _____ __, 20__, by and between JEA, a public body corporate and politic organized under the laws of the State of Florida and _____, as Escrow Agent;

WITNESSETH:

WHEREAS, JEA has previously authorized and issued obligations of JEA as hereinafter set forth and defined as the "Refunded Obligations," as to which the Aggregate Debt Service (as hereinafter defined) is set forth on Schedule A attached hereto; and

WHEREAS, JEA has determined to provide for refunding of the Aggregate Debt Service of the Refunded Obligations by depositing with the Escrow Agent cash and Defeasance Securities, which will be sufficient to pay the Aggregate Debt Service on the Refunded Obligations; and

WHEREAS, in order to obtain a portion of the funds needed for such purpose JEA has authorized and is, concurrently with the delivery of this Agreement, issuing its Electric System Subordinated Revenue Bonds, 2021/22 Series X; and

WHEREAS, JEA has determined that the amount to be on deposit, from time to time, in the Escrow Account, as defined herein, will be sufficient to pay the Aggregate Debt Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, JEA and the Escrow Agent agree as follows:

SECTION 1. Definitions. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution (as defined below). As used herein, the following terms shall have the following meanings:

(a) "Aggregate Debt Service" means the sum of all present and future Annual Debt Service payments then remaining unpaid with respect to the Refunded Obligations through the final Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(b) "Agreement" means this Escrow Deposit Agreement.

(c) "Annual Debt Service" means, in any year, the redemption price or principal of, and interest on, the Refunded Obligations coming due or being redeemed on the respective Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(d) "Defeasance Securities" has the meaning ascribed to such term in the Resolution.

(e) "Escrow Account" means the Escrow Account identified in Section 2 herein and established and held by the Escrow Agent pursuant to this Agreement in which a portion of the proceeds from the sale of the Bonds and certain other funds will be held for payment of the Refunded Obligations.

(f) "Escrow Agent" means _____ with the power to accept trusts in the State of Florida.

(g) "Escrow Deposit Requirement" means, as of any date of calculation, the principal amount of cash and any Defeasance Securities in the Escrow Account which, together with the interest on the Defeasance Securities, will be sufficient to pay, as the installments thereof become due, the Aggregate Debt Service.

(h) "Paying Agent" means _____ in its capacity as the paying agent for the Refunded Obligations.

(i) "Redemption Date" means the redemption date or dates for the Refunded Obligations, as set forth in Schedule B hereto.

(j) "Refunded Obligations" means the Electric System Subordinated Revenue Bonds listed in Schedule B hereto.

(k) "Resolution" means the resolution duly adopted by JEA on August 16, 1988, as amended, restated and supplemented, and particularly as supplemented by resolutions adopted by JEA authorizing the issuance of the Refunded Obligations.

(l) "2021/22 Subordinated Bonds" means the Electric System Subordinated Revenue Bonds, 2021/22 Series X of JEA.

SECTION 2. Deposit of Funds. With respect to the Refunded Obligations, JEA hereby deposits $_____ with the Escrow Agent in immediately available funds (the "Escrow Deposit Amount"), to be held in irrevocable escrow by the Escrow Agent in a separate escrow trust fund (the "Escrow Account") and applied solely as provided in this Agreement. JEA represents that (i) $_____ of such funds are derived by JEA from a portion of the proceeds of the 2021/22 Subordinated Bonds and (ii) $_____ of such funds are derived by JEA from amounts on deposit in the Subordinated Bond Fund established pursuant to the Resolution.

JEA represents, that such funds, when applied pursuant to Section 3 below, will at least equal the Escrow Deposit Requirement as of the date hereof.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sum described in Section 2 and agrees:

(a) Concurrently with the receipt of the proceeds and other moneys as described in Section 2, the Escrow Agent will apply $_____ of such amount to the purchase of

$_____ aggregate principal or par amount of Defeasance Securities specifically described in Schedule D, and the remaining $_____ will be held as cash for the benefit of the holders of the Refunded Obligations. Defeasance Securities held by the Escrow Agent are to mature in such principal amounts and pay interest in such amounts and at such times so that sufficient moneys are available to pay when due the principal of and interest on all outstanding Refunded Obligations as further set forth in Schedule B;

(b) there will be no investment of funds except as set forth in this Section 3 and in Section 5;

(c) to hold the proceeds of all investments in the Escrow Account in such Account in trust (separate from all other funds of the Escrow Agent) for the benefit of the owners of the Refunded Obligations from the date of receipt thereof to the date on which such proceeds are scheduled to be paid out of the Escrow Account and applied only for the purposes thereof, as set forth on Schedule A attached hereto; and

(d) to hold the funds and securities in the Escrow Account in irrevocable escrow during the term of this Agreement.

SECTION 4. Payment of Refunded Obligations.

(a) ***Payment of Refunded Obligations.*** The Escrow Agent shall pay to the Paying Agent for the Refunded Obligations, from the cash on hand in the Escrow Account, a sum sufficient to pay the Annual Debt Service coming due on such date with respect to the Refunded Obligations, as shown on Schedule A attached hereto.

(b) ***Surplus.*** On the Redemption Date, after making the payment from the Escrow Account described in Subsection 4(a), the Escrow Agent shall pay to JEA the remaining cash, if any, in the Escrow Account. JEA shall apply the payment made to it hereunder to the payment of the principal of and interest on the 2021/22 Subordinated Bonds or for other uses permitted under the Resolution, but the Escrow Agent shall have no duty or responsibility to ensure that JEA does so.

(c) ***Payments Due on Saturdays, Sundays and Holidays.*** If any payment date shall be a legal holiday or a day on which banking institutions in the city in which is located the designated office of the Paying Agent are authorized by law to remain closed, then the Escrow Agent may make the payments required by Subsections 4(a) and 4(b) to the Paying Agent or JEA, as the case may be, on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed.

SECTION 5. Reinvestment.

(a) Except as provided in Section 3 and this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Defeasance Securities held hereunder.

(b) At the written request of JEA and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of any of the

Defeasance Securities acquired hereunder and shall substitute other Defeasance Securities and reinvest any excess receipts in Defeasance Securities. JEA will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which will cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation. Such substitutions and reinvestments may be effected only if (i) an independent certified public accountant selected by JEA shall certify or opine in writing to JEA and the Escrow Agent that the cash and principal amount of Defeasance Securities remaining on hand after the transactions are completed will be not less than the Escrow Deposit Requirement, and (ii) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to JEA to the effect that the transactions, in and by themselves, will not cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation and such substitution is in compliance with this Agreement. Subsection 4(b) above notwithstanding, cash in excess of the Escrow Deposit Requirement caused by substitution of Defeasance Securities shall, as soon as practicable, be paid to JEA.

SECTION 6. Redemption of Refunded Obligations. JEA has exercised its option to redeem the Refunded Obligations prior to the maturity thereof on the Redemption Date as shown on Schedule B attached hereto.

SECTION 7. Redemption and Defeasance Notices. JEA has previously directed the Bond Registrar for the Refunded Obligations to give notice of redemption of such Refunded Obligations. JEA hereby directs _____ as Bond Registrar to provide notice of defeasance in the form provided in Schedule E attached hereto for the Refunded Obligations. Redemption notices and defeasance notices distributed by the Bond Registrar will be sent to bondholders pursuant to the Resolution, as supplemented, and will be distributed to the Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access system.

SECTION 8. Indemnity. To the extent permitted by applicable law, including but not limited to Section 768.28, Florida Statutes, JEA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by JEA or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; *provided*, *however*, that JEA shall not be required to indemnify the Escrow Agent, its successors, assigns, agents and servants against the negligence or willful misconduct of the Escrow Agent or its successors, assigns, agents and servants. In no event shall JEA or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section

shall survive the termination of this Agreement. Nothing in this Section contained shall give rise to any liability on the part of JEA in favor or any person other than the Escrow Agent.

SECTION 9. Responsibilities of Escrow Agent; Fees. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the retention of the Defeasance Securities or the proceeds thereof or any investment, payment, transfer, or other application of money or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties or non-willful misconduct. The Escrow Agent shall, however, be liable to JEA for its negligent acts, omissions or errors or willful misconduct which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of JEA. The fees of the Escrow Agent shall be paid by JEA at the time this Agreement is executed and delivered, such fees to be as set forth on Schedule C attached hereto. The Escrow Agent shall have no lien whatsoever upon any of the moneys or investments in the Escrow Account for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Obligations have been paid and discharged in accordance with the proceedings authorizing the Refunded Obligations.

SECTION 11. Amendments. This Agreement is made for the benefit of JEA and the holders from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and JEA; *provided*, *however*, that JEA and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Obligations, any additional rights, remedies, power or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject additional funds, securities or properties to this Agreement.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of JEA or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as duplicate originals and shall constitute and be one and the same instrument.

SECTION 14. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be executed by their duly authorized officers and JEA's official seal to be hereunto affixed and attested as of the date first above written.



JEA

ATTEST:

By: _____
Title:

By: _____
Secretary

Form Approved:

_____
Office of General Counsel

_____,
as Escrow Agent

By: _____
Its: _____

[Signature page to Escrow Deposit Agreement relating to
JEA Electric System Subordinated Revenue Bonds, 2021/22 Series

SCHEDULE A
REFUNDED OBLIGATIONS

The Aggregate Debt Service for the Refunded Obligations is shown in the following table:

Date	Interest	Principal Redeemed	Redemption Premium	Total
	$	$		$

SCHEDULE B
LIST OF REFUNDED OBLIGATIONS

The Refunded Bonds will consist of the Electric System Subordinated Revenue Bonds listed in the following table.

Series Three	Maturity Date (October 1)	Amount to be Refunded	Redemption Date	Redemption Price (expressed as a percentage of principal amount)	CUSIP*
		$		%	
Total					

* The CUSIP numbers listed here are provided for the convenience of readers. JEA is not responsible for the accuracy or completeness of such numbers.

SCHEDULE C
FEES OF ESCROW AGENT

The fee of the Escrow Agent for its services hereunder shall be $____; provided, JEA agrees to reimburse the Escrow Agent for its reasonable out-of-pocket expenses at cost.

SCHEDULE D

ESCROW DESCRIPTIONS DETAIL

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost

SCHEDULE E

NOTICE OF DEFEASANCE AND DESIGNATION OF CERTAIN BONDS FOR PRIOR REDEMPTION

JEA

ELECTRIC SYSTEM SUBORDINATED REVENUE BONDS

described in Exhibit A hereto*

NOTICE IS HEREBY GIVEN to the holders of JEA's Electric System Subordinated Revenue Bonds described above and in Exhibit A attached hereto (the "Refunded Bonds") that JEA has (i) deposited on _____ with _____, the Escrow Agent for the Refunded Bonds, cash and Defeasance Securities which will provide monies sufficient to pay when due the interest on the Refunded Bonds through the redemption date or maturity date, as applicable, and the principal together with any applicable redemption premium thereon, free and clear of any trust, lien or pledge securing said Refunded Bonds or otherwise existing under the Resolution (as defined below) and (ii) irrevocably designated the Refunded Bonds which are subject to redemption prior to maturity for redemption as aforesaid. As a result of such deposit, said Refunded Bonds are deemed to have been paid and to be no longer Outstanding in accordance with the resolution authorizing the issuance of Electric System Subordinated Revenue Bonds, adopted by JEA on August 16, 1988, as amended (the "Resolution"). Any such redemption does not apply to any bonds issued under the Resolution other than the Refunded Bonds. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution.

JEA

By: _____,
as Escrow Agent

Dated:

* No representation is made as to the accuracy of the CUSIP number either as printed on the Refunded Bonds or as set forth in this Notice.

EXHIBIT A

REFUNDED BONDS

Refunded Bonds	Par Amount to be Refunded	Outstanding Par Amount Prior to Refunding	Maturity (October 1)	Interest Rate	Redemption Date	Redemption Price	Original CUSIP* Number	Refunded CUSIP* Number	Unrefunded CUSIP* Number

Resolution No. 2020-14

JEA

Not To Exceed $412,000,000
Water and Sewer System Revenue Bonds
2021/22 Series X

FORTY-FIFTH SUPPLEMENTAL WATER AND SEWER SYSTEM REVENUE BOND RESOLUTION

Adopted December 15, 2020

FORTY-FIFTH SUPPLEMENTAL WATER AND SEWER SYSTEM REVENUE BOND RESOLUTION

BE IT RESOLVED by JEA as follows:

SECTION 1. DEFINITIONS. Unless the context otherwise requires, the terms defined in this section shall have the meanings specified in this section. Reference is made to the Bond Resolution hereinafter referred to for definitions of terms used in this resolution which are not defined in this section. Words importing a singular number shall include the plural number in each case and vice versa, and words importing persons shall include business entities.

(A) "Authorized Officer of JEA" shall mean (1) the Chair, the Vice Chair, the Secretary and any Assistant Secretary of JEA, (2) the Managing Director/CEO, (3) the President and Chief Operating Officer, (4) the Vice President and General Manager, Water and Wastewater Systems, the Chief Financial Officer and the Treasurer of JEA (or any officer of JEA hereafter serving in a capacity equivalent to that of any of the foregoing officers) or (5) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by JEA.

(B) "Bond Purchase Agreement" shall mean the Bond Purchase Agreement to be entered into between JEA and the Underwriters named therein relating to the 2021/22 Series X Bonds of a particular Series, the form of which is attached hereto as Exhibit A.

(C) "Bond Resolution" shall mean the resolution of JEA adopted on March 18, 1997 and referred to as the "Water and Sewer System Revenue Bond Resolution," as amended, restated and supplemented.

(D) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(E) "Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement to be delivered by JEA in connection with the issuance of the 2021/22 Series X Bonds of a particular Series, the form of which is attached as Appendix F to the Form Preliminary Official Statement.

(F) "Debt Service Reserve Requirement," as of any date of calculation shall have the meaning assigned to such term with respect to the Initial Subaccount in the First Supplemental Resolution.

(G) "Delivery Date" shall mean the date of the initial issuance and delivery of the 2021/22 Series X Bonds of a particular Series.

(I) "DTC" shall mean The Depository Trust Company.

(J) "Escrow Agent" shall mean the bank or trust company appointed as escrow agent under an Escrow Deposit Agreement, if any, and its duly appointed successors, such appointment, with respect to a particular Series of 2021/22 Series X Bonds, to be made in the certificate referred to in Section 5 hereof relating to the 2021/22 Series X Bonds.

(K) "Escrow Deposit Agreement" shall mean the escrow deposit agreement between JEA and an Escrow Agent, if any, that may be entered into concurrently with the authentication and delivery of any Series of the 2021/22 Series X Bonds, the form of which is attached hereto as Exhibit B.

(L) "First Supplemental Resolution" shall mean the First Supplemental Water and Sewer System Revenue Bond Resolution adopted by JEA on August 19, 1997, as amended.

(M) "Form Preliminary Official Statement" shall have the meaning set forth in Section 18.

(N) "Initial Subaccount" shall mean the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established in Section 6.01 of the First Supplemental Resolution.

(O) "Interest Rate Swap Transactions" shall mean the floating-to-fixed rate interest rate swap transactions entered into by JEA associated with variable rate Refunded Bonds which interest rate swap transactions are to be terminated, in whole or in part, contemporaneously with the issuance of a Series of 2021/22 Series X Bonds.

(P) "Letter of Representations" shall mean the Blanket Issuer Letter of Representations, dated May 6, 2004, from JEA to DTC, providing for the issuance of certain obligations of JEA (including the 2021/22 Series X Bonds) in book-entry form through the facilities of DTC.

(Q) "Managing Director/CEO" shall mean the Managing Director and Chief Executive Officer of JEA.

(R) "Refunded Bonds" shall mean, for any particular Series of the 2021/22 Series X Bonds, the Bonds of the Series and maturities (and if applicable, interest rates within maturities) and in the respective principal amounts to be refunded thereby, as identified by the Managing Director/CEO in the certificate described in Section 5 hereof relating to the 2021/22 Series X Bonds of such Series.

(S) "Refunded Bonds Paying Agent" shall mean the bank(s) or trust company(ies) serving as paying agent for the Refunded Bonds.

(T) "Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

(U) "Sale Date" with respect to a particular Series of 2021/22 Series X Bonds shall mean the date on which JEA enters into a Bond Purchase Agreement with respect to said Series of 2021/22 Series X Bonds.

(V) "Supplemental Resolution" shall mean this Forty-Fifth Supplemental Water and Sewer System Revenue Bond Resolution (Resolution No. 2020-14), as from time to time

amended or supplemented by Supplemental Resolution in accordance with the terms of the Bond Resolution.

(W) "Underwriters" shall mean any or all of the investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA's debt named in the Bond Purchase Agreement.

(X) 2021/22 Series X Bonds" shall mean JEA's Water and Sewer System Revenue Bonds, 2021/22 Series X, authorized by Section 4 of this Supplemental Resolution.

SECTION 2. AUTHORITY FOR THIS FORTY-FIFTH SUPPLEMENTAL RESOLUTION. This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Bond Resolution in accordance with Article II and Article X of the Bond Resolution.

SECTION 3. FINDINGS. It is hereby ascertained, determined and declared that:

(A) Pursuant to the Bond Resolution, JEA has heretofore authorized the issuance, in one or more Series which may be authenticated and delivered from time to time, of Additional Obligations for the purposes, among others, of refunding any Bonds.

(B) Pursuant to its Ordinances 97-205-E, 2001-663-E, 2004-820-E, 2006-792-E and 2011-448-E, the Council of the City has authorized, among other things, the issuance and sale by JEA of Additional Obligations for purposes, among others, of financing the refunding of any Bonds.

(C) It is in the best interests of JEA to provide for the refunding of the Refunded Bonds to permit JEA to (i) refund fixed rate bonds at favorable fixed interest rates, (ii) refund variable rate debt with fixed rate bonds at favorable fixed interest rates, and (iii) terminate or partially terminate Interest Rate Swap Transactions in an aggregate notional amount not to exceed the principal amount of the associated variable rate Refunded Bonds on favorable terms and thereby reduce the put, liquidity, renewal, counterparty, basis and other risks associated with bonds structured as variable rate demand obligations with associated variable-to-fixed rate interest rate swaps. Anything provided herein to the contrary notwithstanding, in no event shall interest rate swap transactions remain outstanding in a notional amount in excess of the outstanding principal amount of the debt hedged thereby.

(D) It is in the best interests and serves a valid public purpose of JEA to issue and sell the 2021/22 Series X Bonds in one or more Series as authorized herein for the purpose of providing all or a portion of funds required to refund the Refunded Bond, to pay the costs of terminating the Interest Rate Swap Transactions in an aggregate notional amount not to exceed the principal amount of the associated variable rate Refunded Bonds and to pay the costs of issuance of the 2021/22 Series X Bonds.

(E) Because of the characteristics of the 2021/22 Series X Bonds, prevailing and anticipated market conditions, the need for flexibility in timing the issuance of each Series of the 2021/22 Series X Bonds and, if applicable, the coordination of the termination or partial termination of the Interest Rate Swap Transactions, it is necessary and in the best interests of JEA to sell each Series of the 2021/22 Series X Bonds at a negotiated sale or sales to the Underwriters, upon satisfaction of the terms and conditions set forth herein and in the Bond Purchase Agreement.

(F) Upon issuance in accordance with the terms hereof, the 2021/22 Series X Bonds will constitute Additional Obligations under the Bond Resolution, entitled to all the security and benefits thereof.

(G) The 2021/22 Series X Bonds shall be limited obligations of JEA payable solely from and secured by a lien upon and pledge of (i) the Revenues (as defined in the Bond Resolution), and (ii) all funds and accounts established by the Bond Resolution (other than the Debt Service Reserve Account in the Debt Service Fund), including investments and investment income, if any, thereof, subject only to the provisions of the Bond Resolution permitting applications thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. The 2021/22 Series X Bonds of each Series shall be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Bond Resolution. The 2021/22 Series X Bonds shall not constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and pledge of the amounts provided in the Bond Resolution. In no event shall any owner of 2021/22 Series X Bonds ever have the right to compel the ad valorem taxing power of the City or JEA, if any, or taxation of any form to pay the 2021/22 Series X Bonds or be entitled to payment thereof from any other funds of the City or JEA.

(H) Prior to the sale of the 2021/22 Series X Bonds of a Series, the Underwriters will provide JEA with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes. The Bond Purchase Agreement shall include a Truth-In-Bonding Statement pursuant to Section 218.385, Florida Statutes.

SECTION 4. SERIES DESIGNATION; PURPOSE. Pursuant to the provisions of the Bond Resolution, one or more Series of Additional Obligations entitled to the benefit, protection and security of the Bond Resolution are hereby authorized to be issued in an aggregate principal amount not to exceed $412,000,000; *provided*, that not to exceed $274,000,000 principal amount of the 2021/22 Series X Bonds may be issued for the purpose of refunding fixed rate Refunded Bonds and not to exceed $138,000,000 principal amount of the 2021/22 Series X Bonds may be for the purpose of refunding variable rate Refunded Bonds. Such Additional Obligations shall be designated as the "Water and Sewer System Revenue Bonds, 2021/22 Series X"; *provided*, that the Managing Director/CEO may alter the year and letter designation, all as he deems appropriate to reflect the year of issue or sale of the 2021/22 Series X Bonds, the designation of 2021/22 Series X Bonds previously issued and JEA's custom in identifying Bonds or as he otherwise deems desirable, such determination to be set forth in the certificate referred to in Section 5 hereof. Notwithstanding any such alteration of the Series designation for the 2021/22 Series X Bonds, references in this resolution to "2021/22 Series X Bonds" shall include all Bonds issued

pursuant to the authority contained in this Section 4. The actual aggregate principal amount of the 2021/22 Series X Bonds of a particular Series to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purposes for which the 2021/22 Series X Bonds of such Series are being issued, such determination to be set forth in the certificate referred to in Section 5 hereof to be executed with respect to 2021/22 Series X Bonds of such Series. Notwithstanding any other provision of the Bond Resolution, or this Supplemental Resolution, each such particular Series of the 2021/22 Series X Bonds shall be and be deemed to be a separate Series of Bonds for all purposes of the Bond Resolution, including (without limitation) for the purposes of determining satisfaction of the conditions to the issuance of the 2021/22 Series X Bonds of such Series set forth in Article II of the Bond Resolution.

The 2021/22 Series X Bonds of each Series shall be issued for the following purposes: (a) providing all or a portion of the funds required to refund the Refunded Bonds, (b) making a deposit, if any, to the Initial Subaccount, as determined by the Managing Director/CEO as set forth in the certificate referred to in Section 5 hereof, (c) paying the cost of terminating or partially terminating Interest Rate Swap Transactions in an aggregate notional amount not to exceed the principal amount of the associated variable rate Refunded Bonds, and (d) paying the costs of issuance of the 2021/22 Series X Bonds.

The actual aggregate principal amount of each Series of the 2021/22 Series X Bonds to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purposes for which such Series of the 2021/22 Series X Bonds are being issued, such determination to be set forth in the certificate referred to in Section 5 hereof.

The 2021/22 Series X Bonds of each Series authorized to be issued hereunder may be sold pursuant to one or more Bond Purchase Agreements entered into not later than December 31, 2022.

SECTION 5. DATE(S), MATURITIES AND INTEREST RATES; CERTAIN DETERMINATIONS WITH RESPECT TO THE 2021/22 SERIES X BONDS. The 2021/22 Series X Bonds of each Series shall be issued as fully registered bonds in the denomination of $5,000 each or integral multiples thereof, shall be numbered from 1 upward, shall bear interest from their respective dates (payable semiannually thereafter on April 1 and October 1 in each year, commencing on either of the October 1 or April 1 next following the Delivery Date of such Series of 2021/22 Series X Bonds, as determined by the Managing Director/CEO) at such rates per annum and shall mature on October 1 in such years and amounts, all as shall be determined by the Managing Director/CEO in the manner hereinafter set forth.

On or prior to the Sale Date for a particular Series of the 2021/22 Series X Bonds, the Managing Director/CEO shall execute a certificate setting forth the following determinations and the Managing Director/CEO may rely on a certificate from JEA's financial advisor in order to confirm the savings determinations made in clause (e) below:

(A) the aggregate principal amount of the 2021/22 Series X Bonds of such Series; *provided,* that the aggregate principal amount of all 2021/22 Series X Bonds shall not exceed $412,000,000, not to exceed $274,000,000 aggregate principal amount of 2021/22 Series X Bonds shall be issued to refund fixed rate Refunded Bonds and not to exceed $138,000,000 aggregate principal amount of 2021/22 Series X Bonds shall be issued to refund variable rate Refunded Bonds;

(B) the year and letter and any other designation and the Delivery Date for such Series of 2021/22 Series X Bonds;

(C) the Refunded Bonds to be refunded through the issuance of the 2021/22 Series X Bonds of such Series and the date(s) on which such Refunded Bonds are to be redeemed, which shall be such date as the Managing Director/CEO determines to be the earliest date on which such Refunded Bonds may be redeemed in light of the circumstances then existing; and the identity of the Escrow Agent, if any, for such Refunded Bonds and, if applicable, the Sinking Fund Installments to which the principal amount of the Refunded Bonds shall be credited;

(D) the respective dates on which the 2021/22 Series X Bonds of such Series shall mature and the principal amounts of each such maturity; *provided*, *however*, that the 2021/22 Series X Bonds of each Series (i) that are issued for refunding purposes in order to achieve debt service savings shall have a weighted average life no greater than the remaining weighted average life of the Refunded Bonds being refunded thereby, plus one year; and (ii) that are issued for refunding purposes to refund variable rate obligations shall have a weighted average life no greater than the remaining weighted average life of the Refunded Bonds, plus one year;

(E) the respective rate or rates of interest to be borne by the 2021/22 Series X Bonds of such Series maturing on each such date; *provided*, *however*, that (1) with respect to any 2021/22 Series X Bonds of such Series that are issued for the purpose of refunding variable rate Bonds, the true interest cost of such 2021/22 Series X Bonds shall not exceed 5.00 percent; and (2) with respect to any 2021/22 Series X Bonds of such Series, issued for refunding purposes to achieve debt service savings (i) if any such 2021/22 Series X Bonds mature on the October 1 next following the Delivery Date of such Series of 2021/22 Series X Bonds, such refunding shall result in positive net present value savings; (ii) the present value savings from (A) the issuance of such 2021/22 Series X Bonds that are issued to refund any Refunded Bonds maturing on an October 1 occurring at least one year and less than three years after the Delivery Date of such Series of 2021/22 Series X Bonds shall not be less than 3.00 percent of the aggregate principal amount of such Refunded Bonds; (B) the issuance of such 2021/22 Series X Bonds that are issued to refund any Refunded Bonds maturing on an October 1 occurring at least three years and less than nine years after the Delivery Date of such Series of 2021/22 Series X Bonds, shall not be less than 4.00 percent of the aggregate principal amount of such Refunded Bonds; and (C) the issuance of such 2021/22 Series X Bonds that are issued to refund any Refunded Bonds maturing after the October 1 occurring at least nine years after the Delivery Date of such Series of 2021/22 Series X Bonds shall not be less than 5.00 percent of the aggregate principal amount of the Refunded Bonds; or (3) in lieu of complying with the requirements of clauses (1) and (2) above, the present value savings resulting from the issuance of such 2021/22 Series X Bonds that are issued to refund any Refunded Bonds other than variable rate Bonds, shall not be less than 5.00 percent of the aggregate

principal amount of such Refunded Bonds; *provided*, *further*, that compliance with the foregoing requirements of this clause (E) shall be effected by dividing the Series into its constituent purposes (*i.e.*, refunding of variable rate Bonds and refunding fixed rate Bonds for debt service savings) and allocating on a ratable basis (based on the respective issue prices for federal income tax purposes) costs of issuance, underwriting discount, any deposit to the Initial Subaccount and any other items to the purpose that gave rise to such expenses; *provided*, *however*, that if the Managing Director/CEO determines that some other allocation method will result in a more accurate determination of the true interest cost or present value savings attributable to such constituent purpose (which determination shall be confirmed by JEA's financial advisor), then such other allocation method shall be used in lieu of the foregoing method;

(F) the commencement date of interest payments on the 2021/22 Series X Bonds of such Series, which shall be either of the October 1 or April 1 next following the Delivery Date of such Series of 2021/22 Series X Bonds;

(G) if the 2021/22 Series X Bonds of such Series maturing on a particular date and bearing interest at a particular rate are to be subject to redemption prior to maturity as provided in Article IV of the Bond Resolution by operation of the Debt Service Fund from mandatory Sinking Fund Installments, the due dates and amounts of such Sinking Fund Installments; *provided*, *however*, that each Sinking Fund Installment due date shall fall upon an interest payment date for the 2021/22 Series X Bonds;

(H) if the 2021/22 Series X Bonds of such Series maturing on a particular date and bearing interest at a particular rate are to be subject to optional redemption, the terms upon which such 2021/22 Series X Bonds shall be subject to redemption at the election of JEA; *provided*, *however*, that the highest redemption price at which such 2021/22 Series X Bonds may be so redeemed shall be not greater than 101 percent of the principal amount thereof, plus accrued interest to the date of redemption and the first such optional redemption date shall not be less than four years nor more than 10 years from the Delivery Date of such 2021/22 Series X Bonds;

(I) the identity of the senior managing underwriter and co-senior managing underwriter, if applicable, for such Series of 2021/22 Series X Bonds from any of the Underwriters;

(J) the purchase price for the 2021/22 Series X Bonds of such Series to be paid by the Underwriters pursuant to the applicable Bond Purchase Agreement; *provided*, *however*, that such purchase price shall result in compliance with the limitations set forth in this Section 5;

(K) the Interest Rate Swap Transactions and the notional amounts thereof to be terminated upon the issuance of such Series of 2021/22 Series X Bonds and the termination payment, if any, to be paid in connection therewith; *provided*, that the aggregate notional amount of the Interest Rate Swap Transactions terminated in connection with the issuance of such Series of 2021/22 Series X Bonds shall not exceed the principal amount of the variable rate Refunded Bonds to which such Interest Rate Swap Transactions are associated to be refunded through the issuance of such Series of 2021/22 Series X Bonds; and

(L) the amount, if any, of the proceeds of the 2021/22 Series X Bonds of such Series to be deposited in the Initial Subaccount, if any.

In the event that one or more Series of 2021/22 Series X Bonds are issued on the same day as part of a common plan of finance for the same Bond financing, JEA may demonstrate compliance with the savings requirements set forth in clause (E) above by calculating such savings either on an aggregate basis (e.g., each Series of the 2021/22 Series X Bonds issued on the same day as part of the same Bond financing are combined into one Series and compliance with the savings criteria is measured using the combined Series) or on a Series by Series basis (e.g., each individual Series that is issued as part of the same Bond financing must satisfy the savings criteria independently of any other Series issued on the same day).

SECTION 6. REDEMPTION PROVISIONS. (A) If the Managing Director/CEO determines that the 2021/22 Series X Bonds of a Series maturing on a particular date and bearing interest at a particular rate shall be subject to redemption prior to maturity as provided in Article IV of the Bond Resolution by operation of the Debt Service Fund from mandatory Sinking Fund Installments, such determination to be set forth in the certificate referred to in Section 5 hereof, then the 2021/22 Series X Bonds of such Series maturing on such date and bearing interest at such rate shall be subject to redemption prior to maturity as provided in Article IV of the Bond Resolution, on the respective dates and in the respective amounts set forth in such certificate, in each such case, at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date.

(B) If the Managing Director/CEO determines that the 2021/22 Series X Bonds of a Series maturing on a particular date and bearing interest at a particular rate shall be subject to optional redemption, such 2021/22 Series X Bonds shall be subject to redemption prior to maturity at the election of JEA, in the case of 2021/22 Series X Bonds as a whole or in part, at any time on and after the initial date on which such 2021/22 Series X Bonds may be so redeemed set forth in the certificate referred to in Section 5 hereof, at the respective redemption prices set forth in such certificate, in each case, together with accrued interest to the redemption date.

SECTION 7. BOOK-ENTRY SYSTEM. (A) Except as provided in paragraphs (B) and (C) of this Section 7, the registered holder of all 2021/22 Series X Bonds shall be, and the 2021/22 Series X Bonds shall be registered in the name of, Cede & Co. ("Cede"), as nominee of DTC. Payment of interest on any 2021/22 Series X Bond shall be made in accordance with the provisions of the Bond Resolution to the account of Cede on the interest payment date for the 2021/22 Series X Bonds at the address indicated for Cede in the registry books of JEA kept by the Registrar.

(B) The 2021/22 Series X Bonds of each Series shall be issued initially in the form of a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the 2021/22 Series X Bonds of such Series. The Registrar shall authenticate and deliver to or on behalf of DTC a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the 2021/22 Series X Bonds of such Series, registered in the name of Cede, as nominee of DTC. With respect to 2021/22 Series X Bonds so registered in the name of Cede, JEA and the Paying Agent and Bond Registrar shall have no responsibility or obligation to any DTC participant or to any beneficial owner of such 2021/22 Series X Bonds. Without limiting the immediately preceding sentence, JEA and the Paying Agent and Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the 2021/22 Series X Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the 2021/22 Series X Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, the 2021/22 Series X Bonds. JEA and the Paying Agent and Bond Registrar may treat DTC as, and deem DTC to be, the absolute owner of each 2021/22 Series X Bond for all purposes whatsoever, including (but not limited to) (i) payment of the principal or redemption price of, and interest on, each such 2021/22 Series X Bond, (ii) giving notices of redemption and other matters with respect to such 2021/22 Series X Bonds, (iii) registering transfers with respect to such 2021/22 Series X Bonds and (iv) giving to JEA any notice, consent, request or demand pursuant to the Bond Resolution for any purpose whatsoever. The Paying Agent shall pay the principal or redemption price of, and interest on, all 2021/22 Series X Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and discharge JEA's obligations with respect to such principal or redemption price, and interest, to the extent of the sum or sums so paid. Except as provided in this paragraph (2) and in paragraph (3) of this Section 7, no person other than DTC shall receive a 2021/22 Series X Bond evidencing the obligation of JEA to make payments of principal or redemption price of, and interest on, such Bond pursuant to the Bond Resolution. Upon delivery by DTC to JEA or the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Bond Resolution, the word "Cede" in this resolution shall refer to such new nominee of DTC.

(C) (i) DTC may determine to discontinue providing its services with respect to a particular Series of the 2021/22 Series X Bonds at any time by giving reasonable notice thereof to JEA or the Paying Agent and Bond Registrar.

(ii) JEA, in its sole discretion and without the consent of any other person, may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to a particular Series of the 2021/22 Series X Bonds if JEA determines that (a) DTC is unable to discharge its responsibilities with respect to the 2021/22 Series X Bonds of such Series or (b) a continuation of the system of book-entry-only transfers through DTC (or a successor securities depository) is not in the best interests of the beneficial owners of the 2021/22 Series X Bonds of such Series or of JEA.

(D) Upon the termination of the services of DTC with respect to a Series of the 2021/22 Series X Bonds pursuant to paragraph (C)(ii)(b) hereof, or upon the discontinuance or termination of the services of DTC with respect to the 2021/22 Series X Bonds of a Series pursuant to paragraph (C)(i) or paragraph (C)(ii)(a) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of JEA, is willing and able to undertake such functions upon reasonable and customary terms, the 2021/22 Series X Bonds of such Series no longer shall be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede, as nominee of DTC. In such event, JEA shall issue and the Bond Registrar shall authenticate 2021/22 Series X Bond certificates as requested by DTC of like Series, aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interests in the 2021/22 Series X Bonds of such Series; *provided*, *however*, that in the case of any discontinuance or termination provided for in paragraph C(i) or C(ii)(b) of this Section, JEA may within 90 days thereafter appoint a substitute securities depository which, in JEA's opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms. In such event, and subject to the transfer provisions of the Bond Resolution, the word "DTC" in this resolution shall refer to such substitute securities depository and the word "Cede" in this resolution shall refer to the nominee, if any, of such substitute securities depository (or, if there shall be no such nominee, then the word "Cede" in this resolution shall refer to such substitute securities depository).

(E) Notwithstanding any other provision of the Bond Resolution or this resolution to the contrary, so long as any 2021/22 Series X Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on, such 2021/22 Series X Bond and all notices with respect to such 2021/22 Series X Bond shall be made and given, respectively, to DTC as provided in DTC's Operational Arrangements (as defined in the Letter of Representations); *provided*, *however*, that if a substitute securities depository shall be appointed, all payments with respect to the principal or redemption price of, and interest on, the 2021/22 Series X Bonds and all notices with respect to the 2021/22 Series X Bond shall be made and given, respectively, to such substitute securities depository (or any nominee thereof) as provided in the procedures of such substitute securities depository.

SECTION 8. PAYING AGENT AND BOND REGISTRAR. The 2021/22 Series X Bonds shall be payable as to principal and shall be redeemable at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (or such other city as may be designated by such bank), which bank is hereby appointed Paying Agent and Bond Registrar.

SECTION 9. FORM OF 2021/22 SERIES X BONDS. The text of the 2021/22 Series X Bonds, together with the Bond Registrar's Certificate of Authentication to be endorsed thereon, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof, or as may be necessary to comply with applicable laws, rules and regulations of the United States Government and the State of Florida in effect upon the issuance thereof:

At such times as the 2021/22 Series X Bonds of a particular Series are restricted to being registered in the registration books kept by the Bond Registrar in the name of DTC (or a successor securities depository), each such 2021/22 Series X Bond shall contain or have endorsed thereon the following legend:

> AS PROVIDED IN THE RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE RESOLUTION TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE RESOLUTION.

In addition, so long as DTC shall serve as securities depository for the 2021/22 Series X Bonds of a particular Series, each 2021/22 Series X Bond of such Series shall contain or have endorsed thereon the following legend:

> UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

R-___ $_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF JACKSONVILLE
JEA

WATER AND SEWER SYSTEM REVENUE BOND,
2021/22 SERIES X

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	October 1, _____	_____ ___, 20___	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

JEA, a body politic and corporate and an independent agency of the City of Jacksonville, Florida (the "City"), organized and existing under and by virtue of the laws of the State of Florida, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner (stated above) or registered assigns, on the Maturity Date (stated above), but solely from the funds pledged therefor, upon presentation and surrender of this bond at the corporate trust office of U.S. Bank National Association in Jacksonville, Florida (such bank and any successors thereto being referred to herein as the "Paying Agent"), the Principal Amount (stated above) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay, but solely from the funds pledged therefor, interest on such Principal Amount in like coin or currency from the Original Issue Date (stated above), or, if one or more payments of interest has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has been paid or duly provided for, payable on the first days of April and October in each year commencing [April 1] [October 1], 20___ or, if the date of this bond is after [April 1] [October 1], 20___, commencing with the first April 1 or October 1 after the date of this bond, at a rate per annum equal to the Interest Rate (stated above), until JEA's obligation with respect to the payment of such Principal Amount shall be discharged; *provided*, *however*, that so long as this bond shall be restricted to being registered in the registration books of JEA in the name of the Securities Depository (as defined in the Resolution hereinafter referred to) for this bond, the provisions of the Resolution governing Book Entry Bonds (as defined in the Resolution) shall govern the manner of payment of the principal or redemption price of, and interest on, this bond. The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Resolution, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, such payment to be made by check or draft of the Paying Agent mailed to such person at the address shown on the registration books of JEA kept for that purpose at the corporate trust office of U.S. Bank National Association in Jacksonville, Florida, or its successor, as Bond Registrar for the bonds of the series of which this bond is one. Any such interest not so

punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this bond is registered on the Regular Record Date, and shall be paid, in the manner described above, to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by such Bond Registrar, notice whereof shall be given to holders of bonds of the series of which this bond is one not less than 10 days prior to such Special Record Date.

This bond is one of a duly authorized series of bonds of JEA designated as its "Water and Sewer System Revenue Bonds, 2021/22 Series X" (herein sometimes called the "2021/22 Series X Bonds"), in the aggregate principal amount of $_____, issued pursuant to Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended (herein called the "Act") and under and pursuant to a resolution of JEA adopted on February 18, 1997, as amended, restated and supplemented, including as supplemented by a supplemental resolution (Resolution No. 2020-14) authorizing the 2021/22 Series X Bonds adopted on December 15, 2020, as supplemented and amended (said resolution as amended, restated and supplemented, being herein called the "Resolution"). As provided in the Resolution, bonds, notes or other evidences of indebtedness of JEA may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of bonds, notes or other evidences of indebtedness which may be issued under the Resolution is not limited except as provided in the Resolution, and all bonds, notes or other evidences of indebtedness issued and to be issued under the Resolution are and will be equally secured by the Trust Estate hereinafter described and covenants made in the Resolution, except as otherwise expressly provided or permitted in the Resolution. All bonds, notes or other evidences of indebtedness issued under and pursuant to the Resolution, as the same may be amended and supplemented from time to time, and equally secured by such Trust Estate are hereinafter called the "Bonds."

As provided in the Resolution, the Bonds are special obligations of JEA payable solely from and secured as to payment of the principal or Redemption Price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by (i) the proceeds of the sale of the Bonds, (ii) the Revenues (as defined in the Resolution), and (iii) all funds and accounts established by the Resolution (other than the Debt Service Reserve Account in the Debt Service Fund), including the investments and investment income, if any, thereof (collectively, the "Trust Estate"), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Pursuant to the Resolution, the 2021/22 Series X Bonds are additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Resolution, including the investments and investment income, if any, thereof, which amounts are pledged for the payment of the principal or sinking fund redemption price, if any, of, and interest on, the 2021/22 Series X Bonds and any other Bonds secured thereby in accordance with the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Copies of the Resolution are on file at the office of JEA and at the principal corporate trust office of the Bond Registrar for the 2021/22 Series X Bonds, and reference to the Resolution

and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the security interest, pledge and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, and for the other terms and provisions thereof.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by JEA, with the written consent of the holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment then outstanding under the Resolution, and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of the holders of not less than a majority in principal amount of the Bonds of the particular series and maturity entitled to such sinking fund installment then outstanding; *provided*, *however*, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. As provided in the Resolution (and unless otherwise provided in a supplemental resolution), if Credit Enhancement (as defined in the Resolution) is provided with respect to the Bonds of any series, or a maturity within a series, if not in default in respect of any of its obligations with respect to such Credit Enhancement, the provider of such Credit Enhancement for, and not the actual holders of, such Bonds shall be deemed to be the holder of such Bonds at all times for the purpose of giving such consent. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary (as defined in the Resolution) without its written assent thereto.

The Resolution also contains provisions permitting JEA, without the necessity for the consent of the holder of any Bond, to modify or amend the Resolution to cure ambiguities or defects in the Resolution, to clarify the provisions of the Resolution or to make any other modification or amendment which will not have a material adverse effect on the interests of Bondholders, determined as provided in the Resolution.

This bond is transferable, as provided in the Resolution, only upon the books of JEA kept for that purpose at the above-mentioned office of the Bond Registrar for the 2021/22 Series X Bonds, by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to such Bond Registrar duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new fully registered bond or bonds, without coupons, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. JEA and each Fiduciary may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2021/22 Series X Bonds are issuable in the form of fully registered Bonds, without coupons, in the denominations of $5,000 or any integral multiple of $5,000.

[The 2021/22 Series X Bonds maturing on or after October 1, 20___ will be subject to redemption at the election of JEA on or after October 1, 20___, at any time, as a whole, or in part, at a redemption price equal to the principal amount of such 2021/22 Series X Bonds so to be redeemed, together with accrued interest to the redemption date.]

[The 2021/22 Series X Bonds maturing October 1, 20___ will be subject to redemption through mandatory Sinking Fund Installments on October 1, 20___ and on each October 1 thereafter through and including October 1, ____. The redemption price will be 100 percent of the principal amount of such 2021/22 Series X Bonds to be redeemed plus accrued interest, if any, to the redemption date. Such Sinking Fund Installments will be sufficient to redeem the following principal amounts of such 2021/22 Series X Bonds:

2021/22 Series X Bonds
Maturing October 1, 20___

Year	**Amount**
	$

The foregoing schedule leaves $_____ principal amount of such 2021/22 Series X Bonds to be retired at maturity.

The 2021/22 Series X Bonds maturing October 1, 20___ will be subject to redemption through mandatory Sinking Fund Installments on October 1, 20___ and on each October 1 thereafter through and including October 1, 20___. The redemption price will be 100 percent of the principal amount of the 2021/22 Series X Bonds to be redeemed, plus accrued interest, if any, to the redemption date. Such Sinking Fund Installments will be sufficient to redeem the following principal amounts of the 2021/22 Series X Bonds:

2021/22 Series X Bonds
Maturing October 1, 20___

Year	**Amount**
	$

The foregoing schedule leaves $_____ principal amount of such 2021/22 Series X Bonds to be retired at maturity.]

The 2021/22 Series X Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be given by first class mail, postage prepaid, to the registered owners of the 2021/22 Series X Bonds to be redeemed sent not less than 30 days nor more than 60 days prior to the redemption date, but the failure to give notice by mail, or any defect in such notice, to the registered owner of any 2021/22 Series X Bond will not affect the validity of the proceedings for the redemption of any other 2021/22 Series X Bonds. If notice of redemption shall have been given as aforesaid, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms

thereof, the 2021/22 Series X Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 2021/22 Series X Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2021/22 Series X Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond shall be payable, as to principal and redemption price hereof, and interest hereon, solely from the Revenues and other funds of JEA as provided in the Resolution. No member, officer, agent or employee of JEA shall be individually or personally liable for the payment of the principal or redemption price of or interest on this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2021/22 Series X Bonds, together with all other indebtedness of JEA, complies in all respects with the applicable laws of the State of Florida including, particularly, the Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Bond Registrar for the 2021/22 Series X Bonds of the Bond Registrar's Certificate of Authentication hereon.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, JEA has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chair or its Vice Chair, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary.

JEA

(SEAL)

_____

Chair or Vice-Chair

ATTESTED:

_____

Secretary or Assistant Secretary

[FORM OF
BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

**BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION**

This bond is one of the 2021/22 Series X Bonds described in the within-mentioned Subordinated Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____, 20___

[Insert Statement of Insurance, if applicable.]

The following abbreviations, when used in the inscription on the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIF MIN ACT _____ (Cust.)
TEN ENT -	as tenants by the entireties	Custodian for _____ (Minor)
JT TEN	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act of _____ (State)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

_____

[PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

the within bond and does hereby irrevocably constitute and appoint the Registrar as his agent to transfer the bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature guaranteed: (Bank, Trust Company or Firm)

_____ _____
(Authorized Officer)

NOTICE: This signature to this assignment must correspond with the name of the registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SECTION 10. APPLICATION OF BOND PROCEEDS. The proceeds from the sale of the 2021/22 Series X Bonds of a particular Series, together with other available funds of the Water and Sewer System shall be applied simultaneously with the delivery of such Series as follows:

(A) if applicable, there shall be delivered to the Escrow Agent, simultaneously with the delivery of the 2021/22 Series X Bonds of such Series, for deposit in the Escrow Account (the "Escrow Account") to be created under the Escrow Deposit Agreement, an amount determined by an Authorized Officer of JEA as being equal to the amount necessary, when combined with the moneys, if any, transferred to the Escrow Account as provided in Section 11 hereof, to purchase such securities as are permitted by Section 1201 of the Bond Resolution, the principal of and interest to be received on which, together with any initial cash balance, will provide moneys which will be sufficient to pay when due the principal or redemption price, as applicable, of the Refunded Bonds being refunded thereby on the respective maturity dates of such Refunded Bonds or the date such Refunded Bonds are to be called for redemption, as applicable, and the interest to become due on such Refunded Bonds on and prior to such respective maturity or redemption dates, as the case may be;

(B) there shall be deposited in the Initial Subaccount, an amount equal to the difference, if any, between (i) the Debt Service Reserve Requirement for the Initial Subaccount calculated immediately after the issuance of the 2021/22 Series X Bonds of such Series and (ii) the sum of the amounts then on deposit in Initial Subaccount and the eligible reserve fund credit instruments (as defined in subsection 4 of Section 6.01 of the First Supplemental Resolution) credited thereto, in each case valued as provided in Section 6.04 of the Bond Resolution;

(C) there shall be paid to the counterparties in the Interest Rate Swap Transactions to be terminated or partially terminated with the issuance of such Series of 2021/22 Series X Bonds, the termination payments, if any, with respect to the termination or partial termination of such Interest Rate Swap Transactions as determined by the Managing Director/CEO pursuant to Section 5(K) hereof; and

(D) all proceeds remaining after application as provided in subsections (A), (B) and (C) hereof shall be deposited into the Construction Fund or a separate sub-account thereof and used for the purposes of paying the principal or redemption price, as applicable, of Refunded Bonds when due if the Refunded Bonds are not being defeased within the meaning of Section 1201 of the Bond Resolution and paying costs of issuance of the 2021/22 Series X Bonds of such Series.

SECTION 11. TRANSFER OF CERTAIN AMOUNTS. Subject to the provisions of the third paragraph of subsection 5 of Section 508 of the Bond Resolution, simultaneously with the delivery of the 2021/22 Series X Bonds of a particular Series, there shall be withdrawn from the Debt Service Account in the Debt Service Fund cash in an amount determined by an Authorized Officer of JEA as being not greater than the amount accumulated therein with respect to the Refunded Bonds to be refunded through the issuance of the 2021/22

Series X Bonds of such Series. Such withdrawal shall, however, not be made if and to the extent that the effect thereof would cause the amounts on deposit in the Debt Service Account to be less than the Accrued Aggregate Debt Service calculated immediately after the issuance of the 2021/22 Series X Bonds of such Series. There shall be transferred to the Escrow Agent, if any, for deposit in the Escrow Account the amount so withdrawn, otherwise, such amount shall be applied together with the funds described in Section 10(D) above to the payment of the Refunded Bonds.

Subject to the provisions of Subsection 5 of Section 508 of the Bond Resolution, simultaneously with the delivery of the 2021/22 Series X Bonds of a particular Series, there may be withdrawn from the Initial Subaccount of the Debt Service Reserve Account cash in an amount determined by an Authorized Officer of JEA as being not greater than the amount of the decrease in the Debt Service Reserve Requirement with respect to such Initial Subaccount due to the defeasance of the Refunded Bonds being refunded through the issuance of such Series of the 2021/22 Series X Bonds. There shall be transferred to the Escrow Agent, if any, for deposit in the Escrow Account the amount so withdrawn, otherwise, such amount shall be applied together with the funds described in Section 10(D) above to the payment of the Refunded Bonds.

SECTION 12. 2021/22 SERIES X BONDS TO CONSTITUTE ADDITIONALLY SECURED BONDS. In accordance with the provisions of the Bond Resolution, the 2021/22 Series X Bonds of each Series shall be Additionally Secured Bonds, and the payment of the principal or sinking fund redemption price, if any, thereof and interest thereon shall be secured, in addition to the pledge created pursuant to subsection 1 of Section 501 of the Bond Resolution in favor of all of the Bonds, by amounts on deposit in the Initial Subaccount. In furtherance of the foregoing, simultaneously with the authentication and delivery of any particular Series of the 2021/22 Series X Bonds, JEA shall cause to be deposited to the credit of the Initial Subaccount in the Debt Service Reserve Account cash from the proceeds of such Series of the 2021/22 Series X Bonds, in an amount equal to the difference (if any) between (a) the Debt Service Reserve Requirement for the Initial Subaccount calculated immediately after the authentication and delivery of such Series of the 2021/22 Series X Bonds and (b) the sum of the amounts then on deposit in Initial Subaccount and the eligible reserve fund credit instruments credited thereto, if any.

SECTION 13. TAX COVENANTS. (A) JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2021/22 Series X Bonds under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of each Series of the 2021/22 Series X Bonds concerning certain matters pertaining to the use of proceeds of the 2021/22 Series X Bonds of such Series, including any and all exhibits attached thereto (the "Tax Certificate"). This covenant shall survive payment in full or defeasance of the 2021/22 Series X Bonds.

(B) Notwithstanding any provisions of this Section, if JEA shall obtain an opinion of nationally recognized municipal bond attorneys to the effect that any specified action

required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the applicable Series of the 2021/22 Series X Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(C) Notwithstanding any other provision of the Bond Resolution to the contrary, (i) upon JEA's failure to observe or refusal to comply with the above covenants with respect to the 2021/22 Series X Bonds of a Series, the holders of the 2021/22 Series X Bonds of such Series shall be entitled to the rights and remedies provided to Bondholders under the Bond Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all Bonds then outstanding, and the interest accrued thereon, to be due and payable and (ii) the holders of any Bonds other than the 2021/22 Series X Bonds of such Series shall not be entitled to exercise any right or remedy provided to Bondholders under the Bond Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to the 2021/22 Series X Bonds of such Series.

SECTION 14. REDEMPTION OF REFUNDED BONDS. The Refunded Bonds to be refunded by the 2021/22 Series X Bonds of each Series are hereby designated for redemption and the Escrow Agent (if any) or the respective paying agents for such Refunded Bonds, as applicable, are hereby directed to redeem such Refunded Bonds on the respective dates determined by the Managing Director/CEO pursuant to clause (C) of the second paragraph of Section 5 hereof and at a redemption price equal to the principal amount of the Bonds to be redeemed plus the redemption premium(s) for the applicable redemption date(s) (in each case, together with the interest accrued thereon to the date fixed for redemption).

Such designation for redemption, and such direction to the Escrow Agent (if any) or the respective Refunded Bonds Paying Agents, as applicable, shall be, and hereby are declared to be, irrevocable upon the delivery of the applicable Series of 2021/22 Series X Bonds to or upon the order of the Underwriters; *provided*, that notice of such redemption as provided below shall be revocable and conditional upon the issuance of the 2021/22 Series X Bonds of the applicable Series.

In order to effectuate this designation, on or prior to the applicable Delivery Date, an Authorized Officer of JEA shall give the Escrow Agent or the Bond Registrar, as applicable, for any Refunded Bonds to be redeemed prior to maturity instructions to mail, postage prepaid, not less than 30 days (or such lesser period as is permitted by the applicable supplemental resolution(s) for the Refunded Bonds) prior to the redemption date therefor, to (i) all registered owners of such Refunded Bonds at their last addresses as they appear of record on the books of the Bond Registrar as of 45 days (or such lesser number of days as is permitted pursuant to the applicable supplemental resolution(s) for the Refunded Bonds) prior to such redemption date and (ii) the paying agent for such Refunded Bonds (or its successor), a notice of redemption in substantially the following form:

REVOCABLE NOTICE OF [PARTIAL] REDEMPTION

JEA

WATER AND SEWER SYSTEM REVENUE BONDS DESCRIBED BELOW

Notice is hereby given to the holders of the outstanding JEA Water and Sewer System Revenue Bonds, described below (the "Bonds") that the Bonds have been called for redemption prior to maturity on _____ ___, 20___ in accordance with their terms at a redemption price of [100 percent of the principal amount thereof, together with accrued interest thereon to _____ ___, 20___]. **[The source of funds to be used for such redemption is certain moneys heretofore deposited with _____, as Escrow Agent.]**

Series	Maturity Date (October 1)	Interest Rate %	Principal Amount $	CUSIP

THIS CALL FOR REDEMPTION IS REVOCABLE AND IS CONDITIONED UPON THE ISSUANCE BY JEA OF ITS REFUNDING BONDS TO REFUND SUCH BONDS ON OR PRIOR TO _____ ___, 20___. In the event that JEA's refunding bonds are not issued on or prior to _____ ___, 20___, this notice shall be of no further force or effect and the Bonds shall continue to bear interest until paid at the same rates they would have borne had this notice not been given. If JEA's refunding bonds are not issued on or prior to _____ ___, 20___, the undersigned, on behalf of JEA, shall give notice forthwith of such fact to the holders of the Bonds, and this notice shall thereupon be revoked and shall be of no further force and effect.

Subject to the foregoing, the redemption price of and accrued interest on the Bonds shall become due and payable on _____ ___, 20___ and from and after _____ ___, 20___ interest on the Bonds shall cease to accrue and be payable.

Holders of the Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust offices of **[specify names of current Paying Agents]**.

Dated this ___ day of _____, 20___.

JEA

By: _____,
as [Escrow Agent/Registrar]

SECTION 15. AUTHORIZATION AND APPROVAL OF THE NEGOTIATED SALE OF THE 2021/22 SERIES X BONDS AND EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENT(S); DELEGATION OF AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH. The terms and conditions of the bond purchase agreement(s) between JEA and the Underwriters, providing for the negotiated sale and purchase of the 2021/22 Series X Bonds of a particular Series, in substantially the form attached hereto as Exhibit A (the "Bond Purchase Agreement"), are hereby approved. At such time or times as the Managing Director/CEO of JEA shall determine are advantageous to JEA, such officer shall execute and deliver the Bond Purchase Agreement(s) (with such changes as are necessary to reflect, among other things, the terms of the 2021/22 Series X Bonds of a particular Series, such determination to be evidenced by the execution and delivery thereof; *provided*, *however*, that at or prior to the time of the execution and delivery of the Bond Purchase Agreement(s), JEA shall have received from the senior managing underwriter the disclosure statement required pursuant to Section 218.385(6), Florida Statutes. The purchase price of the 2021/22 Series X Bonds of a particular Series to be paid by the Underwriters pursuant to the Bond Purchase Agreement shall be determined as provided in Section 5 hereof, subject to the limitations set forth therein.

SECTION 16. AUTHORIZATION OF AUTHENTICATION. In the event that the Managing Director/CEO shall determine that it is desirable to sell and issue 2021/22 Series X Bonds as provided herein, U.S. Bank National Association, as Bond Registrar for the 2021/22 Series X Bonds, is hereby requested and authorized to authenticate and deliver such 2021/22 Series X Bonds in the aggregate principal amount determined as provided in Section 5 hereof, to or upon the order of the Underwriters, upon payment to JEA of the sum to be specified in the applicable Bond Purchase Agreement.

SECTION 17. APPOINTMENT OF ESCROW AGENT(S) AND AUTHORIZATION AND APPROVAL OF ESCROW DEPOSIT AGREEMENT(S). The Managing Director/CEO is hereby authorized to appoint U.S. Bank National Association, The Bank of New York Mellon Trust Company, N.A. or any other bank or trust company selected pursuant to JEA's purchasing code to act as Escrow Agent under an Escrow Deposit Agreement in connection with the refunding of Refunded Bonds. One or more Escrow Deposit Agreement(s) are hereby approved in substantially the form attached hereto as Exhibit B. The Escrow Deposit Agreement(s) may be executed and delivered as provided in Section 21 hereof. Pursuant to the Escrow Deposit Agreement(s), the Escrow Agent may be directed to invest the funds held thereunder in the manner provided therein.

In connection with the refunding of the Refunded Bonds as provided herein, each Authorized Officer of JEA is hereby authorized, if deemed desirable, to cause proceeds of the 2021/22 Series X Bonds and other available amounts, and earnings thereon, to be invested in United States Treasury Securities – State and Local Government Series ("SLGS") or other obligations permitted to be used to accomplish the defeasance of such Refunded Bonds in such amounts, at such times, maturing at such times and having such rate or rates of interest as any Authorized Officer of JEA shall determine is necessary or desirable; and each such Authorized Officer of JEA and, upon receipt of instructions from an Authorized Officer of JEA, any authorized officer of the Escrow Agent is hereby authorized in the name and on behalf of JEA to submit

subscriptions to the Bureau of Public Debt of the United States Department of the Treasury for the purchase of book-entry form SLGS, and to take such other action as such person deems necessary or appropriate to effectuate such purposes or to purchase such other obligations.

SECTION 18. APPROVAL OF THE FORM AND USE OF PRELIMINARY OFFICIAL STATEMENT. The form and use of a preliminary official statement for each Series of the 2021/22 Series X Bonds, in substantially the form of the Preliminary Official Statement relating to Water and Sewer System Revenue Bonds, 2020 Series A or any other Preliminary Official Statement more recently executed and delivered by JEA in connection with the sale of bonds, in each case with such changes, omissions, insertions and revisions as such Authorized Officer of JEA shall deem necessary or appropriate (collectively, the "Form Preliminary Statement"), is hereby authorized and approved in connection with the offering and sale of the 2021/22 Series X Bonds of each Series.

In the event that the Managing Director/CEO shall determine that it is desirable to issue and sell the 2021/22 Series X Bonds of one or more Series as provided herein, the Managing Director/CEO is hereby authorized and directed to cause to be prepared a Preliminary Official Statement with respect to such Bonds in substantially the form of the Form Preliminary Official Statement and with such changes thereto as are necessary so that such Preliminary Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and, in such case, to cause such Preliminary Official Statement to be used in connection with the offering and sale of the 2021/22 Series X Bonds of such Series and, if applicable, the Managing Director/CEO, the Chief Financial Officer or the Treasurer of JEA are hereby authorized to deem said Preliminary Official Statement final for purposes of Rule 15c2-12. In the event that the Managing Director/CEO shall cause to be prepared a Preliminary Official Statement for such 2021/22 Series X Bonds as aforesaid, an Official Statement relating to the 2021/22 Series X Bonds of such Series, in substantially the form of said Preliminary Official Statement, with such changes thereto as are necessary (a) to reflect the terms of such 2021/22 Series X Bonds and (b) so that such Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, is hereby authorized and approved for use in connection with the offering and sale of such 2021/22 Series X Bonds. In such event, such Official Statement shall be executed as provided in Section 21 hereof.

SECTION 19. APPROVAL WITH RESPECT TO REGISTRATION OR QUALIFICATION OF THE AUTHORIZED BONDS UNDER THE BLUE SKY OR SECURITIES LAWS OF VARIOUS STATES. The Authorized Officers of JEA shall be, and hereby are, authorized in the name and on behalf of JEA, to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the 2021/22 Series X Bonds of each Series for issue, offer, sale or trade under the Blue Sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports, consents to service of process, appointments of attorneys to receive service of process and other papers and instruments which may be required under such laws, and to take any and all

further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters.

SECTION 20. CONTINUING DISCLOSURE. For the benefit of holders and beneficial owners from time to time of the 2021/22 Series X Bonds of each Series, JEA agrees, as an obligated person with respect to the 2021/22 Series X Bonds of such Series under Rule 15c2-12, to provide or cause to be provided such financial information and operating data, audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5) of Rule 15c2-12. In order to describe and specify certain terms of JEA's continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Authorized Officers of JEA are, and each of them hereby is, authorized and directed to sign and deliver, in the name and on behalf of JEA, one or more Continuing Disclosure Agreements with respect to the 2021/22 Series X Bonds substantially in the form of Appendix F to the Form Preliminary Official Statement, with any changes or amendments that: (i) are not inconsistent with this resolution; (ii) are not substantially adverse to JEA, or (iii) may be required by Rule 15c2-12 and that are approved by the Authorized Officer of JEA executing the same on behalf of JEA, all of which shall be conclusively evidenced by the signing of that agreement or amendments to it. The agreement formed, collectively, by this paragraph and that agreement, shall be JEA's continuing disclosure agreement with respect to the 2021/22 Series X Bonds of the applicable Series for purposes of Rule 15c2-12, and its performance shall be subject to the annual appropriation of any funds that may be necessary to perform it.

The Authorized Officers of JEA are, and each of them hereby is, further authorized and directed to take such actions as shall be necessary to comply with each such continuing disclosure agreement, including timely provision of information and notices. Prior to making any filing in accordance with any such agreement or providing notice of the occurrence of any other events, any such officer of JEA shall consult with and obtain legal advice from, as appropriate, the Office of the General Counsel and bond or other qualified independent special counsel selected by JEA. Any such officer of JEA, acting in the name and on behalf of JEA, shall be entitled to rely upon any such legal advice in determining whether a filing should be made.

SECTION 21. AUTHORIZATION OF THE EXECUTION AND DELIVERY OF AUTHORIZED BONDS AND RELATED DOCUMENTS. The Authorized Officers of JEA are hereby authorized to execute the 2021/22 Series X Bonds of each Series, the Bond Purchase Agreement(s), the Escrow Deposit Agreement(s), if any, the Continuing Disclosure Agreement(s) and the Official Statement(s), each subject to completion thereof, and with such changes therein as they may approve as necessary and desirable and in the best interest of JEA, such approval to be evidenced by the execution and delivery thereof; *provided*, *however*, that the 2021/22 Series X Bonds shall be executed and delivered pursuant to the Bond Resolution and applicable law. The Secretary or an Assistant Secretary of JEA is hereby authorized (but not required) to cause the seal of JEA to be affixed to the 2021/22 Series X Bonds and the foregoing documents and to attest the same. Such Authorized Officers of JEA are each hereby authorized to deliver such 2021/22 Series X Bonds and documents on behalf of JEA.

SECTION 22. AUTHORIZATION OF EXECUTION AND DELIVERY OF DOCUMENTS RELATED TO TERMINATION OF INTEREST RATE SWAP TRANSACTIONS. The Authorized Officers of JEA are hereby authorized to execute and deliver such documents as the Managing Director/CEO shall determine to be necessary or appropriate and commercially reasonable (as confirmed by JEA's Financial Advisor) in connection with the termination, or partial termination, of the Interest Rate Swap Transactions, including, without limitation Termination Agreements, amended Confirmations, documents to enable the counterparties to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder. Such Authorized Officers of JEA are each hereby authorized to deliver such documents on behalf of JEA.

SECTION 23. FURTHER ACTIONS. Each Authorized Officer of JEA is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all administrative acts and things as may be necessary or desirable in connection with the approval, execution and delivery of the Bond Purchase Agreement(s), the Escrow Deposit Agreement(s), if any, and the Continuing Disclosure Agreement(s); and the carrying out of their terms and the terms of the Bond Resolution and this Supplemental Resolution; the issuance, sale, execution and delivery of the 2021/22 Series X Bonds, the refunding and redemption of the Refunded Bonds and the termination or partial termination of the Interest Rate Swap Transactions; and the use of the Preliminary Official Statement(s) and the Official Statement(s). Without limiting the generality of the foregoing, the Managing Director/CEO is hereby authorized to execute the certificates referred to in Section 5 hereof. In the absence of the Managing Director/CEO for any reason, the authority granted to him in this resolution is hereby delegated to the Vice President and General Manager, Water and Wastewater Systems, the Chair of JEA's governing board and the Chair of the Finance and Audit Committee of JEA's governing board, in that order.

SECTION 24. REMAINING AUTHORIZATION UNDER RESOLUTION NO. 2018-17 SUPERSEDED. Any remaining authorization to issue additional debt under Resolution No. 2018-17 adopted by JEA on December 11, 2018 is hereby superseded by this Resolution and repealed. The foregoing shall not affect in any manner the authorization of debt previously issued pursuant to Resolution No. 2018-17.

SECTION 25. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof and shall in no way affect the validity or enforceability of such remaining provisions.

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SECTION 26. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

ADOPTED THIS 15TH DAY OF DECEMBER, 2020.



JEA

By: _____
Name:
Title:

ATTEST:

By: _____
Secretary

Approved as to Form:

By: _____
Office of General Counsel

EXHIBIT A

FORM OF BOND PURCHASE AGREEMENT

EXHIBIT B

FORM OF ESCROW DEPOSIT AGREEMENT

BOND PURCHASE AGREEMENT

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida 32202

Re: $000,000,000 JEA Water and Sewer System Revenue Bonds, 2021/22 Series X
$000,000,000 JEA Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

The Underwriters (as defined below) jointly and severally hereby propose to purchase all (but not less than all) of the Bonds (as defined below) from JEA, a public body corporate and politic organized and existing under the laws of the State of Florida, and to make a public offering of the Bonds subject to the acceptance of this proposal by JEA on or before 5:00 p.m. local time then prevailing in Jacksonville, Florida, on _____, 20__, and subject to the following provisions:

Section 1. **Definitions**. The following terms shall have the following meanings in this Agreement unless another meaning is plainly intended:

"2021/22 Series X Bonds" means JEA's Water and Sewer System Revenue Bonds, 2021/22 Series X in the aggregate principal amount of $000,000,000, with maturities, amounts, interest rates and yields set out in Annex A hereto and as further described in the Final Official Statement.

"2021/22 Series X Subordinated Bonds" means JEA's Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X in the aggregate principal amount of $000,000,000 with maturities, amounts, interest rates and yields as described in Annex A hereto and as further described in the Final Official Statement.

"Accountants" means Ernst & Young LLP, independent certified public accountants.

"Agreed Upon Procedures Letter" means the letter from the Accountants to the governing body of JEA and the Representative in a form acceptable to JEA and the Representative and with the procedures described therein to be applied at least through _____, 20__, the date of the last meeting of the Board of JEA prior to the Closing.

"Agreement" means this Bond Purchase Agreement between the Representative, acting on behalf of the Underwriters, and JEA.

"Bond Counsel" means _____, _____, _____.

"Bond Registrar" means U.S. Bank National Association or its corporate successor, in its capacity as Bond Registrar and Paying Agent and Subordinated Bond Registrar and Subordinated Bond Paying Agent, as the case may be, for the Bonds under the Resolution.

"Bonds" means, collectively, the 2021/22 Series X Bonds and the 2021/22 Series X Subordinated Bonds.

"City" means the City of Jacksonville, Florida.

"Closing" refers to the transaction at which the Bonds are delivered by JEA to or on behalf of the Underwriters, and paid for by the Underwriters, pursuant to this Agreement.

"Closing Date" means the date specified in Section 7 hereof, or such other date as is mutually agreeable to the Representative and JEA pursuant to Section 7 hereto.

"Closing Documents" means the documents described in Section 8 hereof and required to be delivered to the Underwriters at the Closing.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Continuing Disclosure Agreement" means the agreement of JEA to be dated the Closing Date in substantially the form set forth in Appendix D to the Preliminary Official Statement.

"DTC" means The Depository Trust Company.

"Escrow Agent" means _____.

"Escrow Deposit Agreement" means the Escrow Deposit Agreement to be delivered in connection with the issuance of the Bonds between JEA and the Escrow Agent relating to the refunding of the Refunded Bonds.

"Final Official Statement" means the final Official Statement of JEA relating to the Bonds, substantially in the form of the Preliminary Official Statement, with such changes as may be approved by the Representative, to be delivered pursuant to Section 6 hereof.

"Forty-Fifth Supplemental Resolution" means Resolution No. 2020-14 adopted by JEA on December 15, 2020 entitled "Forty-Fifth Supplemental Water and Sewer System Revenue Bond Resolution."

"JEA's Counsel" means the Office of the General Counsel of the City.

"Letter of Representations" means the Blanket Issuer Letter of Representations dated May 6, 2004 from JEA to DTC.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statements" means the Preliminary Official Statement and the Final Official Statement.

"Preliminary Official Statement" means the Preliminary Official Statement of JEA relating to the Bonds, dated _____, 20__, including the cover page and appendices thereto and the information included by reference therein.

"Refunded Bonds" means the bonds listed in the table in Annex G attached hereto.

"Representative" means _____, as representative of the Underwriters.

"Resolution" means, collectively, the Senior Bonds Resolution and the Subordinated Bonds Resolution.

"SEC" means the Securities and Exchange Commission.

"Senior Bonds Resolution" means 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, including, without limitation, as supplemented by the Forty-Fourth Supplemental Bond Resolution.

"Subordinated Bonds Resolution" means the resolution of JEA adopted on May 15, 2003 and referred to therein as "Water and Sewer System Subordinated Revenue Bond Resolution," as amended, restated and supplemented, including, without limitation, as supplemented by the Nineteenth Supplemental Subordinated Resolution.

"System" shall have the meaning ascribed thereto in the Resolution.

"Twentieth Supplemental Subordinated Resolution" means Resolution No. 2020-15 adopted by JEA on December 15, 2020 entitled "Twentieth Supplemental Water and Sewer System Subordinated Revenue Bond Resolution."

"Underwriters" means _____, acting for and on behalf of themselves and such other securities dealers, if any, as may from time to time be designated by JEA or the Underwriters.

"Underwriters' Counsel" means _____, _____, _____.

["Verification Agent" means _____.]

["Verification Report" means the report dated the date of Closing of the Verification Agent to the effect that such Verification Agent has verified the accuracy of (a) the adequacy of the maturing principal of and interest on certain federal securities to be held under the Escrow Deposit Agreement, together with other moneys held under the Escrow Deposit Agreement, to pay when due or upon earlier redemption, the principal or redemption price of and interest on the Refunded Bonds, and (b) certain mathematical

computations supporting the conclusion that the Bonds are not "arbitrage bonds" under the Code.]

Section 2. **Purchase Price**. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters shall purchase and JEA shall sell all, but not less than all, of the (i) 2021/22 Series X Bonds at an aggregate purchase price of $_____ (representing the aggregate principal amount of the 2021/22 Series X Bonds of $000,000,000, less Underwriters' discount of $_____ [plus/minus net] original issue [premium/discount] of $_____) and (ii) 2021/22 Series X Subordinated Bonds at an aggregate purchase price of $_____ (representing the aggregate principal amount of the 2021/22 Series X Subordinated Bonds of $000,000,000, less Underwriters' discount of $_____ [plus/minus net] original issue [premium/discount] of $_____).

JEA acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between JEA and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or a fiduciary of JEA, (iii) the Underwriters have not assumed a fiduciary responsibility in favor of JEA with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters have advised or are currently advising JEA on other matters) or any other obligation to JEA except the obligations expressly set forth in this Agreement, (iv) the Underwriters have financial interests that differ from those of JEA and are not acting as municipal advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) and (v) JEA has consulted with its own legal and financial advisors to the extent it deemed it appropriate in connection with the offering of the Bonds.

Section 3. **Establishing Issue Price.** The Representative, on behalf of the Underwriters, agrees to assist JEA in establishing the issue price of the Bonds and shall execute and deliver to JEA at Closing, a Certificate of Underwriter Regarding Issue Price, or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Annex B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, JEA and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

Except as provided in Schedule A to Annex B and below, JEA will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Agreement, the Representative shall report to JEA the price or prices at which the Underwriters have sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to JEA the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue (but only with respect to any maturity to which the hold-the-offering-price rule described below does not apply), whether or not the Closing Date has occurred, until either (i) all Securities of that maturity have been sold or (ii) the 10% test has been satisfied as to the Securities of that maturity, provided that, the Underwriters' reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, JEA or bond counsel. For purposes of

this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule A to Annex B attached hereto, except as otherwise set forth therein. Schedule A to Annex B also sets forth, as of the date of this Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which JEA and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow JEA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Bonds of that maturity; *provided,* that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any series of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriter or selling group agreement relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (a) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10 percent test has been satisfied as to the Securities of that maturity, provided, that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

JEA acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or a dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. JEA further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly

with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Agreement by all parties.

In connection with the public offering of the Bonds, the Underwriters have delivered to JEA a letter containing the information required by Section 218.385, Florida Statutes in the form attached as Annex F.

Good Faith Deposit. [If by wire transfer: There has been delivered to JEA herewith a wire transfer in the amount of $_____ (the "Good Faith Deposit") as security for the performance by the Underwriters of their obligation to accept and pay for the Bonds on the Closing Date in accordance with the provisions hereof. In the event of the Underwriters' compliance with their obligations hereunder, the Good Faith Deposit shall be netted from the purchase price of the Bonds payable by the Underwriters to JEA pursuant to Section 2 hereof. In the event JEA does not accept this offer the Good Faith Deposit shall be immediately returned by JEA to the Representative by wire transfer. Upon the failure of JEA to deliver the Bonds on the Closing Date, or if JEA shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if such obligations shall be terminated for any reasons permitted by this Agreement except for the reasons set forth in Section 10 hereof, the Good Faith Deposit shall immediately be repaid by JEA to the Representative by wire transfer. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by JEA on the Closing Date as herein provided, the Good Faith Deposit shall be retained by JEA as and for full and agreed upon liquidated damages, and not as a penalty, to JEA for such failure, and the retention of the Good Faith Deposit shall constitute a full release and discharge of all claims and damages for such failure and of any and all defaults hereunder on the part of the Underwriters.]

[If by check: Delivered to JEA herewith is a check payable to the order of JEA in the amount of $_____ (the "Good Faith Deposit") as security for the performance by the Underwriters of their obligation to accept and pay for the Bonds on the Closing Date in accordance with the provisions hereof. JEA shall hold such check uncashed until the Closing Date. In the

event of the Underwriters' compliance with their obligations hereunder, the Good Faith Deposit shall be returned to the Representative on the Closing Date upon payment to JEA as provided in Section 7 hereof of the purchase price of the Bonds. In the event JEA does not accept this offer, or upon the failure of JEA to deliver the Bonds on the Closing Date, or if JEA shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if such obligations of the Underwriters shall be terminated for any reason permitted by this Agreement except for the reasons set forth in Section 10 hereof, the Good Faith Deposit shall immediately be returned to the Representative. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by JEA on the Closing Date as herein provided, the Good Faith Deposit shall be retained by JEA as and for full and agreed upon liquidated damages, and not as a penalty, to JEA for such failure, and the retention of the Good Faith Deposit shall constitute a full release and discharge of all claims and damages for such failure and of any and all defaults hereunder on the part of the Underwriters.]

Section 4. **Representations of JEA**. JEA represents to the Underwriters that: (a) the Preliminary Official Statement has been "deemed final" by JEA as of its date for the purpose of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); (b) as of their respective dates and on the date hereof the statements and information contained in the Official Statements are, and on the Closing Date the statements and information contained in the Final Official Statement will be, true and complete in all material respects, and the Preliminary Official Statement, as of its date, did not and the Final Official Statement, as of its date, does not on the date hereof, and will not on the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading; (c) the Preliminary Official Statement, as of its date, did not and does not on the date hereof, and the Final Official Statement, as of its date did not and does not on the date hereof, and will not on the Closing Date, omit any information with respect to JEA or its business, properties and affairs which might in a material respect adversely or unfavorably affect the transactions contemplated by the Preliminary Official Statement or the Final Official Statement; (d) JEA has not pledged any part of the "Trust Estate" prior to the lien thereon in favor of the "Bonds" (as those terms are defined in the Resolution); (e) JEA has full title to the System and the power and authority to operate the same and to collect the Revenues (as defined in the Resolution) therefrom; (f) the resolution or resolutions of, or other appropriate actions taken by, JEA establishing the rates and charges for services of the System described in the Official Statements have been duly adopted or taken and are in full force and effect; (g) when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of JEA of the character referred to in the Final Official Statement, in conformity with, and entitled to the benefit and security of, the Resolution; (h) JEA is empowered and has been duly authorized to enter into this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Letter of Representations and to adopt the Resolution; (i) the execution and delivery of this Agreement, the Continuing Disclosure Agreement, the Letter of Representations[, the Escrow Deposit Agreement] and the Bonds and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of JEA a breach of or default under any agreement or other instrument to which JEA is a party, or any existing law, administrative regulation, court order or consent decree to which JEA is subject; (j) no litigation or proceeding (to which JEA is a party) is pending or to

the best of JEA's knowledge is threatened against or affecting JEA to restrain or enjoin the issuance or delivery of the Bonds or other indebtedness of JEA relating to the System or in any way contesting or affecting the authority for the issuance of the Bonds or the validity of the Bonds or other indebtedness of JEA, the Resolution, this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] or the Letter of Representations or in any way contesting the corporate existence or the powers of JEA; (k) except as may be disclosed in the Official Statements, no litigation or proceeding (to which JEA is a party) is pending or, to the best of its knowledge, is threatened against or affecting JEA or involving any of the business, property or affairs of JEA which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of JEA relating to the System; (l) JEA has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon; (m) subsequent to the date of the last audited financial statements included [by specific reference] in the Official Statements there have been no material adverse changes in the assets, liabilities or condition of JEA related to the System, financial or otherwise, except as disclosed in or contemplated by the Official Statements, and neither the business, the properties, nor the affairs of JEA related to the System have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of the public enemy; (n) all permits or licenses which JEA is required to maintain in order to operate the System are in full force and effect; (o) the proceeds of the Bonds will be used by JEA to redeem all of the Refunded Bonds within 90 days of the Closing; (p) other than as disclosed in the Official Statements, JEA has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule; and (q) JEA has not been in default at any time after December 31, 1975 as to principal or interest with respect to any of its debt obligations.

Section 5. **Final Official Statement; Public Offering**. JEA shall prepare, and shall deliver to the Underwriters as promptly as practicable but, in any event, not later than seven business days after the acceptance by JEA of this Agreement and in sufficient time to allow the Underwriters to deliver copies thereof to purchasers of the Bonds at least two business days prior to the Closing, copies of the Final Official Statement in sufficient quantity to comply with the Rule and the rules of the Municipal Securities Rulemaking Board and in form and substance satisfactory to the Representative and JEA, executed on behalf of JEA by its Managing Director and Chief Executive Officer. JEA agrees that the Preliminary Official Statement, the Final Official Statement, and audited financial statements, if any, and copies of the Resolution, prepared by or on behalf of JEA may be used by the Underwriters in the public offering of the Bonds and that it will cooperate with the Underwriters if the Underwriters decide to qualify the Bonds under the securities laws of any state; provided, however, JEA shall not be required to register as a dealer or broker in any such state or to qualify to do business in connection with any such qualification of the Bonds for sale in any state. To the extent required by MSRB Rules, JEA confirms that it does not object to the distribution of the Official Statements in electronic form. The Final Official Statement shall be provided in a "designated electronic format" (as defined in MSRB Rule G-32). The term "designated electronic format" is defined in MSRB Rule G-32 to mean portable document format, with files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. For files submitted to the Electronic Municipal Market Access system operated by the MSRB on or after January 1, 2010, documents in designated electronic

format must be word searchable (without regard to diagrams, images and other non-textual elements).

JEA authorizes the Representative to file, to the extent required by applicable SEC or MSRB rule, and the Representative agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access System ("EMMA")) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above). If a supplement to the Final Official Statement is prepared in accordance with Section 11 hereof during the "primary offering disclosure period," and if required by applicable SEC or MSRB rule, the Representative shall also make the required submission of the supplement to the Final Official Statement to EMMA. The "primary offering disclosure period" is used as defined in MSRB Rule G-32 and shall end on the 25th day after the Closing.

Section 6. **Closing, Delivery and Payment**. The Bonds shall be printed or reproduced in definitive form as fully registered Bonds and shall be registered initially in the name of Cede & Co., as nominee of DTC, shall be in the denominations of the aggregate par amount of the Bonds of each series and maturity of each series (and, if applicable, each interest rate within a maturity) and shall be made available to, or on behalf of, DTC, 55 Water Street, New York, New York, which shall act as securities depository for the Bonds, not less than one business day prior to the Closing. The Representative may inspect the Bonds prior to the Closing.

The Closing shall be held beginning at 9:00 a.m. on _____, 20__ (the "Closing Date") at the offices of JEA, 21 West Church Street, Jacksonville, Florida, or at such other time and other place as is mutually agreeable to the Representative and JEA. At the Closing and subject to the conditions contained herein, the Representative shall accept the delivery of the Bonds from JEA and shall make payment therefor as provided herein in federal funds or other immediately available funds upon (i) tender by JEA of the definitive Bonds to or on behalf of DTC on behalf of the Underwriters; and (ii) the delivery by JEA to the Underwriters of all the Closing Documents.

Section 7. **Closing Documents**. The Closing Documents shall consist of at least the following, each properly executed, certified or otherwise verified, dated as of the Closing Date except as otherwise provided below, and in such form as may be satisfactory to Bond Counsel, the Representative and Underwriters' Counsel, including, but not limited to, the matters hereinafter set forth:

(a) Certified copies of the Resolution and the ordinances of the City Council of the City approving the issuance of the Bonds;

(b) JEA's closing certificate confirming (i) the representations made by JEA herein; (ii) the application of the proceeds of the sale of the Bonds and certain other amounts as described in the Final Official Statement; (iii) the adoption and present effectiveness of all resolutions considered necessary, in the opinion of Bond Counsel, in connection with the transactions contemplated hereby, together with copies of said resolutions; (iv) that the Resolution has not been amended since the date of this Agreement, except as may have been consented to in writing by the Representative; and (v) that, except as described in the Official Statements, no material adverse change has occurred with

respect to the System, including, without limitation, the financial condition thereof, for the period from September 30, 20[__] through the Closing Date;

(c) The approving opinions of Bond Counsel, dated the Closing Date, in substantially the forms attached to the Preliminary Official Statement as Appendix D and Appendix E;

(d) The supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriters in substantially the form set forth as Annex C hereto;

(e) An opinion of JEA's Counsel to the effect that (i) JEA is a public body corporate and politic and an independent agency of the City, duly organized and validly existing under the laws of the State of Florida and has all the necessary power and authority to issue the Bonds and enter into this Agreement, the Letter of Representations[, the Escrow Deposit Agreement] and the Continuing Disclosure Agreement; (ii) the Resolution has been duly adopted by JEA and this Agreement, the Letter of Representations, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Bonds have been duly authorized, executed and delivered by JEA and such documents and the Resolution constitute legal, valid and binding obligations of JEA enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and no opinion need be expressed as to the availability of any discretionary equitable remedy; (iii) the ordinances of the City Council of the City approving the issuance of the Bonds were duly enacted by the City; (iv) JEA has approved the distribution of the Preliminary Official Statement and the Final Official Statement and the execution and delivery of the Final Official Statement to the purchasers of the Bonds; (v) the execution and delivery of the Bonds, this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Letter of Representations, the adoption of the Resolution and the issuance of the Bonds pursuant to the Resolution and compliance with the provisions of the Resolution under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with or constitute on the part of JEA a breach of or default under any existing law, regulation, court order or consent decree to which JEA is subject; (vi) nothing has come to such counsel's attention which would lead such counsel to believe that the Final Official Statement (with the exception of the tax treatment of interest on the Bonds, Blue Sky or other securities registration matters, and financial and statistical information, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to be stated therein to make the statements therein, in light of the circumstances under which they were made, not misleading; (vii) no litigation or proceeding (to which JEA or the City is a party) is pending or to the best of such counsel's knowledge is threatened against or affecting JEA or the City to restrain or enjoin the issuance or delivery of the Bonds or the refunding of the Refunded Bonds or in any way contesting or affecting the authority for the issuance of the Bonds, or the validity of the Bonds or this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] or the Letter of Representations or in any way contesting the corporate existence or the powers of JEA; (viii) except as may be disclosed in the Preliminary Official Statement and the Final Official Statement, no litigation or proceeding (to which JEA or

the City is a party) is pending or to the best of such counsel's knowledge is threatened against or affecting JEA or involving any of the business, property or affairs of JEA which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of JEA relating to the System; and (ix) JEA has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the consummation of the transaction contemplated hereby;

(f) The opinion of Disclosure Counsel, dated the Closing Date, in substantially the form attached hereto as Annex D;

(g) The opinion of Underwriters' Counsel, dated the Closing Date, in substantially the form attached hereto as Annex E;

(h) An executed copy of the Agreed Upon Procedures Letter, dated the day prior to the Closing Date;

(i) A consent, manually signed by the Accountants, to the use of their report in the Official Statements and to the references to their firm therein, dated the day prior to the Closing Date;

(j) Appropriate arbitrage certifications and tax covenants with respect to the Bonds by JEA in form and substance satisfactory to Bond Counsel and Underwriters' Counsel;

(k) Appropriate evidence that the 2021/22 Series X Bonds have been assigned ratings of "__" by Fitch Ratings ("Fitch"), "___" by Moody's Investors Service, Inc. ("Moody's") and "___" by S&P Global Ratings ("S&P") and the 2021/22 Series X Subordinated Bonds have been assigned ratings of "__" by Fitch, "___" by Moody's and "__" by S&P;

(l) A certificate of the Bond Registrar as to the incumbency of its officers and its power to serve as Bond Registrar in form and substance acceptable to Bond Counsel and Underwriters' Counsel;

(m) A certificate of the Escrow Agent, dated the Closing Date as to (i) the incumbency of its officers, (ii) that the Escrow Agent is a banking corporation, duly organized and validly existing under the laws of the United States of America or the state of its incorporation and authorized to do business in the State, (iii) that the Escrow Agent has duly accepted its duties under the Escrow Deposit Agreement, and (iv) that the Escrow Agent has taken all necessary corporate action required to act as escrow agent under the Escrow Deposit Agreement and to perform its duties thereunder;

(n) A certified copy of the Letter of Representations;

(o) An executed counterpart of the Continuing Disclosure Agreement;

(p) An executed counterpart of the Escrow Deposit Agreement;

(q) [The Verification Report;] and

(r) Such additional legal opinions, certificates, instruments and other documents and such multiple copies of the above listed documents as the Representative, Underwriters' Counsel or Bond Counsel may reasonably request to evidence compliance by JEA with legal requirements; the truth and accuracy, as of the Closing Date, of the respective representations contained herein and in the Final Official Statement; and the due performance or satisfaction by JEA of all agreements to be performed by it and all conditions to be satisfied by it at or prior to the Closing.

Section 8. **Termination by Underwriters**. This Agreement may be terminated in writing prior to the Closing by the Representative acting on behalf of the Underwriters if any of the following shall occur subsequent to the execution hereof: (i) this Agreement shall not have been accepted by JEA within the time herein provided; (ii) the copies of the Final Official Statement shall not have been provided within the time required by this Agreement; (iii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriters as of 2:00 p.m. on the Closing Date; (iv)(a) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (b) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (c) an order, ruling, regulation or communication (including a press release) shall have been issued by the Treasury Department of the United States, the Internal Revenue Service or the Securities and Exchange Commission, or (d) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, which indicates or implies that interest on the Bonds may not be excludable from gross income for federal income tax purposes or that legislation will be introduced in the next scheduled session of the United States Congress, in each case referred to in clauses (a), (b), (c) and (d), with the purpose or effect, directly or indirectly, of (y) imposing federal income taxation upon interest to be received by any holders of the Bonds or (z) requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933 or the Resolution to be qualified as an indenture under the Trust Indenture Act of 1939; (v) there shall exist any event or circumstance which, in the opinion of the Representative, either makes untrue or incorrect in a material respect any statement or information contained in the Final Official Statement, or any event or circumstance is not reflected in the Final Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in a material respect; (vi) there shall have occurred any outbreak of hostilities (or the escalation of any hostilities existing on the date hereof) or other national or international calamity or crisis, the effect of such outbreak or escalation, calamity or crisis on the financial markets of the United States of America being such as, in the opinion of the Representative, would make it impracticable for the Underwriters to sell the Bonds, including an effect generally on the market which affects the marketability of the Bonds; (vii) there shall be in force a general suspension of trading on the New York Stock Exchange, or any other major United States stock exchange, or minimum or maximum prices for trading shall have been fixed and be in force; (viii) in the judgment of the Representative, the market price of the Bonds, or the market

price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters; (ix) a general banking moratorium shall have been declared by either federal, New York or Florida authorities having jurisdiction, and shall be in force, or there shall occur any other material disruption in commercial banking or securities settlement or clearance services in the United States; or (x) the rating on the Bonds shall have been suspended, withdrawn or downgraded by any of the three rating agencies referred to in paragraph (j) of Section 8 hereof.

Section 9. **Termination by JEA**. In the absence of a termination of this Agreement by the Representative as permitted by Section 9 hereof, this Agreement may be terminated in writing by JEA in the event that the Underwriters shall fail to accept delivery and pay the purchase price of the Bonds at the Closing upon (i) tender thereof to or on behalf of the Underwriters by JEA and (ii) delivery to the Underwriters of all of the Closing Documents, all as provided in Section 8 hereof, and in such event JEA shall retain the Good Faith Deposit as provided in Section 4 hereof.

Section 10. **Changes Affecting the Final Official Statement After the Closing**. If during the period from the date of this Agreement and a date 25 days after the End of the Underwriting Period (as defined herein), any event relating to or affecting JEA shall occur the result of which shall make it necessary, in the reasonable opinion of (i) JEA and (ii) the Representative or Underwriters' Counsel, to amend or supplement the Final Official Statement in order to make it not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made not misleading, JEA shall forthwith prepare and furnish to the Underwriters, at JEA's expense, a reasonable number of copies of an amendment of or supplement to the Final Official Statement in form and substance satisfactory to the Representative, so that it then will not contain an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances existing at that time, not misleading; provided, however, JEA will not adopt any amendment or supplement to the Final Official Statement except with the written consent of the Representative, which consent shall not be unreasonably withheld. The "End of the Underwriting Period" shall mean the Closing Date unless the Representative shall in writing advise JEA that the Underwriting Period must be extended, in which case the End of the Underwriting Period shall be the date set forth in such writing, but in no event later than 90 days after the Closing Date.

Section 11. **Expenses**. The Underwriters shall pay their own out-of-pocket expenses, the fees and expenses of Underwriters' Counsel, and the fees and expenses in connection with the preparation of the Blue Sky memorandum and the registration of the Bonds for "Blue Sky" purposes. JEA acknowledges that the expense component of the Underwriters' discount includes the fees and expenses incurred by the Underwriters as described in the preceding sentence and includes an amount intended to reimburse the Underwriters for incidental expenses (including, but

not limited to, transportation, lodging and meals of JEA and Underwriters personnel) incurred by the Underwriters in connection with the transaction contemplated by this Agreement.

JEA acknowledges that it has had an opportunity to consult with its financial advisor in order to evaluate and consider the fees and expenses being incurred as a part of the issuance of the Bonds. JEA shall pay all of the other costs and expenses in connection with the financing contemplated by this Agreement, including, but not limited to: (i) the fees and expenses of Bond Counsel and JEA's Counsel and the expenses of JEA, if any; (ii) any fees and expenses incurred for filing fees; (iii) the fees and expenses of any experts or consultants; (iv) the fees and expenses of the Bond Registrar[, and] the Escrow Agent [and the Verification Report]; (v) the cost of preparation and printing of the Bonds; (vi) the cost of printing and duplication for the Official Statements and any amendments or supplements thereto; (vii) the fees and expenses of the Accountants; and (viii) bond rating agency fees. JEA acknowledges that a portion of the Underwriters' expenses are intended to reimburse the Underwriters for incidental expenses (including, but not limited to, transportation, lodging and meals of JEA and Underwriters personnel) incurred by the Underwriters (on their own behalf or on behalf of JEA personnel), as applicable, in connection with the transaction contemplated by this Agreement.

Section 12. **Notices**. Any notice or other communication to be given to JEA under this Agreement may be given by delivering the same in writing to the address set forth above; and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to the Underwriters in care of _____, _____, _____, _____, Attention: _____.

Section 13. **Authority of Representative**. The Representative has been duly authorized to execute this Agreement and, pursuant to an agreement among the Underwriters, has been duly authorized to act hereunder by and on behalf of the Underwriters.

Section 14. **Parties and Interests; Survival of Representations**. This Agreement is made solely for the benefit of JEA and the Underwriters, including the successors and assigns of the Underwriters, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements by JEA in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriters, and shall survive the delivery of and payment for the Bonds.

Section 15. **Truth-In-Bonding Statement**. For purposes of subsections (2) and (3) of Section 218.385, Florida Statutes, as amended, the following Truth in Bonding Statement is made with respect to the Bonds:

> JEA is proposing to issue $_____ of the Bonds. The Bonds are to be issued for the purposes of refunding the Refunded Bonds and paying cost of issuance of the Bonds. The Bonds are expected to be repaid over a period of approximately ____ years. At the interest rates set out in Annex A hereto (being a true interest cost of _____%), total interest paid over the life of the Bonds will be $_____.

The source of repayment or security for the Bonds is the Revenues of the System. Issuing the Bonds finances the items described in the preceding paragraph. Authorizing this debt will result in an average annual debt service payment of approximately $_____ from Revenues, which will not otherwise be available to finance the other services or expenditures of JEA each year for approximately _____ years.

Section 16. **Counterparts**. This Agreement may be executed in counterparts, each of which shall constitute an original but all of which taken together shall constitute one instrument.

Section 17. **Entire Agreement Clause**. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties regarding the transaction contemplated by this Agreement and the process leading thereto. This Bond Purchase Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS]

Very truly yours,

_____,
as Representative of the Underwriters

By: _____
Name:
Title:

Accepted by JEA on _____, 20__

By: _____
Name:
Title:

FORM APPROVED:

_____
Office of General Counsel

ANNEX A

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

$000,000,000 Water and Sewer System Revenue Bonds, 2021/22 Series X

Maturity October 1,	Amount $	Interest Rate %	Yield %

$_____ ____% Term Bond Due October 1, 20__ - Yield _____%

$000,000,000 Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X

Maturity October 1,	Amount $	Interest Rate %	Yield %

$_____ ____% Term Bond Due October 1, 20__ - Yield _____%

Redemption Provisions

[To come]

ANNEX B

CERTIFICATE OF UNDERWRITER REGARDING ISSUE PRICE

$000,000,000
JEA
WATER AND SEWER SYSTEM REVENUE BOND,
SERIES THREE 2021/22X

$000,000,000
JEA
WATER AND SEWER SYSTEM SUBORDINATED REVENUE BOND,
SERIES 2021/22X

The undersigned, on behalf of _____ (the "Representative"), on behalf of itself and _____ (collectively, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

Hold-the-Offering-Price Maturities

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price set forth in Schedule A attached hereto.

2. ***Initial Offering Price of the Hold-the-Offering–Price Maturities.***

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule B (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule C.

(b) As set forth in the Bond Purchase Agreement for the Bonds, the members of the Underwriting Group have agreed in writing that, (i) for each of the Hold-the-Offering-Price-Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for each Maturity during the Holding Period for such Maturity (the "hold-the-offering-price-rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any of the Hold-the-Offering-Price-Maturities at a price higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 20__), or (ii) the date on which the Underwriting Group has sold at least 10% of

such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(d) *Issuer* means JEA.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [_____ __, 20__].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Greenberg Traurig, P.A. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

_____, as representative of the Underwriters

By: _____
Name:

Dated:

ANNEX C

[Form of Supplemental Opinion of Bond Counsel]

[Closing Date]

[Underwriters]
c/o _____
_____
_____

Re: $000,000,000 JEA Water and Sewer System Revenue Bonds, 2021/22 Series X
$000,000,000 JEA Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

We have served as Bond Counsel to JEA in connection with the issuance of the captioned obligations (respectively, the "2021/22 Series X Bonds" and the "2021/22 Series X Subordinated Bonds" and collectively, the "Bonds"). This letter is addressed to you, as Underwriters, pursuant to Section 8(d) of the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated _____, 20___ between _____, as Representative of the Underwriters named therein, and JEA, providing for the purchase of the Bonds. The Bonds are issued pursuant to the Constitution and laws of the State of Florida, including, in particular, Chapter 80-153, Laws of Florida, Special Acts of 1980, as amended, and Article 21 of the Charter of the City of Jacksonville, Florida (the "City"), as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof, and other applicable provisions of law, and under and pursuant to a resolution of JEA adopted on February 18, 1997 and referred to therein as the "Water and Sewer System Revenue Bond Resolution" (as amended and restated by a resolution adopted by JEA on March 18, 1997) and the resolutions supplemental and amendatory thereto heretofore adopted, including Resolution No. 2020-14 of JEA adopted on December 15, 2020 entitled "Forty-Fifth Supplemental Water and Sewer System Bond Resolution," authorizing the issuance of the 2021/22 Series X Bonds, and pursuant to 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 Bond Resolution"), including as supplemented by Resolution No. 2020-15 of JEA adopted December 15, 2020 entitled "Twentieth Supplemental Water and Sewer System Subordinated Revenue Bond Resolution," authorizing the issuance of the 2021/22 Series X Subordinated Bonds, (herein collectively called the "Resolutions"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions or, if not defined in the Resolutions, in the Bond Purchase Agreement.

We have delivered our final legal opinions (the "Bond Opinions") as bond counsel concerning the validity of the Bonds and certain other matters to JEA, dated the date hereof and addressed to JEA. You may rely on such opinions as though the same were addressed to you.

In connection with our role as bond counsel, we have reviewed the Bond Purchase Agreement; a certified copy of the Resolutions; a certified copy of Ordinance No. 97-205-E, enacted by the Council of the City on May 13, 1997, approving, among other things, the Resolutions and the issuance by JEA of Bonds (as such term is defined in the Senior Bond Resolution); a certified copy of Ordinance 2001-663-E, enacted by the Council of the City on August 28, 2001, approving, among other things, the issuance by JEA of Bonds and Subordinated Indebtedness (as defined in the Resolutions); a certified copy of Ordinance 2004-820-E, enacted by the Council of the City on September 28, 2004, approving, among other things, the issuance by JEA of Bonds and Subordinated Indebtedness; a certified copy of Ordinance 2006-792-E, enacted by the Council of the City on September 26, 2006, approving, among other things, the issuance by JEA of Bonds and Subordinated Indebtedness; a certified copy of Ordinance 2011-448-E, enacted by the Council of the City on September 27, 2011, approving, among other things, the issuance by JEA of Bonds (as defined in the Senior Bond Resolution); the Official Statement of JEA, dated _____, 20___, relating to the Bonds (the "Official Statement"); the Continuing Disclosure Agreement; the Tax Certificate executed and delivered by JEA on the date hereof in connection with the issuance of the Bonds (the "Tax Certificate"); an opinion of the Office of General Counsel of the City, attorney for JEA; certificates of JEA and others; and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than JEA. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof (except that we have not relied on any such legal conclusions that are to the same effect as the opinions or conclusions set forth herein). We have further assumed compliance with all covenants and agreements contained in such documents.

In addition, we call attention to the fact that the rights and obligations under the Bonds, the Resolutions, the Tax Certificate, the Continuing Disclosure Agreement and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against bodies politic and corporate of the State of Florida. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. JEA is a public body corporate and politic and an independent agency of the City, duly created and existing under the Constitution and laws of the State of Florida.

2. The Bonds have been duly authorized by JEA and all conditions precedent to the issuance of the Bonds have been fulfilled, including, without limitation, all necessary approvals of the City.

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

4. The statements contained in the Official Statement under the captions "INTRODUCTION – Authorization for the 2021/22 Bonds, - Purpose of the 2021/22 Bonds, - Description of the 2021/22 Bonds, and – Security and Sources of Payment for the 2021/22 Bonds," "PLAN OF REFUNDING," "DESCRIPTION OF THE 2021/22 SERIES X BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2021/22 SERIES X BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2021/22 SERIES X SUBORDINATED BONDS," "DESCRIPTION OF THE 2021/22 SERIES X SUBORDINATED BONDS," and "TAX MATTERS" (insofar as it relates to the Bonds), "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION," insofar as such statements expressly summarize certain provisions of the Resolutions, and our Bond Opinions providing, among other things, that the Bonds are valid and legally binding obligations of JEA and concerning certain federal tax matters relating to the Bonds, are accurate in all material respects.

5. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 4 above), completeness or fairness of any of the statements contained in the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. In our capacity as bond counsel in connection with the issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of JEA, representatives of the Office of General Counsel of the City, attorney for JEA, representatives of PFM Financial Advisors LLC, JEA's Financial Advisor, representatives of Ernst & Young LLP, independent certified public accountants, JEA's auditors, and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), subject to the limitations on our role as bond counsel, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services in connection with such issuance which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, statistical, or economic or engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion (other than our opinions relating to the Bonds), or any information about book-entry or DTC (as such term is defined in the Official Statement) and the information contained in Appendices A and F to the Official Statement, which

we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or opinion rendered with respect to any other disclosure document, materials or activity.

6. The Continuing Disclosure Agreement has been duly executed and delivered by JEA and is a valid and binding agreement of JEA, enforceable in accordance with its terms. No opinion regarding the adequacy of the Continuing Disclosure Agreement for purposes of SEC Rule 15c2-12 may be inferred from this opinion.

7. In reliance upon the certifications, directions and acknowledgements of JEA and the Escrow Agent for the respective Refunded Bonds, upon deposit of amounts sufficient to pay the redemption price of, and interest on, the respective Refunded Bonds on the respective dates such Refunded Bonds have been or will be called for redemption with the Escrow Agent therefor, such Refunded Bonds will no longer be "Outstanding" within the meaning of the Resolutions.

This letter is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Underwriters of the Bonds, is solely for your benefit as such Underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person.

Respectfully submitted,

ANNEX D

[Form of Disclosure Counsel Opinion]

_____, 20__

JEA
Jacksonville, Florida

Re: $000,000,000 JEA Water and Sewer System Revenue Bonds, 2021/22 Series X
$000,000,000 JEA Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

We have acted as Disclosure Counsel to JEA in connection with the issuance of the above-captioned obligations (the "Bonds") which are today being delivered _____, as senior managing underwriter on behalf of itself and _____ (the "Underwriters"). In such capacity, we have reviewed such proceedings, records, certificates, documents and questions of law as we have considered necessary to enable us to render this opinion.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters and because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Preliminary Official Statement dated _____, 20___ and the Official Statement dated _____, 20___ related to the Bonds (collectively, the "Official Statements"), we are not passing on and do not assume any responsibility for, except as set forth below, the accuracy, completeness or fairness of the statements contained in the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. Our engagement has necessarily involved a review of certain demographic, financial, statistical and operating data or information, however we express no opinion regarding the accuracy and completeness of any such information.

We have generally reviewed information furnished to us by, and have participated in telephone conferences and meetings with, representatives of JEA, JEA's Counsel, PFM Financial Advisors LLC, the financial advisor to JEA, the Underwriters and others, in which such contents of the Official Statements and related matters were discussed. We have reviewed information concerning JEA's audited financial statements and meeting minutes and other materials we deemed relevant. With your permission, we have relied upon certificates of officials of JEA and others, and upon certain other opinions, certificates and/or letters delivered in connection with the issuance of the Bonds, including, without limitation, those received from JEA's Counsel. In addition, we have reviewed such proceedings, records, certificates, documents and questions of law as we have considered necessary to enable us to render this opinion.

Based on the foregoing assumptions and reliances, and subject to the qualifications stated herein, we are of the opinion that:

1. Based solely upon our review and discussions noted above, and in reliance upon the accuracy of the information contained in the aforementioned certificates, letters and opinions, but without having undertaken any independent investigation or verification of such information, nothing has come to the attention of the attorneys in our firm rendering legal services in accordance with this representation which leads us to believe that the Official Statements contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that we express no opinion regarding historical or projected financial information, demographic, statistical or operating data or information included in the Official Statements, including but not limited to appendices, schedules and exhibits thereto, or any information about The Depository Trust Company and its book entry system of registration.

2. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Bond Resolution and the Subordinated Bond Resolution (as both terms are defined in the Official Statements) are exempt from qualification under the Trust Indenture Act of 1939, as amended.

The opinions expressed herein are predicated upon present law, facts and circumstances; and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof or of any subsequent events or developments which might affect the opinions expressed herein. The opinions expressed herein represent professional judgment, and are not a guarantee of result.

The opinions expressed herein are limited to the laws of the State of Florida and the United States of America.

This opinion letter may be relied upon by you only and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent. This opinion letter is not rendered to, and may not be relied upon by, holders or owners of the Bonds. The opinions expressed herein are limited to the matters set forth herein, and to the documents referred to herein and do not extend to any other agreements, documents or instruments executed by the Issuer, and no other opinion should be inferred beyond the matters expressly stated herein.

Respectfully submitted,

ANNEX E

[Form of Underwriters' Counsel Opinion]

_____, 20__

[Underwriters]

c/o _____
_____
_____

Re: $000,000,000 JEA Water and Sewer System Revenue Bonds, 2021/22 Series X
$000,000,000 JEA Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriters") in connection with the purchase by the Underwriters from JEA of the captioned obligations (the "Bonds"). As such counsel, we have examined the Official Statement, dated _____, 20__, relating to the Bonds (the "Official Statement"), the Bond Purchase Agreement, dated _____, 20__, by and between _____, as Representative of the Underwriters named therein and JEA, with respect to the Bonds (the "Bond Purchase Agreement"), the Resolution (as defined in the Bond Purchase Agreement), the Continuing Disclosure Agreement (as defined in the Bond Purchase Agreement), and such other matters as we have deemed necessary; and we have participated in discussions and conferences with members of JEA and its staff, bond counsel, JEA's financial advisor, and the independent certified public accountants with respect to matters contained and included by reference in the Official Statements.

From such examination, we are of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

We are not passing upon, do not assume responsibility for, and have not independently verified the accuracy, completeness, or fairness of the statements contained or included by reference in the Official Statement. In addition, we are not experts in evaluating the business, operations, or financial condition of public power authorities in general or JEA in particular. As your counsel we have participated in the preparation of the Official Statement and in the discussions referred to above with respect to the Official Statement. In the course of such preparation, discussions and review nothing has come to our attention which leads us to believe that the Official Statement (except for the appendices thereto and references to such appendices and the graphic, engineering, financial and statistical information, any information about book-entry or DTC (as such term is defined in the Official Statement), as to which we express no view) contains any untrue statement of a material fact or omits to state a material fact required to be

stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

We are further of the opinion that the Continuing Disclosure Agreement satisfies the requirements contained in Securities and Exchange Commission Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by said Rule.

We are furnishing this letter to you pursuant to Section 8(g) of the Bond Purchase Agreement solely for your benefit as Underwriters. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Sincerely yours,

ANNEX F

_____
_____
_____

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida 32202

Re: $000,000,000 JEA Water and Sewer System Revenue Bonds, 2021/22 Series X
$000,000,000 JEA Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X

Ladies and Gentlemen:

In connection with the proposed issuance by JEA (the "Issuer") of $000,000,000 in aggregate principal amount of Water and Sewer System Revenue Bonds, 2021/22 Series X and $000,000,000 in aggregate principal amount of Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X (collectively, the "Bonds"), _____ (collectively, the "Underwriters") are preparing to underwrite a public offering of the Bonds. Arrangements for underwriting the Bonds will be pursuant to a Bond Purchase Agreement between the Issuer and the Underwriters.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

(a) The nature and estimated amounts of expenses to be incurred by the Underwriters in connection with the purchase and reoffering of the Bonds are set forth in Schedule I attached hereto.

(b) Based upon representations of the Underwriters, there are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the issuance of the Bonds.

(c) The underwriting spread (*i.e.*, the difference between the price at which the Bonds will be initially offered to the public by the Underwriters and the price to be paid to the Issuer for the Bonds) will be $_____ per $1,000 bond or $_____.

(d) The Underwriters will charge no management fee.

(e) There is no other fee, bonus or other compensation to be paid by the Underwriters in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriters, except as specifically enumerated as expenses referred to in paragraph (a) above to be incurred by the Underwriters as set forth in Schedule I attached hereto.

(f) The names and addresses of the Underwriters are:

_____
_____
_____
_____
_____

_____
_____
_____
_____
_____

_____
_____
_____
_____
_____

We understand that you do not require any further disclosure from the Underwriters pursuant to Section 218.385(6), Florida Statutes, as amended.

Very truly yours,

[Underwriters]

_____

By: _____
Name:
Title:

SCHEDULE I

ESTIMATED UNDERWRITERS' FEE AND EXPENSES

Underwriters' Fee	Dollar Amount	Per $1,000 Bond
Average Takedown	$_____	$_____
Expenses:		
Underwriters' Counsel	_____	_____
Dalcomp	_____	_____
Dalnet	_____	_____
CUSIP	_____	_____
DTC	_____	_____
Additional Counsel Fee	_____	_____
(_____)		
Total Fees and Expenses	$_____	$_____

ANNEX G

REFUNDED BONDS

[Insert name(s) of Series]

ESCROW DEPOSIT AGREEMENT

relating to

JEA
WATER AND SEWER SYSTEM REVENUE BONDS,
2021/22 SERIES X

THIS ESCROW DEPOSIT AGREEMENT, dated as of _____ __, 20__, by and between JEA, a public body corporate and politic organized under the laws of the State of Florida and _____, as Escrow Agent;

WITNESSETH:

WHEREAS, JEA has previously authorized and issued obligations of JEA as hereinafter set forth and defined as the "Refunded Obligations," as to which the Aggregate Debt Service (as hereinafter defined) is set forth on Schedule A attached hereto; and

WHEREAS, JEA has determined to provide for refunding of the Aggregate Debt Service of the Refunded Obligations by depositing with the Escrow Agent cash and Defeasance Securities, which will be sufficient to pay the Aggregate Debt Service on the Refunded Obligations; and

WHEREAS, in order to obtain a portion of the funds needed for such purpose JEA has authorized and is, concurrently with the delivery of this Agreement, issuing its Water and Sewer System Revenue Bonds, 2021/22 Series X; and

WHEREAS, JEA has determined that the amount to be on deposit, from time to time, in the Escrow Account, as defined herein, will be sufficient to pay the Aggregate Debt Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, JEA and the Escrow Agent agree as follows:

SECTION 1. Definitions. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution (as defined below). As used herein, the following terms shall have the following meanings:

(a) "Aggregate Debt Service" means the sum of all present and future Annual Debt Service payments then remaining unpaid with respect to the Refunded Obligations through the final Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(b) "Agreement" means this Escrow Deposit Agreement.

(c) "Annual Debt Service" means, in any year, the redemption price or principal of, and interest on, the Refunded Obligations coming due or being redeemed on the respective Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(d) "Defeasance Securities" has the meaning ascribed to such term in the Resolution.

(e) "Escrow Account" means the Escrow Account identified in Section 2 herein and established and held by the Escrow Agent pursuant to this Agreement in which a portion of the proceeds from the sale of the Bonds and certain other funds will be held for payment of the Refunded Obligations.

(f) "Escrow Agent" means _____ with the power to accept trusts in the State of Florida.

(g) "Escrow Deposit Requirement" means, as of any date of calculation, the principal amount of cash and any Defeasance Securities in the Escrow Account which, together with the interest due on the Defeasance Securities, will be sufficient to pay, as the installments thereof become due, the Aggregate Debt Service.

(h) "Paying Agent" means _____ in its capacity as the paying agent for the Refunded Obligations.

(i) "Redemption Date" means the redemption date or dates for the Refunded Obligations, as set forth in Schedule B hereto.

(j) "Refunded Obligations" means the Water and Sewer System Revenue Bonds listed in Schedule B hereto.

(k) "Resolution" means the resolution duly adopted by JEA on February 18, 1997, as amended, restated and supplemented, and particularly as supplemented by resolutions adopted by JEA authorizing the issuance of the Refunded Obligations.

(l) "2021/22 Bonds" means the Water and Sewer System Revenue Bonds, 2021/22 Series X of JEA.

SECTION 2. Deposit of Funds. With respect to the Refunded Obligations, JEA hereby deposits $_____ with the Escrow Agent in immediately available funds (the "Escrow Deposit Amount"), to be held in irrevocable escrow by the Escrow Agent in a separate escrow trust fund (the "Escrow Account") and applied solely as provided in this Agreement. JEA represents that (i) $_____ of such funds are derived by JEA from a portion of the proceeds of the 2021/22 Bonds and (ii) $_____ of such funds are derived by JEA from amounts on deposit in the Debt Service Account of the Debt Service Fund established pursuant to the Resolution.

JEA represents, that such funds, when applied pursuant to Section 3 below, will at least equal the Escrow Deposit Requirement as of the date hereof.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sum described in Section 2 and agrees:

(a) Concurrently with the receipt of the proceeds and other moneys as described in Section 2, the Escrow Agent will apply $_____ of such amount to the purchase of

$_____ aggregate principal or par amount of Defeasance Securities specifically described in Schedule D, and the remaining $_____ will be held as cash for the benefit of the holders of the Refunded Obligations. Defeasance Securities held by the Escrow Agent are to mature in such principal amounts and pay interest in such amounts and at such times so that sufficient moneys are available to pay when due the principal of and interest on all outstanding Refunded Obligations as further set forth in Schedule B;

(b) there will be no investment of funds except as set forth in this Section 3 and in Section 5;

(c) to hold the proceeds of all investments in the Escrow Account in such Account in trust (separate from all other funds of the Escrow Agent) for the benefit of the owners of the Refunded Obligations from the date of receipt thereof to the date on which such proceeds are scheduled to be paid out of the Escrow Account and applied only for the purposes thereof, as set forth on Schedule A attached hereto; and

(d) to hold the funds and securities in the Escrow Account in irrevocable escrow during the term of this Agreement.

SECTION 4. Payment of Refunded Obligations.

(a) ***Payment of Refunded Obligations.*** The Escrow Agent shall pay to the Paying Agent for the Refunded Obligations, from the cash on hand in the Escrow Account, a sum sufficient to pay the Annual Debt Service coming due on such date with respect to the Refunded Obligations, as shown on Schedule A attached hereto.

(b) ***Surplus.*** On the Redemption Date, after making the payment from the Escrow Account described in Subsection 4(a), the Escrow Agent shall pay to JEA the remaining cash, if any, in the Escrow Account. JEA shall apply the payment made to it hereunder to the payment of the principal of and interest on the 2021/22 Bonds or for other uses permitted under the Resolution, but the Escrow Agent shall have no duty or responsibility to ensure that JEA does so.

(c) ***Payments Due on Saturdays, Sundays and Holidays.*** If any payment date shall be a legal holiday or a day on which banking institutions in the city in which is located the designated office of the Paying Agent are authorized by law to remain closed, then the Escrow Agent may make the payments required by Subsections 4(a) and 4(b) to the Paying Agent or JEA, as the case may be, on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed.

SECTION 5. Reinvestment.

(a) Except as provided in Section 3 and this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Defeasance Securities held hereunder.

(b) At the written request of JEA and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of any of the

Defeasance Securities acquired hereunder and shall substitute other Defeasance Securities and reinvest any excess receipts in Defeasance Securities. JEA will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which will cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation. Such substitutions and reinvestments may be effected only if (i) an independent certified public accountant selected by JEA shall certify or opine in writing to JEA and the Escrow Agent that the cash and principal amount of Defeasance Securities remaining on hand after the transactions are completed will be not less than the Escrow Deposit Requirement, and (ii) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to JEA to the effect that the transactions, in and by themselves, will not cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation and such substitution is in compliance with this Agreement. Subsection 4(b) above notwithstanding, cash in excess of the Escrow Deposit Requirement caused by substitution of Defeasance Securities shall, as soon as practicable, be paid to JEA.

SECTION 6. Redemption of Refunded Obligations. JEA has exercised its option to redeem the Refunded Obligations prior to the maturity thereof on the Redemption Date as shown on Schedule B attached hereto.

SECTION 7. Redemption and Defeasance Notices. JEA has previously directed the Bond Registrar for the Refunded Obligations to give notice of redemption of such Refunded Obligations. JEA hereby directs _____ as Bond Registrar to provide notice of defeasance in the form provided in Schedule E attached hereto for the Refunded Obligations. Redemption notices and defeasance notices distributed by the Bond Registrar will be sent to bondholders pursuant to the Resolution, as supplemented, and will be distributed to the Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access system.

SECTION 8. Indemnity. To the extent permitted by applicable law, including but not limited to Section 768.28, Florida Statutes, JEA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by JEA or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; *provided*, *however*, that JEA shall not be required to indemnify the Escrow Agent, its successors, assigns, agents and servants against the negligence or willful misconduct of the Escrow Agent or its successors, assigns, agents and servants. In no event shall JEA or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section

shall survive the termination of this Agreement. Nothing in this Section contained shall give rise to any liability on the part of JEA in favor or any person other than the Escrow Agent.

SECTION 9. Responsibilities of Escrow Agent; Fees. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the retention of the Defeasance Securities or the proceeds thereof or any investment, payment, transfer, or other application of money or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties or non-willful misconduct. The Escrow Agent shall, however, be liable to JEA for its negligent acts, omissions or errors or willful misconduct which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of JEA. The fees of the Escrow Agent shall be paid by JEA at the time this Agreement is executed and delivered, such fees to be as set forth on Schedule C attached hereto. The Escrow Agent shall have no lien whatsoever upon any of the moneys or investments in the Escrow Account for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Obligations have been paid and discharged in accordance with the proceedings authorizing the Refunded Obligations.

SECTION 11. Amendments. This Agreement is made for the benefit of JEA and the holders from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and JEA; *provided*, *however*, that JEA and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Obligations, any additional rights, remedies, power or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject additional funds, securities or properties to this Agreement.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of JEA or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as duplicate originals and shall constitute and be one and the same instrument.

SECTION 14. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be executed by their duly authorized officers and JEA's official seal to be hereunto affixed and attested as of the date first above written.



JEA

ATTEST:

By: _____
Title:

By: _____
Secretary

Form Approved:

_____
Office of General Counsel

_____,
as Escrow Agent

By: _____
Its: _____

[Signature page to Escrow Deposit Agreement relating to JEA Water and Sewer System Revenue Bonds, 2021/22 Series X]

SCHEDULE A
REFUNDED OBLIGATIONS

The Aggregate Debt Service for the Refunded Obligations is shown in the following table:

Date	Interest	Principal Redeemed	Redemption Premium	Total
	$	$		$

SCHEDULE B
LIST OF REFUNDED OBLIGATIONS

The Refunded Bonds will consist of the Water and Sewer System Revenue Bonds listed in the following table.

Series	Maturity Date (October 1)	Amount to be Refunded	Redemption Date	Redemption Price (expressed as a percentage of principal amount)	CUSIP*
		$		%	
Total					

* The CUSIP numbers listed here are provided for the convenience of readers. JEA is not responsible for the accuracy or completeness of such numbers.

SCHEDULE C
FEES OF ESCROW AGENT

The fee of the Escrow Agent for its services hereunder shall be $____; provided, JEA agrees to reimburse the Escrow Agent for its reasonable out-of-pocket expenses at cost.

SCHEDULE D

ESCROW DESCRIPTIONS DETAIL

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost

SCHEDULE E

NOTICE OF DEFEASANCE AND DESIGNATION OF CERTAIN BONDS FOR PRIOR REDEMPTION

JEA

WATER AND SEWER SYSTEM REVENUE BONDS

described in Exhibit A hereto*

NOTICE IS HEREBY GIVEN to the holders of JEA's Water and Sewer System Revenue Bonds described above and in Exhibit A attached hereto (the "Refunded Bonds") that JEA has (i) deposited on _____ with _____, the Escrow Agent for the Refunded Bonds, cash and Defeasance Securities which will provide monies sufficient to pay when due the interest on the Refunded Bonds through the redemption date or maturity date, as applicable, and the principal together with any applicable redemption premium thereon, free and clear of any trust, lien or pledge securing said Refunded Bonds or otherwise existing under the Resolution (as defined below) and (ii) irrevocably designated the Refunded Bonds which are subject to redemption prior to maturity for redemption as aforesaid. As a result of such deposit, said Refunded Bonds are deemed to have been paid and to be no longer Outstanding in accordance with the resolution authorizing the issuance of Water and Sewer System Revenue Bonds, adopted by JEA on February 18, 1997, as amended (the "Resolution"). Any such redemption does not apply to any bonds issued under the Resolution other than the Refunded Bonds. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution.

JEA

By: _____,
as Escrow Agent

Dated:

* No representation is made as to the accuracy of the CUSIP number either as printed on the Refunded Bonds or as set forth in this Notice.

EXHIBIT A

REFUNDED BONDS

Refunded Bonds	Par Amount to be Refunded	Outstanding Par Amount Prior to Refunding	Maturity (October 1)	Interest Rate	Redemption Date	Redemption Price	Original CUSIP* Number	Refunded CUSIP* Number	Unrefunded CUSIP* Number

NEW ISSUES - BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein**

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of JEA and continuing compliance by JEA with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the 2020A Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and, further, interest on the 2020A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that the 2020A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida (the "State"), except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. Bond Counsel will express no opinion as to any other tax consequences regarding the 2020A Bonds. Prospective purchasers of the 2020A Bonds should consult their own tax advisors as to the status of interest on the 2020A Bonds under the tax laws of any state other than the State. See "TAX MATTERS" herein.

$104,000,000 WATER AND SEWER SYSTEM REVENUE BONDS, 2020 SERIES A

$26,590,000 WATER AND SEWER SYSTEM SUBORDINATED REVENUE BONDS, 2020 SERIES A

Dated: Date of Delivery **Due: October 1, as shown on the inside front cover**

This Official Statement relates to the sale and issuance by JEA of $104,000,000 in aggregate principal amount of its Water and Sewer System Revenue Bonds, 2020 Series A (the "2020 Series A Bonds") and $26,590,000 in aggregate principal amount of its Water and Sewer System Subordinated Revenue Bonds, 2020 Series A (the "2020 Series A Subordinated Bonds," together with the 2020 Series A Bonds, the "2020A Bonds").

The 2020 Series A Bonds will be issued pursuant to, among other things, that certain Water and Sewer System Revenue Bond Resolution adopted by JEA's governing board (the "JEA Board") on February 18, 1997, as amended, restated and supplemented from time to time (the "Water and Sewer System Revenue Bond Resolution"), and particularly as supplemented by that certain Forty-Fourth Supplemental Water and Sewer System Revenue Bond Resolution, authorizing the 2020 Series A Bonds, adopted by the JEA Board on December 11, 2018 (together with the Water and Sewer System Revenue Bond Resolution, the "Bond Resolution"). See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" attached hereto.

The 2020 Series A Subordinated Bonds will be issued pursuant to, among other things, that certain Water and Sewer System Subordinated Revenue Bond Resolution adopted by the JEA Board on May 15, 2003, as amended and supplemented from time to time (the "Water and Sewer System Subordinated Revenue Bond Resolution"), and particularly as supplemented by that certain Nineteenth Supplemental Water and Sewer System Subordinated Revenue Bond Resolution, authorizing the 2020 Series A Subordinated Bonds, adopted by the JEA Board on December 11, 2018 (together with the Water and Sewer System Subordinated Revenue Bond Resolution, the "Subordinated Bond Resolution"). See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION" attached hereto. Unless otherwise defined herein, capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings assigned thereto in the Bond Resolution and the Subordinated Bond Resolution, as applicable.

The proceeds of the 2020 Series A Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of the Refunded Bonds (as defined herein) and (b) pay certain costs of issuance related to the 2020 Series A Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The proceeds of the 2020 Series A Subordinated Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of the Refunded Subordinated Bonds (as defined herein), (b) make a deposit to the Initial Subordinated Debt Service Reserve Fund, and (c) pay certain costs of issuance related to the 2020 Series A Subordinated Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2020A Bonds will be issued as fully registered bonds, in denominations of $5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchases of beneficial ownership interests in the 2020A Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the 2020A Bonds so purchased. Payments of principal of, premium, if any, and interest on, any 2020A Bond will be made to Cede & Co., as nominee for DTC as registered owner of the 2020A Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners (as defined in APPENDIX G). See "DESCRIPTION OF THE 2020 SERIES A BONDS" and "DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS" herein and "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Interest on the 2020A Bonds is payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2020. The 2020A Bonds will bear interest at the rates set forth on the inside cover of this Official Statement. See "DESCRIPTION OF THE 2020 SERIES A BONDS" and "DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS" herein.

Certain of the 2020A Bonds may be subject to redemption prior to maturity. See "DESCRIPTION OF THE 2020 SERIES A BONDS - Redemption Provisions" and "DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS - Redemption Provisions" herein.

The 2020 Series A Bonds will be special, limited obligations of JEA payable solely from and secured by a lien upon and pledge of: (a) the Revenues of the Water and Sewer System and (b) other available funds pledged under the Bond Resolution, on a parity basis with the Outstanding Bonds and any Additional Obligations hereafter issued on a parity basis with the Outstanding Bonds and the 2020 Series A Bonds. In addition, the 2020 Series A Bonds will be additionally secured by amounts on deposit in (and all reserve fund credit instruments credited to) the Initial Subaccount in the Debt Service Reserve Account, on a parity basis with the Outstanding Bonds and any other Additional Obligations hereafter issued and determined by JEA to be additionally secured thereby. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS - Debt Service Reserve Account" herein. The 2020 Series A Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of JEA other than the Revenues of the Water and Sewer System and other available funds pledged under the Bond Resolution. The outstanding Water and Sewer System Bonds and any Additional Obligations are referred to herein collectively as the "Water and Sewer System Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS" herein "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" attached hereto.

The 2020 Series A Subordinated Bonds will be special, limited obligations of JEA payable solely from and secured by a pledge of, and lien on, the Subordinated Indebtedness Fund and other available funds pledged under the Subordinated Bond Resolution on a parity basis with the outstanding Subordinated Bonds, the Subordinated Indebtedness, and any Additional Parity Subordinated Indebtedness hereafter issued on a parity basis with the outstanding Subordinated Bonds, the Subordinated Indebtedness, and the 2020 Series A Subordinated Bonds; provided, however, that any such pledge shall be subordinate in all respects to the pledge of the Revenues of the Water and Sewer System and other available funds pledged under the Bond Resolution securing the Water and Sewer System Bonds and the 2020 Series A Bonds. See "APPLICATION OF WATER AND SEWER SYSTEM REVENUES" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Application of Revenues" attached hereto. The 2020 Series A Subordinated Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of JEA other than the Subordinated Indebtedness Fund and other available funds pledged under the Subordinated Bond Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A SUBORDINATED BONDS" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION" attached hereto.

THE 2020A BONDS SHALL NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY OF JACKSONVILLE, FLORIDA (THE "CITY") OR JEA AS "BONDS" WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE AMOUNTS PROVIDED IN THE BOND RESOLUTION AND THE SUBORDINATED BOND RESOLUTION, AS APPLICABLE. IN NO EVENT SHALL ANY OWNER OF ANY 2020A BONDS EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR JEA, IF ANY, OR TAXATION IN ANY FORM TO PAY THE 2020A BONDS OR THE INTEREST THEREON OR BE ENTITLED TO PAYMENT THEREOF FROM ANY OTHER FUNDS OF THE CITY OR JEA. JEA HAS NO POWER TO LEVY TAXES FOR ANY PURPOSE.

This cover page contains certain limited information for quick reference only. It is not, and is not intended to be, a summary of the matters relating to the 2020A Bonds. Potential investors should read the entire Official Statement (including the cover page, the inside front cover page, and all appendices attached hereto) to obtain information essential to the making of an informed investment decision.

The 2020A Bonds are being offered when, as, and if issued by JEA and received by the Underwriters, subject to the prior sale and to withdrawal or modification of the offer without notice, and subject to the approving opinion of Greenberg Traurig, P.A., Orlando, Florida, in its capacity as Bond Counsel to JEA. Certain legal matters in connection with the 2020A Bonds will be passed upon for JEA by the Office of General Counsel of the City of Jacksonville, Florida, as counsel to JEA. Greenberg Traurig, P.A., Orlando, Florida, has served as Disclosure Counsel in connection with the 2020A Bonds. Certain legal matters in connection with the 2020A Bonds will be passed upon for the Underwriters by Rogers Towers, P.A., Jacksonville, Florida, as Underwriters' Counsel. PFM Financial Advisors LLC, Charlotte, North Carolina is serving as Financial Advisor to JEA. The 2020A Bonds are expected to be delivered through the book-entry system of DTC on or about July 22, 2020.

MORGAN STANLEY

Barclays **J.P. Morgan** **Goldman Sachs & Co. LLC**
RBC Capital Markets **US Bancorp** **Wells Fargo Securities**

July 9, 2020

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES, AND INITIAL CUSIP NUMBERS

$104,000,000
JEA
WATER AND SEWER SYSTEM REVENUE BONDS,
2020 SERIES A

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2023	$ 3,790,000	5.000%	0.360%	114.710	46615SCY2
2024	3,880,000	5.000	0.440	118.917	46615SCZ9
2025	1,625,000	5.000	0.550	122.744	46615SDA3
2026	2,505,000	5.000	0.710	125.940	46615SDB1
2027	630,000	5.000	0.890	128.568	46615SDC9
2028	565,000	5.000	1.010	131.291	46615SDD7
2029	390,000	5.000	1.100	134.004	46615SDE5
2033	7,375,000	5.000	1.400(c)	132.518	46615SDF2
2034	10,605,000	5.000	1.450(c)	131.987	46615SDG0
2035	13,165,000	5.000	1.520(c)	131.248	46615SDH8
2036	14,895,000	3.000	2.000(c)	108.768	46615SDJ4
2037	15,520,000	3.000	2.070(c)	108.126	46615SDK1
2038	10,665,000	4.000	1.840(c)	119.091	46615SDL9
2039	11,125,000	4.000	1.880(c)	118.700	46615SDM7
2040	7,265,000	4.000	1.920(c)	118.312	46615SDN5

† Initial CUSIP® numbers have been assigned to the 2020 Series A Bonds by an organization not affiliated with JEA or the Financial Advisor (as defined herein) and are included for the convenience of the owners of the 2020 Series A Bonds only at the time of original issuance of the 2020 Series A Bonds. CUSIP® is a registered trademark of the American Bankers Association. None of JEA, the Financial Advisor, or the Underwriters or their agents or counsel is responsible for the selection, use or accuracy of the CUSIP® numbers nor is any representation made as to their correctness with respect to the 2020 Series A Bonds as included herein or at any time in the future. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the 2020 Series A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Series A Bonds.

(c) Yield calculated to the first optional redemption date of April 1, 2030.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS, PRICES, AND INITIAL CUSIP NUMBERS

$26,590,000
JEA
WATER AND SEWER SYSTEM SUBORDINATED REVENUE BONDS,
2020 SERIES A

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price	Initial CUSIP No.†
2024	$ 955,000	5.000%	0.550%	118.413	46615SDP0
2025	3,085,000	5.000	0.640	122.227	46615SDQ8
2026	540,000	5.000	0.810	125.252	46615SDR6
2027	1,170,000	5.000	0.940	128.167	46615SDS4
2034	5,430,000	5.000	1.570(c)	130.723	46615SDT2
2035	2,525,000	5.000	1.640(c)	129.992	46615SDU9
2036	2,355,000	4.000	1.870(c)	118.798	46615SDV7
2037	2,480,000	4.000	1.910(c)	118.409	46615SDW5
2038	2,580,000	4.000	1.950(c)	118.021	46615SDX3
2039	2,685,000	4.000	1.990(c)	117.635	46615SDY1
2040	2,785,000	4.000	2.020(c)	117.346	46615SDZ8

† Initial CUSIP® numbers have been assigned to the 2020 Series A Subordinated Bonds by an organization not affiliated with JEA or the Financial Advisor and are included for the convenience of the owners of the 2020 Series A Subordinated Bonds only at the time of original issuance of the 2020 Series A Subordinated Bonds. CUSIP® is a registered trademark of the American Bankers Association. None of JEA, the Financial Advisor, or the Underwriters or their agents or counsel is responsible for the selection, use or accuracy of the CUSIP® numbers nor is any representation made as to their correctness with respect to the 2020 Series A Subordinated Bonds as included herein or at any time in the future. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the 2020 Series A Subordinated Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Series A Subordinated Bonds.

(c) Yield calculated to the first optional redemption date of April 1, 2030.

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JEA

BOARD MEMBERSHIP

John D. Baker II, *Chair*
Robert L. Stein, *Vice Chair*
Martha T. Lanahan, *Secretary*
Joseph P. DiSalvo
Dr. A. Zachary Faison, Jr.
Dr. Leon L. Haley, Jr.
Thomas VanOsdol

MANAGEMENT

Paul E. McElroy, *Interim Managing Director and Chief Executive Officer*
Brian J. Roche, *Interim Chief Financial Officer*
Ricky D. Erixton, *Interim General Manager, Electric Systems*
Hai X. Vu, *Interim General Manager, Water/Wastewater Systems*
Kurtis R. Wilson, *Interim Chief Government Affairs Officer*
R. Bruce Dugan, *Interim Chief Customer Officer*
Steven V. Tuten, *Interim Chief Compliance Officer*
Jody L. Brooks, *Chief Legal Officer*
Angelia R. Hiers, *Interim Chief Human Resources Officer*
Stephen H. Datz, *Interim Chief Information Officer*
Alan D. McElroy, *Interim Chief Supply Chain Officer*
O. Wayne Young, *Interim Chief Environmental Services Officer*
Joseph E. Orfano, *Treasurer*

GENERAL COUNSEL

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

CONSULTANTS TO JEA

Bond Counsel
Greenberg Traurig, P.A.
Orlando, Florida

Disclosure Counsel
Greenberg Traurig, P.A.
Orlando, Florida

Financial Advisor
PFM Financial Advisors LLC
Charlotte, North Carolina

Independent Auditors
Ernst & Young, LLP
Jacksonville, Florida

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This Official Statement does not constitute a contract between JEA or the Underwriters and any one or more owners of the 2020A Bonds, nor does it constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2020A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale in such jurisdiction.

No dealer, broker, salesman, or any other person has been authorized by JEA to give any information or to make any representations, other than those contained in this Official Statement or included herein by specific reference, and if given or made, such other information or representations must not be relied upon as having been authorized by JEA or any other person.

The information and expressions of opinion in this Official Statement are subject to change without notice, and this Official Statement speaks only as of its date. Neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof. Except as otherwise indicated, the information contained in this Official Statement, including in the appendices attached hereto, has been obtained from representatives of JEA and from public documents, records and other sources considered to be reliable.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering of the 2020A Bonds the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of such bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The 2020A Bonds have not been registered with the U.S. Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, nor has the Bond Resolution or the Subordinated Bond Resolution been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the 2020A Bonds in accordance with applicable provisions of the securities laws of the states, if any, in which the 2020A Bonds have been registered or qualified and the exemption from registration or qualification in certain other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the 2020A Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

In making an investment decision, investors must rely on their own examination of JEA and the Water and Sewer System, and the terms of the offering, including the merits and risks involved. The 2020A Bonds have not been recommended by any federal or state securities commission or regulatory authority. Any representation to the contrary may be a criminal offense.

The order and placement of information in this Official Statement, including the appendices attached hereto, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices attached hereto, should be read in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Official Statement.

This Official Statement is being provided to prospective purchasers in either bound or printed format ("Original Bound Format"), or in electronic format on the following website: www.munios.com. This Official Statement may be relied on only if it is in its original bound format, or if it is printed or saved in full directly from such website.

Except as specifically provided herein, references to website addresses presented herein, including JEA's website or any other website containing information about JEA, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose including for purposes of Rule 15c2-12 of the SEC ("Rule 15c2-12") promulgated pursuant to the Securities Exchange Act of 1934.

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OFFICIAL STATEMENT

relating to

$104,000,000
JEA WATER AND SEWER SYSTEM REVENUE BONDS,
2020 SERIES A

$26,590,000
JEA WATER AND SEWER SYSTEM SUBORDINATED REVENUE BONDS,
2020 SERIES A

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, the inside front cover page, and the appendices attached hereto, is to provide information concerning the issuance and sale by JEA of $104,000,000 in aggregate principal amount of its Water and Sewer System Revenue Bonds, 2020 Series A (the "2020 Series A Bonds") and $26,590,000 in aggregate principal amount of its Water and Sewer System Subordinated Revenue Bonds, 2020 Series A (the "2020 Series A Subordinated Bonds," together with the 2020 Series A Bonds, the "2020A Bonds"). Unless otherwise defined herein, capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings assigned thereto in the hereinafter defined Bond Resolution and the Subordinated Bond Resolution, as applicable.

This Introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, the more complete and detailed information contained in the entire Official Statement, including the inside cover page and the appendices attached hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein if necessary. The offering of the 2020A Bonds to potential investors is made only by means of the entire Official Statement, including the appendices attached hereto. No person is authorized to detach this Introduction from this Official Statement or to otherwise use it without the entire Official Statement including the appendices attached hereto.

Authorization for the 2020A Bonds

The 2020A Bonds will be issued pursuant to various provisions of law, including: (a) Article 21 of the Charter of the City of Jacksonville, Florida (the "Charter"), as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended (the "Act") and (b) Ordinances 97-205-E, 2001-663-E, 2004-820-E, 2006-792-E and 2011-448-E, enacted by the Council of the City of Jacksonville, Florida (the "Council"). JEA has authorized the issuance of: (a) the 2020 Series A Bonds pursuant to that certain Water and Sewer System Revenue Bond Resolution adopted by JEA's governing board (the "JEA Board") on February 18, 1997, as amended, restated and supplemented from time to time (the "Water and Sewer System Revenue

Bond Resolution"), and particularly as supplemented by that certain Forty-Fourth Supplemental Water and Sewer System Revenue Bond Resolution, authorizing the 2020 Series A Bonds, adopted by the JEA Board on December 11, 2018 (the "Forty-Fourth Supplemental Resolution," together with the Water and Sewer System Revenue Bond Resolution, the "Bond Resolution") and (b) the 2020 Series A Subordinated Bonds pursuant to that certain Water and Sewer System Subordinated Revenue Bond Resolution adopted by the JEA Board on May 15, 2003, as amended and supplemented from time to time (the "Water and Sewer System Subordinated Revenue Bond Resolution"), and particularly as supplemented by that certain Nineteenth Supplemental Water and Sewer System Subordinated Revenue Bond Resolution, authorizing the 2020 Series A Subordinated Bonds, adopted by the JEA Board on December 11, 2018 (the "Nineteenth Supplemental Subordinated Resolution," together with the Water and Sewer System Subordinated Revenue Bond Resolution, the "Subordinated Bond Resolution"). See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION" attached hereto.

JEA

JEA is a body politic and corporate organized and existing under the laws of the State of Florida (the "State") and is an independent agency of the City of Jacksonville, Florida (the "City"). See "JEA" herein.

Water and Sewer System

The Water and Sewer System consists of: (a) facilities for the provision of potable water (the "Water System"), (b) facilities for the collection and treatment of wastewater (the "Sewer System"), and (c) facilities for the treatment and distribution of reclaimed water (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. See "WATER AND SEWER SYSTEM" herein.

Purpose of the 2020A Bonds

The proceeds of the 2020 Series A Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of the hereinafter defined Refunded Bonds and (b) pay certain costs of issuance related to the 2020 Series A Bonds. The proceeds of the 2020 Series A Subordinated Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of the hereinafter defined Refunded Subordinated Bonds, (b) make a deposit to the Initial Subordinated Debt Service Reserve Fund, and (c) pay certain costs of issuance related to the 2020 Series A Subordinated Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Description of the 2020A Bonds

The 2020A Bonds will be issued as fully registered bonds, in denominations of $5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of The

Depository Trust Company ("DTC"). Purchases of beneficial ownership interests in the 2020A Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the 2020A Bonds so purchased. Payments of principal of, premium, if any, and interest on, any 2020A Bond will be made to Cede & Co., as nominee for DTC as registered owner of the 2020A Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners (as defined in APPENDIX G). See "DESCRIPTION OF THE 2020 SERIES A BONDS" and "DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS" herein and "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Interest on the 2020A Bonds is payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2020. The 2020A Bonds will bear interest at the rates set forth on the inside cover of this Official Statement. See "DESCRIPTION OF THE 2020 SERIES A BONDS" and "DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS" herein.

Certain of the 2020A Bonds may be subject to redemption prior to maturity. See "DESCRIPTION OF THE 2020 SERIES A BONDS - Redemption Provisions" and "DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS - Redemption Provisions" herein.

Security and Sources of Payment for the 2020A Bonds

2020 Series A Bonds. The 2020 Series A Bonds will be special, limited obligations of JEA payable solely from and secured by a pledge of, and lien on, the Revenues of the Water and Sewer System (as defined herein) and other available funds pledged under the Bond Resolution, on a parity basis with the outstanding Water and Sewer System Bonds and any Additional Obligations hereafter issued on a parity basis with the outstanding Water and Sewer System Bonds and the 2020 Series A Bonds. In addition, the 2020 Series A Bonds will be additionally secured, on a parity with the outstanding Water and Sewer System Bonds and any other Additional Obligations hereafter issued and determined by JEA to be additionally secured thereby, by amounts on deposit in (and all reserve fund credit instruments credited to) the Initial Subaccount. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS - Debt Service Reserve Account" herein. The 2020 Series A Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of JEA other than the Revenues of the Water and Sewer System and other available funds pledged under the Bond Resolution. The outstanding Water and Sewer System Bonds and any Additional Obligations are referred to herein collectively as the "Water and Sewer System Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS" herein "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" attached hereto.

2020 Series A Subordinated Bonds. The 2020 Series A Subordinated Bonds will be special, limited obligations of JEA payable solely from and secured by a pledge of, and lien on, the Subordinated Indebtedness Fund and other available funds pledged under the Subordinated Bond Resolution on a parity basis with the outstanding Subordinated Bonds, the Subordinated Indebtedness, and any Additional Parity Subordinated Indebtedness hereafter issued on a parity basis with the outstanding Subordinated Bonds, the Subordinated Indebtedness, and the 2020 Series A Subordinated Bonds; *provided*, *however*, that any such pledge shall be subordinate in all respects to the pledge of the Revenues of the Water and Sewer System and other available funds pledged under the Bond Resolution securing the Water and Sewer System Bonds and the 2020 Series A Bonds. See "APPLICATION OF

WATER AND SEWER SYSTEM REVENUES" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Application of Revenues" attached hereto. The 2020 Series A Subordinated Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of JEA other than the Subordinated Indebtedness Fund and other available funds pledged under the Subordinated Bond Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A SUBORDINATED BONDS" herein and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION" attached hereto.

THE 2020A BONDS SHALL NOT CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE CITY OR JEA AS "BONDS" WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A LIEN UPON AND PLEDGE OF THE AMOUNTS PROVIDED IN THE BOND RESOLUTION AND THE SUBORDINATED BOND RESOLUTION, AS APPLICABLE. IN NO EVENT SHALL ANY OWNER OF ANY 2020A BONDS EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE AD VALOREM TAXING POWER OF THE CITY OR JEA, IF ANY, OR TAXATION IN ANY FORM TO PAY THE 2020A BONDS OR THE INTEREST THEREON OR BE ENTITLED TO PAYMENT THEREOF FROM ANY OTHER FUNDS OF THE CITY OR JEA. JEA HAS NO POWER TO LEVY TAXES FOR ANY PURPOSE.

Continuing Disclosure

In order to assist the Underwriters (as defined herein) in complying with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as in effect on the date hereof (the "Rule"), simultaneously with the issuance of the 2020A Bonds, JEA, as an "obligated person" under the Rule, will execute and deliver a continuing disclosure agreement under which JEA will undertake to provide continuing disclosure with respect to the 2020A Bonds and the Water and Sewer System for the benefit of the holders of the 2020A Bonds (the "Continuing Disclosure Agreement"). See "CONTINUING DISCLOSURE" herein and "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and the appendices attached hereto contain brief descriptions of, among other matters, JEA, the Water and Sewer System, the 2020A Bonds, the security and sources of payment for the 2020A Bonds, the Bond Resolution, the Subordinated Bond Resolution, and the Continuing Disclosure Agreement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Bond Resolution, the Subordinated Bond Resolution, and the Continuing Disclosure Agreement, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the 2020 Series A Bonds and the 2020 Series A Subordinated Bonds are qualified in their entirety to the forms thereof included in the Forty-Fourth Supplemental Resolution and the Nineteenth Supplemental Subordinated Resolution, respectively. Copies of the Bond Resolution, the Subordinated Bond

Resolution, and other relevant documents and information are available, upon written request and payment of a charge for copying, mailing and handling, from: Treasurer, JEA, 21 W. Church Street, Jacksonville, Florida 32202, (904) 665-7410.

PLAN OF REFUNDING

2020 Series A Bonds

The proceeds of the 2020 Series A Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of certain of JEA's outstanding Water and Sewer System Bonds, as further described in "APPENDIX H-1 - REFUNDED BONDS" attached hereto (the "Refunded Bonds") and (b) pay certain costs of issuance related to the 2020 Series A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

To effect the refunding of the Refunded Bonds, JEA will enter into an escrow deposit agreement with U.S. Bank National Association, as escrow agent (in that capacity, the "Escrow Agent") on or prior to the delivery of the 2020 Series A Bonds (the "Refunded Bonds Escrow Deposit Agreement"). Pursuant to the terms of the Refunded Bonds Escrow Deposit Agreement, on the date of issuance of the 2020 Series A Bonds, JEA will deposit a portion of the proceeds of the 2020 Series A Bonds and certain other available funds of JEA with the Escrow Agent for deposit to the credit of the escrow account for the Refunded Bonds established under the Bond Resolution and the Refunded Bonds Escrow Deposit Agreement. Such funds will be sufficient to pay the principal or redemption price of and accrued interest on the Refunded Bonds on the dates set forth in the Refunded Bonds Escrow Deposit Agreement. Upon deposit of such funds with the Escrow Agent pursuant to the Refunded Bonds Escrow Deposit Agreement and compliance with certain other provisions of the Bond Resolution, the Refunded Bonds will no longer be deemed "outstanding" within the meaning of the Bond Resolution. The amounts held by the Escrow Agent in the escrow account for the Refunded Bonds will not be available to pay debt service on the 2020A Bonds.

2020 Series A Subordinated Bonds

The proceeds of the 2020 Series A Subordinated Bonds, together with any additional funds made available by JEA, will be used for the purpose of providing funds to: (a) refund all of certain of JEA's outstanding Subordinated Water and Sewer System Bonds, as further described in "APPENDIX H-2 - REFUNDED SUBORDINATED BONDS" attached hereto (the "Refunded Subordinated Bonds"), (b) make a deposit to the Initial Subordinated Debt Service Reserve Fund, and (c) pay certain costs of issuance related to the 2020 Series A Subordinated Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

To effect the refunding of the Refunded Subordinated Bonds, JEA will enter into an escrow deposit agreement with the Escrow Agent on or prior to the delivery of the 2020 Series A Subordinated Bonds (the "Refunded Subordinated Bonds Escrow Deposit Agreement"). Pursuant to the terms of the Refunded Subordinated Bonds Escrow Deposit Agreement, on the date of issuance of the 2020 Series A Subordinated Bonds, JEA will deposit a portion of the proceeds of the 2020 Series A Subordinated Bonds and certain other available funds of JEA with the Escrow Agent for deposit to the credit of the escrow account for the Refunded Subordinated Bonds established under the Subordinated Bond Resolution and the Refunded Subordinated Bonds

Escrow Deposit Agreement. Such funds will be sufficient to pay the principal or redemption price of and accrued interest on the Refunded Subordinated Bonds on the dates set forth in the Refunded Subordinated Bonds Escrow Deposit Agreement. Upon deposit of such funds with the Escrow Agent pursuant to the Refunded Subordinated Bonds Escrow Deposit Agreement and compliance with certain other provisions of the Subordinated Bond Resolution, the Refunded Subordinated Bonds will no longer be deemed "outstanding" within the meaning of the Subordinated Bond Resolution. The amounts held by the Escrow Agent in the escrow account for the Refunded Subordinated Bonds will not be available to pay debt service on the 2020A Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2020A Bonds, together with any additional funds made available by JEA, are expected to be applied as follows:

	2020 Series A Bonds	2020 Series A Subordinated Bonds	Total
Sources of Funds			
Par Amount	$104,000,000.00	$26,590,000.00	$130,590,000.00
Bond Premium	20,718,432.55	6,073,782.45	26,792,215.00
Transfer from Debt Service Account in the Debt Service Fund[(1)]	1,527,210.10	-	1,527,210.10
Transfer from Subordinated Indebtedness Fund	-	389,866.32	389,866.32
Transfer from Initial Subaccount of the Debt Service Reserve Account[(1)]	1,469,986.68	-	1,469,986.68
Total Sources of Funds	$127,715,629.33	$33,053,648.77	$160,769,278.10
Uses of Funds			
Deposit to Escrow Account for Refunded Bonds	$126,871,151.71	-	$126,871,151.71
Deposit to Escrow Account for Refunded Subordinated Bonds	-	$32,098,634.79	32,098,634.79
Deposit to Initial Subordinated Debt Service Reserve Fund[(2)]	-	737,151.37	737,151.37
Costs of Issuance[(3)]	844,477.62	217,862.61	1,062,340.23
Total Uses of Funds	$127,715,629.33	$33,053,648.77	$160,769,278.10

(1) A portion of the Refunded Bonds to be refunded by the 2020 Series A Bonds will be paid from: (a) transfers from the applicable prior bond funds and accounts and (b) the release of funds on deposit in the Initial Subaccount of the Debt Service Reserve Account. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS - Debt Service Reserve Account" herein.

(2) Includes an additional $152,370.00 to fund an increase in the Subordinated Debt Service Reserve Requirement that will occur on October 1, 2020.

(3) Includes, among other things, underwriters' discount, legal, financial, advisory and other consultant fees, initial fees of the bond registrar and paying agent, rating agency fees, printing costs, and other miscellaneous fees and costs with respect to the 2020A Bonds.

DESCRIPTION OF THE 2020 SERIES A BONDS

General

The 2020 Series A Bonds will be dated the date of delivery thereof, will bear interest from that dated date thereof at the rates set forth on the inside front cover page of this Official Statement, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2020, and will mature on October 1 in each of the years and in the principal amounts set forth on the inside front cover page of this Official Statement. See "DESCRIPTION OF THE 2020 SERIES A BONDS - Redemption Provisions" below.

The 2020 Series A Bonds will be issued as fully registered bonds, in denominations of $5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of DTC. Purchases of beneficial ownership interests in the 2020 Series A Bonds will be made in book-entry form only; and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the 2020 Series A Bonds so purchased. Payments of principal of, premium, if any, and interest on, any 2020 Series A Bonds will be made to Cede & Co., as nominee for DTC as registered owner of the 2020 Series A Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Redemption Provisions

Optional Redemption. The 2020 Series A Bonds maturing before October 1, 2033 are not subject to redemption prior to maturity. The 2020 Series A Bonds maturing on October 1, 2033 and thereafter are subject to redemption prior to maturity on any date on and after April 1, 2030, at the option of JEA, in whole or in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Paying Agent in its discretion deems proper) at 100 percent of the principal amount thereof, together with accrued interest thereupon up to but not including the redemption date.

Selection of 2020 Series A Bonds to be Redeemed

If less than all of the 2020 Series A Bonds of like maturity or interest rate within a maturity of the 2020 Series A Bonds shall be called for prior redemption, the particular 2020 Series A Bonds or portions of 2020 Series A Bonds to be redeemed shall be selected in such manner as JEA in its discretion may deem fair and appropriate; *provided*, *however*, that for any 2020 Series A Bond of a denomination of more than the minimum denomination for such 2020 Series A Bonds, the portion of such 2020 Series A Bond to be redeemed shall be in a principal amount equal to such minimum denomination or an integral multiple thereof, and that, in selecting portions of such 2020 Series A Bonds for redemption, each such 2020 Series A Bonds shall be treated as representing that number of 2020 Series A Bonds of such minimum denomination which is obtained by dividing the principal amount of such 2020 Series A Bonds to be redeemed in part by the amount of such minimum denomination.

Notwithstanding the foregoing, for so long as DTC or its nominee is the registered owner of the 2020 Series A Bonds, DTC's practice is to determine by lot the amount of the interest of

each Direct Participant in such series or maturity of 2020 Series A Bonds to be redeemed. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Notice of Redemption

Notice of redemption, setting forth the place of payment, shall be given by first class mail, postage prepaid, to the registered owners of the 2020 Series A Bonds to be redeemed sent not less than 30 days nor more than 60 days prior to the redemption date, but the failure to give notice by mail, or any defect in such notice, to the registered owner of any 2020 Series A Bond will not affect the validity of the proceedings for the redemption of any other 2020 Series A Bonds. If notice of redemption shall have been given as aforesaid, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, the 2020 Series A Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 2020 Series A Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2020 Series A Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

Notwithstanding the foregoing, for so long as a book-entry only system of registration is in effect with respect to the 2020 Series A Bonds, notices of redemption will be mailed to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants or any failure of Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of 2020 Series A Bonds. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Registration and Transfer

The 2020 Series A Bonds may be transferred only on the registration books of JEA kept for that purpose at the designated corporate trust office of U.S. Bank National Association, Jacksonville, Florida, as Bond Registrar. Neither JEA nor the Bond Registrar will be required (a) to transfer or exchange 2020 Series A Bonds (i) for a period beginning with the close of business on the 15th day of the calendar month next preceding any interest payment date and ending on such interest payment date or (ii) for a period beginning with a date selected by the Bond Registrar not more than 15 nor less than 10 days prior to a date fixed for the payment of any interest which, at the time, is payable, but has not been punctually paid or duly provided for, and ending with the date fixed for such payment, (b) to transfer or exchange 2020 Series A Bonds for a period beginning 15 days before the mailing of any notice of redemption and ending on the day of such mailing, or (c) to transfer or exchange any 2020 Series A Bonds called for redemption.

Interest on any 2020 Series A Bond will be paid to the person in whose name such Bond is registered on the applicable record date, which is March 15 for interest due on April 1, and September 15 for interest due on October 1. Interest on the 2020 Series A Bonds will be payable by check or draft of U.S. Bank National Association, as Paying Agent, mailed to the registered owners at the addresses shown on the registration books of JEA kept for that purpose at the principal corporate trust office of the Bond Registrar, as of the close of business on the applicable

record date. Except as otherwise provided in the Bond Resolution with respect to Book Entry Bonds, the principal and redemption price of all 2020 Series A Bonds will be payable at the principal corporate trust office of the Paying Agent.

DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS

General

The 2020 Series A Subordinated Bonds will be dated the date of delivery thereof, will bear interest from that dated date thereof at the rates set forth on the inside front cover page of this Official Statement, payable semiannually on April 1 and October 1 of each year, commencing October 1, 2020, and will mature on October 1 in each of the years and in the principal amounts set forth on the inside front cover page of this Official Statement. See "DESCRIPTION OF THE 2020 SERIES A SUBORDINATED BONDS - Redemption Provisions" below.

The 2020 Series A Subordinated Bonds will be issued as fully registered bonds, in denominations of $5,000 or any integral multiple thereof and initially will be registered in the name of Cede & Co., as nominee of DTC. Purchases of beneficial ownership interests in the 2020 Series A Subordinated Bonds will be made in book-entry form only and purchasers will not receive physical delivery of bond certificates representing the beneficial ownership interests in the 2020 Series A Subordinated Bonds so purchased. Payments of principal of, premium, if any, and interest on, any 2020 Series A Subordinated Bonds will be made to Cede & Co., as nominee for DTC as registered owner of the 2020 Series A Subordinated Bonds, by U.S. Bank National Association, as bond registrar and paying agent, to be subsequently disbursed to the Beneficial Owners. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Redemption Provisions

Optional Redemption. The 2020 Series A Subordinated Bonds maturing before October 1, 2034 are not subject to redemption prior to maturity. The 2020 Series A Subordinated Bonds maturing October 1, 2034 and thereafter are subject to redemption prior to maturity on any date on and after April 1, 2030, at the option of JEA, in whole or in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Subordinated Bond Paying Agent in its discretion deems proper) at 100 percent of the principal amount thereof, together with accrued interest thereupon up to but not including the redemption date.

Selection of 2020 Series A Subordinated Bonds to be Redeemed

For so long as the 2020 Series A Subordinated Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX G hereto, in the event that less than all of the 2020 Series A Subordinated Bonds of a particular maturity (and, if applicable, each interest rate within a maturity) are to be redeemed, the particular Beneficial Owner(s) to receive payment of the redemption price with respect to beneficial ownership interests in such Bonds shall be selected by DTC and the Direct Participants and/or Indirect Participants. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Notice of Redemption

Notice of redemption will be given by first class mail, postage prepaid, by or on behalf of JEA, not less than 30 days nor more than 60 days prior to the redemption date, to each Holder of 2020 Series A Subordinated Bonds, or portions of the 2020 Series A Subordinated Bonds, which are to be redeemed, at its last address, if any, appearing on the registry books kept by the Subordinated Bond Registrar. Failure to give such notice to any Holder, or any defect in such notice, will not affect the validity of the proceedings for the redemption of any other Subordinated Water and Sewer System Bond. Such notice shall (a) specify the 2020 Series A Subordinated Bonds to be redeemed, the redemption dates, the redemption price and the place or places of payment and, if less than all of the 2020 Series A Subordinated Bonds are to be redeemed, the number of the 2020 Series A Subordinated Bonds and the portions thereof to be redeemed, (b) state any condition to such redemption and (c) state that on the redemption date and upon satisfaction of any such condition, the 2020 Series A Subordinated Bonds to be redeemed shall cease to bear interest. Notice having been given in the manner provided in the Subordinated Bond Resolution, on the redemption date so designated, (i) unless such notice has been revoked or ceases to be in effect in accordance with the terms thereof and (ii) if there is sufficient moneys available therefor, then the 2020 Series A Subordinated Bonds or portions thereof so called for redemption will become due and payable on such redemption date at the redemption price, plus interest accrued and unpaid to the redemption date.

For so long as a book-entry only system of registration is in effect with respect to the 2020 Series A Subordinated Bonds, notices of redemption will be mailed to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants or any failure of Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of 2020 Series A Subordinated Bonds. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM" attached hereto.

Registration and Transfer

The 2020 Series A Subordinated Bonds may be transferred only on the registration books of JEA kept for that purpose at the designated corporate trust office of U.S. Bank National Association, Jacksonville, Florida, as Subordinated Bond Registrar. Neither JEA nor the Subordinated Bond Registrar will be required to transfer or exchange 2020 Series A Subordinated Bonds (a) for a period beginning with the close of business on the 15th day of the calendar month next preceding any interest payment date and ending on such interest payment date or (b) for a period beginning with a date selected by the Subordinated Bond Registrar not more than 15 nor less than 10 days prior to a date fixed for the payment of any interest which, at the time, is payable, but has not been punctually paid or duly provided for, and ending with the date fixed for such payment.

Interest on any 2020 Series A Subordinated Bond will be paid to the person in whose name such Bond is registered on the applicable record date, which is March 15 for interest due on April 1, and September 15 for interest due on October 1. Interest on the 2020 Series A Subordinated Bonds will be payable by check or draft of U.S. Bank National Association, as Subordinated Bond Paying Agent, mailed to the registered owners at the addresses shown on the registration books of

JEA kept for that purpose at the principal corporate trust office of the Subordinated Bond Registrar, as of the close of business on the applicable record date. Except as otherwise provided in the Subordinated Bond Resolution with respect to Book Entry Subordinated Bonds, the principal of all 2020 Series A Subordinated Bonds will be payable at the principal corporate trust office of the Subordinated Bond Paying Agent.

SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS

The information under this caption relates solely to the 2020 Series A Bonds. For a description of the security and sources of payment for the 2020 Series A Subordinated Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A SUBORDINATED BONDS" herein.

General

The 2020 Series A Bonds will be issued pursuant to the Constitution and laws of the State, particularly Article 21 of the Charter, other applicable provisions of law and the Bond Resolution. For a more extensive discussion of the terms and provisions of the Bond Resolution, including the levels at which the funds and accounts established thereby are to be maintained, the flow of funds thereunder and the purposes to which moneys in such funds and accounts may be applied, see "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" attached hereto.

Sources of Payment

The payment of the principal of, premium, if any, and interest on the Water and Sewer System Bonds, including the 2020 Series A Bonds, is secured by a pledge of and a lien on (a) the proceeds of the sale of the Water and Sewer System Bonds, (b) the Revenues and (c) all funds and accounts established by the Bond Resolution (other than the Debt Service Reserve Account in the Debt Service Fund (see "Debt Service Reserve Account" below with respect to the pledge of the Initial Subaccount in favor of the 2020 Series A Bonds)), including the investments and investment income, if any, thereof (collectively, the "Trust Estate"), subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.

The term "Revenues" is defined in the Bond Resolution to include, among other things, (a) all revenues, income, rents, service fees and receipts properly allocable to the Water and Sewer System resulting from ownership and operation of the Water and Sewer System, excluding (i) unless otherwise determined by the JEA Board, Capacity Charges (as defined below), (ii) customer deposits and any other deposits subject to refund unless such deposits have become property of JEA and (iii) if and to the extent determined by the JEA Board, special assessments, if any, levied by JEA in connection with any facilities constituting a part of the Water and Sewer System, (b) the proceeds of any insurance covering business interruption loss relating to the Water and Sewer System and (c) interest received or to be received on any moneys or securities held pursuant to the Bond Resolution and paid or required to be paid into the Revenue Fund established pursuant to the Bond Resolution. Notwithstanding the foregoing, all cash subsidy payments received by JEA from

the U.S. Treasury in respect of interest payable on any Build America Bonds shall not constitute "Revenues" for any purpose of the Bond Resolution. Revenues do not include any income, fees, charges, receipts, profits or other moneys derived by JEA from its ownership or operation of the Electric System, the District Energy System or of any separate bulk power supply utility or system.

In accordance with such definition of the term "Revenues," on October 16, 2001, the JEA Board adopted a Supplemental Resolution for the purpose of determining that (a) effective as of October 1, 2001, Revenues shall include water and sewer capacity charges (such water and sewer capacity charges being referred to herein as "Capacity Charges") and (b) the Capacity Charges constitute "impact fees" within the meaning of applicable Florida law and, accordingly, that such Capacity Charges may, under such applicable Florida law, 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.

Application of Revenues

Revenues are pledged by the Bond Resolution to payment of principal of and interest and redemption premium, if any, on the Water and Sewer System Bonds of all Series, subject to the provisions of the Bond Resolution permitting application for other purposes. For the application of Revenues, the Bond Resolution establishes a Revenue Fund, a Debt Service Fund, a Subordinated Indebtedness Fund, a Rate Stabilization Fund and a Renewal and Replacement Fund, all of which are held by JEA.

Pursuant to the Bond Resolution, all Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund. Notwithstanding anything to the contrary contained in the Bond Resolution, in the event that any Revenues constitute "impact fees" within the meaning of applicable Florida law, JEA may use and apply such Revenues only in the manner permitted or required by such applicable law, and JEA is to take such measures (including, without limitation, the establishment of such separate accounts or subaccounts or the implementation of such accounting procedures) as an Authorized Officer of JEA may determine are necessary or desirable to effect the foregoing. Each month JEA is to make transfers from the Rate Stabilization Fund to the Revenue Fund, in accordance with the then current Annual Budget or as otherwise determined by JEA. Each month JEA is to pay from the Revenue Fund amounts necessary to meet Operation and Maintenance Expenses as they become due and payable.

Following the payment of Operation and Maintenance Expenses, the Bond Resolution provides that the moneys in the Revenue Fund shall be applied monthly, to the extent available, and subject to the limitation described in the preceding paragraph regarding "impact fees," in the following manner and in the following order of priority:

1. *To the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund*, (a) an amount at least equal to the amount, if any, required so that the balance in the Debt Service Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all Water and Sewer System Bonds to the end of the then current calendar month) equals the Accrued

Aggregate Debt Service as of the last day of the then current month and (b) the respective amounts, if any, required so that the balance in each separate subaccount in the Debt Service Reserve Account equals the Debt Service Reserve Requirement related thereto.

Amounts in the Debt Service Account are to be applied by JEA to pay the principal or Redemption Price of and interest on the Water and Sewer System Bonds. In addition, JEA may apply such amounts to the purchase or redemption of Water and Sewer System Bonds to satisfy sinking fund requirements.

Amounts in each separate subaccount in the Debt Service Reserve Account are to be applied by JEA to pay the principal or sinking fund Redemption Price of or interest on each Additionally Secured Series of Water and Sewer System Bonds secured thereby, if and to the extent necessary following the application of amounts on deposit in the Debt Service Account in accordance with the terms of the Bond Resolution. Amounts in each separate subaccount in the Debt Service Reserve Account also may be used to reimburse draws and related expenses under any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Water and Sewer System Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account, and no further deposits will be required to be made to the Debt Service Fund.

In the event of the refunding or defeasance of any Water and Sewer System Bonds, JEA may withdraw from the Debt Service Account, and, if the Water and Sewer System Bonds being refunded or defeased are Water and Sewer System Bonds of an Additionally Secured Series, withdraw from the separate subaccount in the Debt Service Reserve Account securing such Water and Sewer System Bonds, all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Water and Sewer System Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price of, if applicable, and interest on such Water and Sewer System Bonds; *provided*, that such withdrawal shall not be made unless (a) immediately thereafter the Water and Sewer System Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Bond Resolution, and (b) the amount remaining in the Debt Service Account and, if applicable, such separate subaccount in the Debt Service Reserve Account after such withdrawal, and after giving effect to the issuance of any obligations being issued to refund such Water and Sewer System Bonds and the disposition of the proceeds thereof and, in the case of any separate subaccount in the Debt Service Reserve Account, any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, shall not be less than the Accrued Aggregate Debt Service and the Debt Service Reserve Requirement relating thereto, respectively. In the event of such refunding or defeasance, JEA may also withdraw from the Debt Service Account or such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the

Bond Resolution; *provided*, *however*, that such withdrawal cannot be made unless items (a) and (b) hereinabove have been satisfied and, at the time of such withdrawal, there will exist no deficiency in any Fund or Account held under the Bond Resolution.

Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement related thereto, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount, such excess will be deposited in the Revenue Fund.

See also "— Debt Service Reserve Account" below.

2. *To the Subordinated Indebtedness Fund*, an amount at least equal to the amount, if any, required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness and reserves therefor as required by the Supplemental Resolution authorizing such Subordinated Indebtedness.

At any time and from time to time JEA may deposit in the Subordinated Indebtedness Fund for the payment of the principal or sinking fund installments of and interest and premium on each issue of Subordinated Indebtedness amounts received from the proceeds of additional issues of Subordinated Indebtedness or amounts received from any other source.

If at any time there is a deficiency in the Debt Service Account or any separate subaccount(s) in the Debt Service Reserve Account and the available funds in the Renewal and Replacement Fund are insufficient to cure such deficiency, there will be transferred from the Subordinated Indebtedness Fund to such Account or subaccount(s) the amount necessary to cure such deficiency (or, if the amount in the Subordinated Indebtedness Fund is less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in the Subordinated Indebtedness Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

3. *To the Rate Stabilization Fund*, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the current Annual Budget or the amount otherwise determined by JEA to be credited to such Fund for the month.

4. *To the Renewal and Replacement Fund*, an amount at least equal to the sum of (a) one-twelfth ($1/12^{th}$) of 10 percent of the Annual Net Revenues of the Water and Sewer System for the preceding Fiscal Year and (b) such additional amount as will make the total annual payment into such Fund during the Fiscal Year of which such month is a part equal to at least five percent of the Revenues of the Water and Sewer System for the preceding Fiscal Year; *provided*, *however*, that so long as there shall be held in the Renewal

and Replacement Fund an amount which is at least equal to the Renewal and Replacement Requirement, no deposits are required to be made into the Renewal and Replacement Fund; and *provided*, *further*, *however*, that the failure of JEA to make such payment into the Renewal and Replacement Fund in any month shall not constitute an Event of Default under the Bond Resolution, provided that any deficiencies therefor shall have been restored prior to the end of the Fiscal Year of which such month is a part and *provided*, *further*, that the full amount required to be deposited in said Renewal and Replacement Fund in such Fiscal Year has been deposited therein by the end of such Fiscal Year.

Amounts in the Renewal and Replacement Fund may be applied to the Costs of the Water and Sewer System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the Water and Sewer System, in the manner provided in the Bond Resolution. Amounts in the Renewal and Replacement Fund also may be applied to the purchase, redemption, payment or provision for payment of Water and Sewer System Bonds or interest thereon or, upon determination of the JEA Board, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the Water and Sewer System.

If at any time there is a deficiency in the Debt Service Account or any separate subaccount(s) in the Debt Service Reserve Account, there will be transferred from the Renewal and Replacement Fund to such Account or subaccount(s) the amount necessary to cure such deficiency (or, if the amount in the Renewal and Replacement Fund is less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in the Renewal and Replacement Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount). If at any time there is a deficiency in the Subordinated Indebtedness Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account shall equal the current requirements of such Account and subaccounts, respectively, and such amounts are not required for the payment of Operation and Maintenance Expenses, there will be transferred from the Renewal and Replacement Fund to the Subordinated Indebtedness Fund the amount necessary to cure such deficiency.

Notwithstanding anything to the contrary contained in the Bond Resolution, in the event that any amounts on deposit in the Renewal and Replacement Fund constitute "impact fees" within the meaning of applicable Florida law, JEA will use and apply such amounts only in the manner permitted or required thereby, and JEA will take such measures (including, without limitation, the establishment of such separate accounts or subaccounts in the Renewal and Replacement Fund or the implementation of such accounting procedures) as an Authorized Officer of JEA may determine are necessary or desirable to effect the foregoing.

The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used by JEA for any lawful purpose of JEA (including, but not limited to, (a) the purchase, redemption or provision for payment of any of the Water and Sewer System Bonds, (b) transfers to any utility system owned and/or operated by JEA currently or in the future (see *e.g.,* "OUTSTANDING WATER AND SEWER OBLIGATIONS - Water and Sewer System Support of District Energy System Bonds" herein) and (c) transfers required to be made by JEA to the City (see "OUTSTANDING WATER AND SEWER OBLIGATIONS - Transfers to the City" herein) not otherwise prohibited by the Bond Resolution; *provided*, *however*, that none of the remaining moneys can be used for any purpose other than those specified above unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA has complied fully with all the covenants and provisions of the Bond Resolution.

During any period in which the Debt Service Requirement for any series of Bonds containing Build America Bonds shall be calculated in the manner provided in the proviso of clause (1) of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Debt Service Account in the Sinking Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but no such payment shall constitute Revenues for any purpose of the Bond Resolution.

Debt Service Reserve Account

Pursuant to the Forty-Fourth Supplemental Resolution, the 2020 Series A Bonds will be additionally secured by amounts on deposit in the Initial Subaccount, including the investments and investment income, if any, thereof, which amounts are pledged as additional security for the payment of the principal or sinking fund redemption price of, and interest on, the 2020 Series A Bonds, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. The Initial Subaccount was created pursuant to the First Supplemental Water and Sewer System Revenue Bond Resolution adopted by JEA on August 19, 1997 (the "First Supplemental Resolution"). Each Series of the Prior Series Bonds also is additionally secured by amounts on deposit in the Initial Subaccount.

Amounts in the Initial Subaccount are to be applied to make payment of the principal or sinking fund redemption price of, or interest on, the Water and Sewer System Bonds of each Series secured thereby (including the 2020 Series A Bonds) when due in the event that amounts on deposit in the Debt Service Account are not sufficient therefor. The Initial Subaccount may, at the option of JEA, secure additional Water and Sewer System Bonds of any Series hereafter issued; *provided*, *however*, that in the event that any Water and Sewer System Variable Rate Bonds are additionally secured by amounts on deposit in the Initial Subaccount:

(a) for purposes of computing the Debt Service Reserve Requirement for the Initial Subaccount, such Water and Sewer System Variable Rate Bonds of each Series and

maturity shall be deemed to bear interest at the Certified Interest Rate established with respect thereto at the time of the original issuance thereof unless the interest rate(s) on such Water and Sewer System Variable Rate Bonds of a particular Series and maturity shall have been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Water and Sewer System Variable Rate Bonds of such Series and maturity, in which case, such Water and Sewer System Variable Rate Bonds shall be deemed to bear interest at the fixed rate payable by JEA under such interest rate swap transaction for so long as such interest rate swap transaction shall remain in effect *(provided*, *however*, that if, at the time of the original issuance thereof, the interest rate on the Water and Sewer System Variable Rate Bonds of a particular Series and maturity shall have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, but such interest rate swap transaction shall be terminated prior to the final maturity date of such Water and Sewer System Variable Rate Bonds, then the Debt Service Reserve Requirement for the Initial Subaccount shall be recalculated as of the date of termination of such interest rate swap transaction, based upon the Certified Interest Rate established for such Water and Sewer System Variable Rate Bonds at the time of the original issuance thereof, and any resulting deficiency in the amount on deposit in the Initial Subaccount shall be required to be funded with moneys and or one or more additional reserve fund credit instruments); and

(b) in the event that amounts on deposit in the Initial Subaccount are required to be applied by JEA to pay the principal or sinking fund Redemption Price of or interest on each Additionally Secured Series of Water and Sewer System Bonds secured thereby, the amount payable from the Initial Subaccount with respect to the Water and Sewer System Variable Rate Bonds of a particular Series and maturity shall be limited to the amount on deposit therein allocable to the Water and Sewer System Variable Rate Bonds of such Series and maturity, based upon the interest rate that such Water and Sewer System Variable Rate Bonds of such Series and maturity are deemed to bear for purposes of computing the Debt Service Reserve Requirement for the Initial Subaccount, as provided in the foregoing clause (a).

All Water and Sewer System Bonds that are additionally secured by the Initial Subaccount (including the Prior Series Bonds, the 2020 Series A Bonds and any other Additional Obligations hereafter issued and determined by JEA to be additionally secured thereby) are referred to herein collectively as the "Initial Subaccount Additionally Secured Bonds."

The Bond Resolution provides that in lieu of maintaining moneys or investments in the Initial Subaccount, JEA at any time may cause to be deposited therein for the benefit of the Holders of the Initial Subaccount Additionally Secured Bonds an irrevocable surety bond, an insurance policy or a letter of credit satisfying the conditions set forth therein (referred to herein as a "reserve fund credit instrument"), in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of money or value of Investment Securities then on deposit in the Initial Subaccount, if any. To the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder. For a summary of the provisions of the First

Supplemental Resolution relating to the deposit of reserve fund credit instruments to the Initial Subaccount, see "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Debt Service Reserve Account," and "- Definition of Terms" attached hereto.

Among other things, the First Supplemental Resolution provides that:

(a) a surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims-paying ability of the issuer thereof shall be rated at least "AA-" or "Aa3" by any two of S&P (as defined herein) or Moody's (as defined herein) or Fitch (as defined herein), respectively;

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least "AA-" or "Aa3" by any two S&P, Moody's or Fitch (all as defined herein).

(b) if the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "AA-" or Aa3" by any two of S&P, Moody's or Fitch, or the rating of the issuer of the letter of credit falls below "AA-" or Aa3" by any two of S&P, Moody's or Fitch, JEA shall either (i) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually or (ii) replace such instrument with a reserve fund credit instrument meeting the requirements of the First Supplemental Resolution within six months of such occurrence; and

(c) if the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A-" or A3" by any two of S&P, Moody's or Fitch," or the rating of the issuer of the letter of credit falls below "A-" or A3" by any two of S&P, Moody's or Fitch, "JEA shall either (i) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements of the First Supplemental Resolution within six months of such occurrence.

As of the date of this Official Statement, the Debt Service Reserve Requirement for the Initial Subaccount is $85,039,423.41 and such amount (which includes the hereinafter defined Berkshire Reserve Policy) is on deposit in the Initial Subaccount. As a result of the issuance of the 2020 Series A Bonds and the refunding of the Refunded Bonds, the Debt Service Reserve Requirement for the Initial Subaccount will decrease by $1,680,827.49, to $83,358,595.92. Accordingly, $1,469,986.68 will be released from the Initial Subaccount of the Debt Service Reserve Account; and the balance of the decrease, in the amount of $210,840.81, will be used to fund the increase in the Debt Service Reserve Requirement that will occur on October 1, 2020. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

JEA previously funded the Initial Subaccount with cash and reserve fund credit instruments (the "Surety Policies") to satisfy the Debt Service Reserve Requirement therefor. See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Debt Service Reserve Account" attached hereto. Pursuant to the Bond Resolution and as a result of prior rating actions by Fitch, Moody's and S&P, which downgraded the Surety Policies, JEA made deposits to the Initial Subaccount in an aggregate amount equal to the aggregate amount of such Surety Policies. However, depending on the applicable ratings in effect from time to time, one or more of the Surety Policies may satisfy the ratings requirements for reserve fund credit instruments permitting a release of cash and Investment Securities on deposit in the Initial Subaccount.

On August 11, 2008, JEA caused Berkshire Hathaway Assurance Corporation to issue its Debt Service Reserve Fund Financial Guaranty Insurance Policy (the "Berkshire Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Berkshire Reserve Policy is in a maximum amount of $33,000,000, is non-cancelable, terminates on October 1, 2038 and currently satisfies the requirements with respect to a reserve fund credit instrument contained in the Bond Resolution. On October 2, 2018, JEA transferred $33,000,000 from the Initial Subaccount in the Debt Service Reserve Account to the Construction Fund. JEA was able to make such transfer as a result of certain amendments to the Bond Resolution which became effective on May 2, 2018. Such amendments, among other things, lowered the minimum ratings requirement for the provider of a reserve fund credit instrument that is a surety bond or insurance policy that is used to fund the Initial Subaccount to at least "AA-" or "Aa3" by any two of S&P, Moody's or Fitch from "AAA" or "Aaa" by S&P or Moody's, respectively. Upon the effectiveness of such amendments, the Berkshire Reserve Policy in the Initial Subaccount Debt Service Reserve Account was counted as satisfying the Debt Service Reserve Requirement creating excess coverage of $33,000,000 in the Debt Service Reserve Account.

Pursuant to the Bond Resolution, the Water and Sewer System Bonds of any Series hereafter issued are not required to be additionally secured by amounts on deposit in any separate subaccount in the Debt Service Reserve Account. However, JEA may provide, at its option, in the Supplemental Resolution authorizing the Water and Sewer System Bonds of any Series hereafter issued that the Water and Sewer System Bonds of such Series will be additionally secured by amounts on deposit in (and any reserve fund credit instrument(s) credited to) any separate subaccount to be designated therefor in the Debt Service Reserve Account, including the Initial Subaccount. JEA currently intends to secure all additional Water and Sewer System Bonds hereafter issued by the Initial Subaccount. In the event that the Water and Sewer System Bonds of a Series hereafter issued are to be additionally secured by amounts on deposit in (and all reserve fund credit instruments credited to) the Initial Subaccount, it will be a condition to the issuance of such Water and Sewer System Bonds that the amount on deposit in the Initial Subaccount, after giving effect to the issuance of such Water and Sewer System Bonds and all reserve fund credit instruments credited thereto, equals the Debt Service Reserve Requirement for such Subaccount.

The Bond Resolution requires JEA to deposit and maintain in each Subaccount in the Debt Service Reserve Account moneys, Investment Securities and/or reserve fund credit instruments in an amount equal to the Debt Service Reserve Requirement for such Subaccount. The Debt Service Reserve Requirement for the Initial Subaccount is defined in the First Supplemental Resolution, as of any date of calculation, as an amount equal to the lowest of (a) 10 percent of the original

principal amount of the Water and Sewer System Bonds of all issues (as defined for federal income tax purposes) secured thereby (or, if the Water and Sewer System Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, 10 percent of such issue price), (b) the maximum Aggregate Debt Service on the Water and Sewer System Bonds of all Series secured thereby then outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) or (c) 125 percent of the average annual Debt Service on the Water and Sewer System Bonds of all Series secured thereby then outstanding for the then current and each future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); *provided*, *however*, that in no event may an increase in the Debt Service Reserve Requirement for the Initial Subaccount resulting from the issuance of an additional issue (as defined for federal income tax purposes) of Water and Sewer System Bonds exceed 10 percent of the original principal amount of the Water and Sewer System Bonds of such issue (or, if the Water and Sewer System Bonds of such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, 10 percent of such issue price). For the purpose of the calculation of the Debt Service Reserve Requirement in the event that the Bonds of any Series shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; *provided*, *however,* that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five-year period and *provided*, *further*, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five-year period, with the first

such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five-year period. Notwithstanding any other provision of the Bond Resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment. Amounts in the Initial Subaccount in excess of the Debt Service Reserve Requirement for such Subaccount, after giving effect to all reserve fund credit instruments credited thereto, will be credited to the Revenue Fund.

Other subaccounts in the Debt Service Reserve Account may be created to secure other Water and Sewer System Bonds. Such subaccounts will not secure the 2020 Series A Bonds.

See "Debt Service Reserve Account" in "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" attached hereto.

Contract Debts

Contract Debts, a component of the Water and Sewer System's Operation and Maintenance Expenses, is defined by the Bond 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 Bond 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).

Rate Covenant Under the Bond Resolution

JEA has covenanted in the Bond Resolution to fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the Water and Sewer System which shall be sufficient to provide Revenues in each Bond Year in an amount at least equal to the difference between (a) Net Revenues (which equals Revenues less Operation and Maintenance Expenses) in each Bond Year and (b) Capacity Charges in such Bond Year which shall be the greater of (i) 125 percent of the Aggregate Debt Service for such Bond Year, except that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for this purpose to the extent that JEA intends to pay such Principal

Installment from sources other than Revenues, and (ii) the amount which, together with other available funds, shall be sufficient for the payment of:

(a) the amount to be paid during such Bond Year into the Debt Service Account in the Debt Service Fund established under the Bond Resolution (other than amounts required to be paid into such Account out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(b) the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Bond Resolution (other than amounts required to be paid into such Account out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(c) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund established under the Bond Resolution (other than amounts required to be paid into such Fund out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA);

(d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund established under the Bond Resolution (other than amounts required to be paid into such Fund out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and

(e) all other charges or liens whatsoever payable out of Revenues during such Bond Year.

Additional Water and Sewer System Bonds

JEA may issue one or more Series of additional Water and Sewer System Bonds for the purposes of (a) paying or providing for the payment of the Costs of the Water and Sewer System and (b) refunding any Water and Sewer System Bonds. Pursuant to the Bond Resolution and the laws of the State, 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 Bond Resolution. All such Water and Sewer System Bonds will be payable from the Trust Estate pledged pursuant to the Bond Resolution and secured thereby on a parity with all other Water and Sewer System Bonds. In addition, each Series of Water and Sewer System Bonds may be additionally secured by amounts on deposit in a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Bond Resolution (which may be the Initial Subaccount or any additional Subaccount hereafter created). See "Sources of Payment" and "Debt Service Reserve Account" above. Set forth below are certain conditions applicable to the issuance of additional Water and Sewer System Bonds:

Debt Service Coverage. The issuance of each Series of additional Water and Sewer System Bonds (other than Water and Sewer System Refunding Bonds and Reimbursement Obligations) is conditioned upon the filing with JEA of a certificate of an Authorized Officer of JEA: (a) setting forth the amounts of Net Revenues and Capacity Charges for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of issuance of the additional

Water and Sewer System Bonds of the Series with respect to which such certificate is being given; and (b) stating that the difference between such Net Revenues and such Capacity Charges for such 12 consecutive month period is at least equal to the greater of (X) 125 percent of the Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service (calculating such Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service with respect to the Water and Sewer System Bonds of all Series then Outstanding and the additional Water and Sewer System Bonds of the Series with respect to which such certificate is given) or (Y) the sum of (i) the Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service (calculated as aforesaid) and (ii) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund for the then current, or a previous, Fiscal Year.

The Net Revenues for such 12-month period may be adjusted for the purposes of such certificate (a) to reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the Water and Sewer System made after the commencement of such period and preceding the date of issuance of such additional Water and Sewer System Bonds; (b) to reflect any increase in Net Revenues due to any new facilities of the Water and Sewer System having been placed into use and operation subsequent to the commencement of such period and prior to the date of issuance of such additional Water and Sewer System Bonds; and (c) to include an amount equal to the average annual contribution to Net Revenues for the first three full Fiscal Years commencing after the date of acquisition thereof, estimated to be made by the facilities anticipated to be acquired and expected to be placed into use and operation within two years of the date of the certificate.

Debt Service Reserve. If, at JEA's option, any Series of additional Water and Sewer System Bonds is to be additionally secured by amounts on deposit in the Initial Subaccount or any additional Subaccount in the Debt Service Reserve Account established under the Bond Resolution, the issuance of the additional Water and Sewer System Bonds of such Series is further conditioned upon the deposit to such Subaccount of moneys or reserve fund credit instruments, or a combination thereof, in an amount such that the balance in such Subaccount equals the Debt Service Reserve Requirement for such Subaccount calculated immediately after the delivery of such Water and Sewer System Bonds.

No Default. In addition, Water and Sewer System Bonds of any Series other than Water and Sewer System Refunding Bonds may be issued only if an Authorized Officer of JEA certifies that upon the issuance of such Series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution.

Events of Default and Remedies

Events of Default under the Bond Resolution include (a) failure to pay the principal or Redemption Price of any Water and Sewer System Bond when due (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement); (b) failure to pay any installment of interest on any Water and Sewer System Bond or the unsatisfied balance of any Sinking Fund Installment when due (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement) and continuance thereof for a period of 30 days; (c) failure by JEA to perform or observe any other covenants, agreements, or conditions contained in the Bond Resolution or the

Water and Sewer System Bonds and continuance thereof for a period of 60 days after written notice; and (d) certain events of bankruptcy or insolvency. Upon the happening of any such Event of Default the Holders of not less than 25 percent in principal amount of the Water and Sewer System Bonds Outstanding may declare the principal of all the Water and Sewer System Bonds then Outstanding, and the interest accrued thereon, due and payable (subject to a rescission of such declaration upon the curing of such default before the Water and Sewer System Bonds have matured); *provided*, *however*, that in the event that a Supplemental Resolution authorizing Water and Sewer System Bonds for which Credit Enhancement is being provided provides that the principal of such Water and Sewer System Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the Bond Resolution) without the consent in writing of the Credit Enhancer therefor, then such Water and Sewer System Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled) without such written consent, and, in that event, the remedies available to the Holders of such Water and Sewer System Bonds (or such Credit Enhancer on behalf of such Holders) shall be limited to the other remedies set forth in the Bond Resolution.

Limited Obligations

The 2020 Series A Bonds will not be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State but will be payable solely from and secured by a lien upon and a pledge of the Net Revenues and other amounts as provided in the Bond Resolution. No Holder or Holders of any 2020 Series A Bonds will ever have the right to compel the exercise of the ad valorem taxing power of the City or JEA, if any, or taxation in any form of any real property in the City to pay the 2020 Series A Bonds or interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Bond Resolution. JEA has no power to levy taxes for any purpose.

SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A SUBORDINATED BONDS

The information under this caption relates solely to the 2020 Series A Subordinated Bonds. For a description of the security and sources of payment for the 2020 Series A Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 Series A BONDS" herein.

General

The 2020 Series A Subordinated Bonds will be issued pursuant to the Constitution and laws of the State, particularly Article 21 of the Charter, other applicable provisions of law and the Bond Resolution and the Subordinated Bond Resolution. For a more extensive discussion of the terms and provisions of the Bond Resolution and the Subordinated Bond Resolution, including the levels at which the funds and accounts established thereby are to be maintained, the flow of funds thereunder and the purposes to which moneys in such funds and accounts may be applied, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS - Application of Revenues" herein and "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE

BOND RESOLUTION" and "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION" attached hereto.

Sources of Payment

The payment of the principal of, premium, if any, and interest on the Subordinated Water and Sewer System Bonds, including the 2020 Series A Subordinated Bonds, is secured by a pledge of and a lien on (a) such amounts in the Subordinated Indebtedness Fund established under the Bond Resolution as may from time to time be available for the purpose of payment thereof as provided in the Bond Resolution; *provided*, *however*, that such pledge shall be subordinate in all respects to the pledge of the Trust Estate created by the Bond Resolution as security for the Water and Sewer System Bonds and (b) amounts on deposit in the Funds established pursuant to the Subordinated Bond Resolution, except to the extent the Initial Subordinated Debt Service Reserve Fund is not pledged to a particular series of Subordinated Water and Sewer System Bonds.

Pursuant to the Bond Resolution, all Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund and applied in the manner and order of priority set forth in the Bond Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS" herein for a description of such Revenues and the application thereof. Amounts on deposit in the Revenue Fund established pursuant to the Bond Resolution are required to be applied (a) to the payment of the Water and Sewer System's Operation and Maintenance Expenses, including the payment of Contract Debts (as such terms are defined in the Bond Resolution), and (b) to make certain required deposits to the Debt Service Fund established pursuant to the Bond Resolution in respect of debt service on, and required reserves for, the Water and Sewer System Bonds, in each such case, prior to any payment from such funds of amounts in respect of debt service on the Subordinated Water and Sewer System Bonds. In addition, pursuant to the Bond Resolution, in the event there is a deficiency in the amounts required to be deposited to the Debt Service Fund, including the Debt Service Reserve Account therein, and amounts on deposit in the Renewal and Replacement Fund created under the Water and Sewer System are insufficient to cure such deficiency, amounts in the Subordinated Indebtedness Fund shall be withdrawn and applied to cure such deficiency.

The Subordinated Bond Resolution establishes a Subordinated Bond Construction Fund and a Subordinated Bond Rate Stabilization Fund.

The 2020 Series A Subordinated Bonds also will be additionally secured by amounts in the Initial Subordinated Debt Service Reserve Fund. See "Initial Subordinated Debt Service Reserve Fund" below.

Initial Subordinated Debt Service Reserve Fund

Pursuant to the Nineteenth Supplemental Subordinated Resolution, the 2020 Series A Subordinated Bonds will be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, including the investments and investment income, if any, thereof, which amounts are pledged as additional security for the payment of the principal or sinking fund redemption price of, and interest on, the 2020 Series A Subordinated Bonds, subject only to the provisions of the Subordinated Bond Resolution permitting the application thereof for the purposes

and on the terms and conditions set forth in the Subordinated Bond Resolution. The Initial Subordinated Debt Service Reserve Fund was created pursuant to the Third Supplemental Water and Sewer System Subordinated Revenue Bond Resolution adopted by JEA on July 15, 2003 (the "Third Supplemental Subordinated Resolution"). The Fixed Rate Prior Series Subordinated Bonds also are additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, but the Variable Rate Prior Series Subordinated Bonds are not additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund.

Amounts in the Initial Subordinated Debt Service Reserve Fund are to be applied to make payment of the principal or sinking fund redemption price of, or interest on, the Subordinated Water and Sewer System Bonds of each series secured thereby (including the 2020 Series A Subordinated Bonds) when due in the event that amounts on deposit in the Subordinated Indebtedness Fund are not sufficient therefor. The Initial Subordinated Debt Service Reserve Fund may, at the option of JEA, secure additional Subordinated Water and Sewer System Bonds of any series hereafter issued. All Subordinated Water and Sewer System Bonds that are additionally secured by the Initial Subordinated Debt Service Reserve Fund (including the Fixed Rate Prior Series Subordinated Bonds, the 2020 Series A Subordinated Bonds and any other Subordinated Water and Sewer System Bonds hereafter issued and determined by JEA to be additionally secured thereby) are referred to herein collectively as the "Initial Subordinated Debt Service Reserve Fund Additionally Secured Bonds."

The Third Supplemental Subordinated Resolution provides that in lieu of maintaining moneys or investments in the Initial Subordinated Debt Service Reserve Fund, JEA at any time may cause to be deposited therein for the benefit of the Holders of the Initial Subordinated Debt Service Reserve Fund Additionally Secured Bonds an irrevocable surety bond, an insurance policy or a letter of credit satisfying the conditions set forth therein (referred to herein as a "reserve fund credit instrument"), in an amount equal to the difference between the Subordinated Debt Service Reserve Requirement for the Initial Subordinated Debt Service Reserve Fund and the sums of money or value of Investment Securities then on deposit in the Initial Subordinated Debt Service Reserve Fund, if any. To the extent that more than one reserve fund credit instrument is deposited in the Initial Subordinated Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder. For a summary of the provisions of the Third Supplemental Subordinated Resolution relating to the deposit of reserve fund credit instruments to the Initial Subordinated Debt Service Reserve Fund, see "Initial Subordinated Debt Service Reserve Fund" in "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION" attached hereto.

As of the date of this Official Statement, the Subordinated Debt Service Reserve Requirement for the Initial Subordinated Debt Service Reserve Fund is $7,284,809.57, and such amount is on deposit in the Initial Subordinated Debt Service Reserve Fund. As a result of the issuance of the 2020 Series A Subordinated Bonds and the refunding of the Refunded Subordinated Bonds refunded thereby, the Subordinated Debt Service Reserve Requirement for the Initial Subordinated Debt Service Reserve Fund will increase by $584,781.37, to $7,869,590.94.

JEA previously funded the Initial Subordinated Debt Service Reserve Fund with cash and reserve fund credit instruments (the "Subordinated Surety Policies") to satisfy the Subordinated

Debt Service Reserve Requirement therefor. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION - Initial Subordinated Debt Service Reserve Fund" attached hereto.

As a result of rating actions by Fitch, Moody's and S&P, pursuant to the Third Supplemental Subordinated Resolution, JEA has deposited cash and investments in amounts equal to the amounts available to be drawn on the Subordinated Surety Policies in their entirety. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION - Initial Subordinated Debt Service Reserve Fund" attached hereto.

Pursuant to the Subordinated Bond Resolution, the Subordinated Water and Sewer System Bonds of any series hereafter issued are not required to be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund. However, JEA may provide, at its option, in the Supplemental Subordinated Resolution authorizing the Subordinated Water and Sewer System Bonds of any series hereafter issued that the Subordinated Water and Sewer System Bonds of such series will be additionally secured by amounts on deposit in (and any reserve fund credit instrument(s) credited to) any separate debt service reserve fund to be designated therefor, including the Initial Subordinated Debt Service Reserve Fund. JEA currently intends to secure all additional long-term, fixed rate Subordinated Water and Sewer System Bonds hereafter issued by the Initial Subordinated Debt Service Reserve Fund. In the event that the Subordinated Water and Sewer System Bonds of a series hereafter issued are to be additionally secured by amounts on deposit in (and any reserve fund credit instrument(s) credited to) the Initial Subordinated Debt Service Reserve Fund, it will be a condition to the issuance of such Subordinated Water and Sewer System Bonds that the amount on deposit in the Initial Subordinated Debt Service Reserve Fund, after giving effect to the issuance of such Subordinated Water and Sewer System Bonds and all reserve fund credit instruments credited thereto, equals the Subordinated Debt Service Reserve Requirement for such Fund.

The Third Supplemental Subordinated Resolution requires JEA to deposit and maintain in the Initial Subordinated Debt Service Reserve Fund moneys, Investment Securities and/or reserve fund credit instruments in an amount equal to the Subordinated Debt Service Reserve Requirement for such Fund. The Subordinated Debt Service Reserve Requirement for such Fund is defined in the Third Supplemental Subordinated Resolution, as amended, as of any date of calculation, as an amount equal to the lowest of (a) 10 percent of the original principal amount of the Subordinated Water and Sewer System Bonds of all issues (as defined for federal income tax purposes) secured thereby (or, if the Subordinated Water and Sewer System Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, 10 percent of such issue price), (b) the maximum Aggregate Subordinated Debt Service on the Subordinated Water and Sewer System Bonds of all series secured thereby then outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Subordinated Water and Sewer System Bonds to be paid from the proceeds of Subordinated Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) or (c) 125 percent of the average annual Subordinated Debt Service on the Subordinated Water and Sewer System Bonds of all series secured thereby then outstanding for the then current and each future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Subordinated Water and Sewer System Bonds to be paid from the

proceeds of Subordinated Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); *provided*, *however*, that in no event may an increase in the Subordinated Debt Service Reserve Requirement resulting from the issuance of an additional issue (as defined for federal income tax purposes) of Subordinated Water and Sewer System Bonds exceed 10 percent of the original principal amount of the Subordinated Water and Sewer System Bonds of such issue (or, if the Subordinated Water and Sewer System Bonds of such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, 10 percent of such issue price). For the purpose of the calculation of the Subordinated Debt Service Reserve Requirement in the event that the Subordinated Bonds of any Series shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest, payable on such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on such Subordinated Bonds shall be calculated net of the amount of such subsidy; *provided*, *however*, that if at any time the specified percentage of the interest payable on such Subordinated Bonds represented by such subsidy shall be permanently reduced, then the amount of such Subordinated Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Subordinated Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five-year period, with the first such installment becoming due on April 1 or October 1 that is at, least six months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Subordinated Bonds shall cease to be Outstanding or (y) the amount of such Subordinated Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Subordinated Bonds that remain Outstanding and the amount (if any) of such reduction in such Subordinated Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subordinated Debt Service Reserve Fund shall be evenly apportioned over the remainder of such five-year period and *provided*, *further*, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Subordinated Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Subordinated Bonds, and such increase shall be required to be funded in equal semiannual installments over a five-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Subordinated Bonds shall cease to be Outstanding or (y) the amount of such Subordinated Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Subordinated Bonds that remain Outstanding and the amount (if any) of such reduction in such Subordinated Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to such Initial Subordinated Debt Service Reserve Fund shall be evenly apportioned over the remainder of such five-year period. Notwithstanding any other provision of

the Subordinated Bond Resolution, any one or more installments of any increase in the Subordinated Debt Service Reserve Requirement with respect to such Initial Subordinated Debt Service Reserve Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment. Amounts in the Initial Subordinated Debt Service Reserve Fund in excess of the Subordinated Debt Service Reserve Requirement, after giving effect to all reserve fund credit instruments credited thereto, will be credited to the Revenue Fund.

Other debt service reserve funds may be created to secure other Subordinated Water and Sewer System Bonds. Such debt service reserve funds will not secure the 2020 Series A Subordinated Bonds.

See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION - Initial Subordinated Debt Service Reserve Fund" attached hereto.

Contract Debts

For a discussion of Contract Debts, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS - Contract Debts" herein.

Rate Covenant Under the Subordinated Bond Resolution

JEA has covenanted in the Subordinated Bond Resolution to fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the Water and Sewer System which shall be sufficient to provide Revenues in each Bond Year in an amount at least equal to the amount required to satisfy either clause (i) or clause (ii) below:

(i) the difference between (a) Net Revenues (which equals Revenues less Operation and Maintenance Expenses) in each Bond Year and (b) Capacity Charges in such Bond Year shall be at least equal to the sum of (X) the Aggregate Debt Service for such Bond Year, except that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for this purpose to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, (Y) the Aggregate Subordinated Debt Service for such Bond Year, except that any Subordinated Principal Installment which is a Refundable Subordinated Principal Installment may be excluded from Aggregate Subordinated Debt Service for this purpose to the extent that JEA intends to pay such Subordinated Principal Installment from sources other than Revenues and (Z) all amounts payable by JEA during such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness; or

(ii) Net Revenues in each Bond Year shall be at least equal to the sum of (X) the Aggregate Debt Service for such Bond Year, except that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for this purpose to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, (Y) 120 percent of the Aggregate Subordinated Debt Service for such Bond Year, except that any Subordinated Principal Installment which is a Refundable

Subordinated Principal Installment may be excluded from Aggregate Subordinated Debt Service for this purpose to the extent that JEA intends to pay such Subordinated Principal Installment from sources other than Revenues and (Z) all amounts payable by JEA during such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness.

For a description of the rate covenant made by JEA in the Bond Resolution, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS - Rate Covenant Under the Bond Resolution" herein.

Additional Subordinated Water and Sewer System Bonds

JEA may issue one or more series of additional Subordinated Water and Sewer System Bonds for any lawful purpose of the Water and Sewer System, including providing funds for the refunding of Outstanding Water and Sewer System Bonds or Outstanding Subordinated Water and Sewer System Bonds and evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with Credit Enhancement or liquidity support. Pursuant to the Subordinated Bond Resolution and the laws of the State, and in accordance with the Bond 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. All such Subordinated Water and Sewer System Bonds will be payable from amounts on deposit in the Subordinated Indebtedness Fund and secured thereby on a parity with all other Subordinated Water and Sewer System Bonds. In addition, pursuant to the provisions of the Third Supplemental Subordinated Resolution, each series of Subordinated Water and Sewer System Bonds may be additionally secured by amounts on deposit in any debt service reserve fund established under the Subordinated Bond Resolution (which may be the Initial Subordinated Debt Service Reserve Fund or any additional debt service reserve fund hereafter created under the Subordinated Bond Resolution). Set forth below are certain conditions applicable to the issuance of additional Subordinated Water and Sewer System Bonds. The Subordinated Bond Resolution provides that a series of Subordinated Water and Sewer System Bonds may be issued at one time or from time to time. If the Subordinated Water and Sewer System Bonds of a series are to be issued from time to time, the Subordinated Bond Resolution requires that the conditions set forth below be satisfied only prior to the issuance of the first Subordinated Water and Sewer System Bonds of such series to be issued.

Debt Service Coverage. The issuance of each series of additional Subordinated Water and Sewer System Bonds (other than Subordinated Water and Sewer System Refunding Bonds and Subordinated Reimbursement Obligations) is conditioned upon the filing with JEA of a certificate of an Authorized Officer of JEA to the effect that either (a) the difference between Net Revenues and Capacity Charges for each of the three full Bond Years succeeding the date of issuance of the Subordinated Water and Sewer System Bonds of the series with respect to which such certificate is being given, as such Net Revenues and Capacity Charges are estimated in accordance with the Subordinated Bond Resolution, are at least equal to the sum of (i) the Adjusted Aggregate Debt Service for each such Bond Year, (ii) 120 percent of the Adjusted Aggregate Subordinated Debt Service for each such Bond Year and (iii) all amounts payable by JEA for each such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity

Subordinated Indebtedness, or (b) the Net Revenues for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of issuance of the additional Subordinated Water and Sewer System Bonds of the series with respect to which such certificate is being given is at least equal to the greater of (X) the sum of (i) the Average Annual Adjusted Aggregate Debt Service, (ii) 110 percent of the Average Annual Adjusted Aggregate Subordinated Debt Service and (iii) all amounts payable by JEA during such 12 month period with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness and (Y) the sum of (i) the Average Annual Adjusted Aggregate Debt Service, (ii) the Average Annual Adjusted Aggregate Subordinated Debt Service, (iii) all amounts payable by JEA during such 12 month period with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness and (iv) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund for the then current, or a previous, Fiscal Year.

Debt Service Reserve. If, at JEA's option, any series of additional Subordinated Water and Sewer System Bonds is to be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, the issuance of the additional Subordinated Water and Sewer System Bonds of such series is further conditioned upon the deposit to such Fund of moneys or reserve fund credit instruments, or a combination thereof, in an amount such that the balance in such Fund equals the Subordinated Debt Service Reserve Requirement for such Fund calculated immediately after the delivery of such Subordinated Water and Sewer System Bonds.

No Default. In addition, Subordinated Water and Sewer System Bonds of any series other than Subordinated Water and Sewer System Refunding Bonds and Subordinated Reimbursement Obligations may be issued only if an Authorized Officer of JEA certifies that upon the issuance of such series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution or in the Subordinated Bond Resolution.

Additional Parity Subordinated Indebtedness. Pursuant to the Subordinated Bond Resolution, JEA may incur obligations in respect of amounts payable by JEA in repayment of draws under any surety bond, insurance policy, letter of credit or other similar obligation that is deposited, in lieu of a cash deposit thereto, to any subaccount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Bond Resolution, and all expenses with respect thereto and interest thereon, and may designate such obligations as "Additional Parity Subordinated Indebtedness." All such Additional Parity Subordinated Indebtedness will be payable from amounts on deposit in the Subordinated Indebtedness Fund on a parity with the Subordinated Water and Sewer System Bonds.

Additional Water and Sewer System Bonds. For a description of the provisions of the Bond Resolution relating to the issuance of additional Water and Sewer System Bonds, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS - Additional Water and Sewer System Bonds" herein.

Events of Default and Remedies

Pursuant to the Fourth Supplemental Water and Sewer Subordinated Revenue Bond Resolution adopted by JEA on March 16, 2004 (the "Fourth Supplemental Subordinated Resolution"), FGIC has been designated as the Credit Enhancer with respect to certain of JEA's Water and Sewer System Subordinated Revenue Bonds, 2004 Series A (the "2004 Series A Subordinated Insured Bonds"). See "Events of Default; Remedies" and "Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required" in "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION" attached hereto. The Fourth Supplemental Subordinated Resolution provides that, upon the happening of any Event of Default under the Subordinated Bond Resolution, the 2004 Series A Subordinated Insured Bonds, and accrued interest thereon, may not be declared due and payable immediately, nor may any such declaration be rescinded and annulled, without the prior written consent of FGIC.

Limited Obligations

The 2020 Series A Subordinated Bonds will not be or constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State but will be payable solely from and secured by a lien upon and a pledge of the amounts as provided in the Subordinated Bond Resolution. No Holder or Holders of any 2020 Series A Subordinated Bonds will ever have the right to compel the exercise of the ad valorem taxing power of the City or taxation in any form of any real property in the City to pay the Subordinated Water and Sewer System Bonds or interest thereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds created by the Bond Resolution and the Subordinated Bond Resolution in the manner provided therein. JEA has no power to levy taxes for any purpose.

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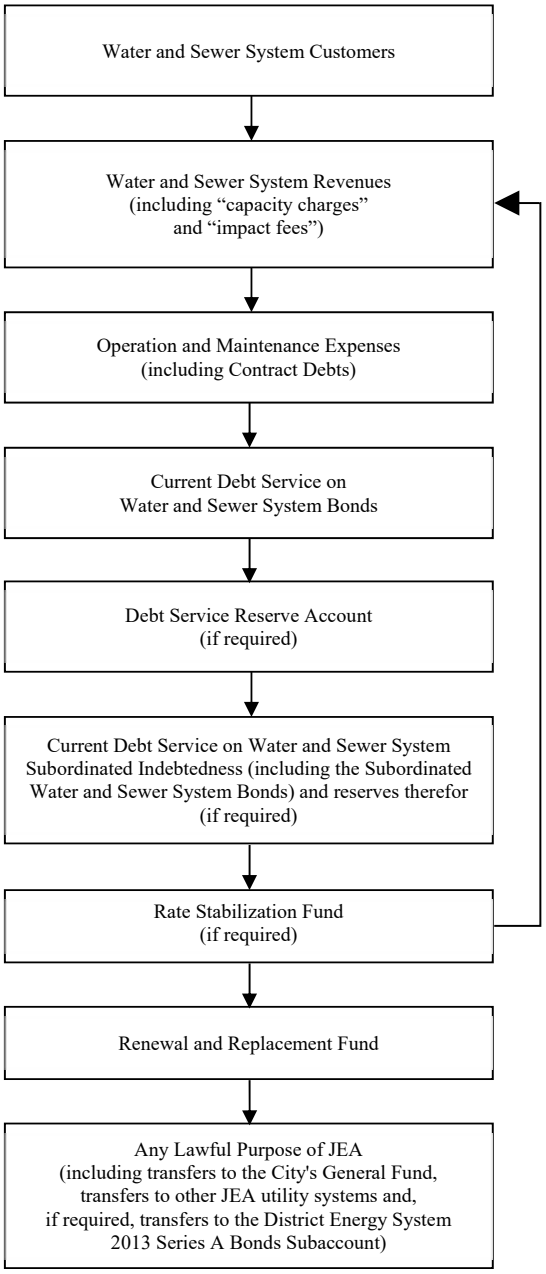
APPLICATION OF WATER AND SEWER SYSTEM REVENUES

The following chart shows a summary of the major components of the application of revenues under the Bond Resolution.



OUTSTANDING WATER AND SEWER SYSTEM OBLIGATIONS

The debt obligations relating to the Water and Sewer System are payable from and secured by separate revenue sources than the debt obligations relating to the Electric System and the District Energy System.

Water and Sewer System Bonds

Outstanding Water and Sewer System Bonds. Upon the issuance of the 2020 Series A Bonds and the refunding of the Refunded Bonds, the following will be the outstanding Water and Sewer System Bonds under the Bond Resolution (the "Outstanding Water and Sewer System Bonds"):

Water and Sewer System Bonds[1]	Original Aggregate Principal Amount[1]	Outstanding Principal Amount[1]
Water and Sewer System Revenue Bonds, 2006 Series B (the "2006 Series B Bonds")	$ 76,490,000	$ 19,110,000
Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 (the "2008 Series A-2 Bonds")	75,000,000	51,820,000
Variable Rate Water and Sewer System Revenue Bonds, 2008 Series B (the "2008 Series B Bonds")	85,290,000	85,290,000
Water and Sewer System Revenue Bonds, 2010 Series A (Federally Taxable – Issuer Subsidy – Build America Bonds)	83,115,000	83,115,000
Water and Sewer System Revenue Bonds, 2010 Series B (Federally Taxable)	24,220,000	10,380,000
Water and Sewer System Revenue Bonds, 2010 Series F (Federally Taxable – Issuer Subsidy – Build America Bonds)	45,520,000	39,700,000
Water and Sewer System Revenue Bonds, 2012 Series A	334,555,000	152,105,000
Water and Sewer System Revenue Bonds, 2012 Series B	136,725,000	13,170,000
Water and Sewer System Revenue Bonds, 2013 Series A	92,385,000	4,995,000
Water and Sewer System Revenue Bonds, 2014 Series A	300,200,000	154,000,000
Water and Sewer System Revenue Bonds, 2017 Series A	378,220,000	346,770,000
Water and Sewer System Revenue Bonds, 2020 Series A[2]	104,000,000	104,000,000
Total Outstanding Water and Sewer System Bonds	$1,735,720,000	$1,064,455,000

(1) Numbers may not add up due to rounding.

(2) A portion of the proceeds of the 2020 Series A Bonds will be used to refund the Refunded Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING – 2020 Series A Bonds" herein and "APPENDIX H-1 - REFUNDED BONDS" attached hereto.

Source: JEA.

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Proposed Issuance of Additional Water and Sewer System Bonds. JEA currently plans to issue $120 million in aggregate principal amount of additional Water and Sewer System Bonds in Fiscal Year 2021 for the purpose of system expansion. In addition, JEA may issue additional Water and Sewer System Bonds in connection with financing or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long term planning objectives and/or (b) provide funding for projects approved by the JEA Board.

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Subordinated Water and Sewer System Bonds

Outstanding Subordinated Water and Sewer System Bonds. Upon the issuance of the 2020 Series A Subordinated Bonds and the refunding of the Refunded Subordinated Bonds, the following will be the outstanding Subordinated Water and Sewer System Bonds under the Subordinated Bond Resolution (the "Outstanding Subordinated Water and Sewer System Bonds"):

Subordinated Water and Sewer System Bonds[1]	**Original Aggregate Principal Amount[1]**	**Outstanding Principal Amount[1]**
Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A-1	$ 66,875,000	$ 46,650,000
Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A-2	66,525,000	25,600,000
Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series B-1	103,995,000	30,885,000
Water and Sewer System Subordinated Revenue Bonds, 2012 Series B	41,640,000	4,480,000
Water and Sewer System Subordinated Revenue Bonds, 2013 Series A	81,540,000	2,760,000
Water and Sewer System Subordinated Revenue Bonds, 2017 Series A	58,940,000	55,015,000
Water and Sewer System Subordinated Revenue Bonds, 2020 Series A[2]	26,590,000	26,590,000
Total Outstanding Subordinated Water and Sewer System Bonds	$446,105,000	$191,980,000

(1) Numbers may not add up due to rounding.

(2) A portion of the proceeds of the 2020 Series A Subordinated Bonds will be used to refund the Refunded Subordinated Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING – 2020 Series A Subordinated Bonds" herein and "APPENDIX H-2 - SUBORDINATED BONDS" attached hereto.

Source: JEA.

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Proposed Issuance of Additional Subordinated Water and Sewer System Bonds. JEA currently does not plan to issue additional Subordinated Water and Sewer System Bonds. However, JEA may issue additional Subordinated Water and Sewer System Bonds in connection with financing or refinancing opportunities that: (a) lower costs of borrowing and/or maximize savings in accordance with long-term planning objectives and/or (b) provide funding for projects approved by the JEA Board.

Liquidity Support for Variable Rate Bonds

Outstanding Water and Sewer System Bonds. Liquidity support in connection with tenders for purchase of the 2008 Series B Bonds (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 the 2008 Series A-2 Bonds (the "LOC Supported Variable Rate Water and Sewer System Bond," 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 (a) standby bond purchase agreement between JEA and such bank or (b) 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 Bond 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 agreements and reimbursement agreements giving rise to such an event of default, see "OUTSTANDING WATER AND SEWER SYSTEM BONDS - Liquidity Support for Variable Rate Bonds - *Rating Triggers*" below.

As of the date of this Official Statement, 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, 2023, and the current expiration date for the letter of credit is December 1, 2023.

Outstanding Subordinated Water and Sewer System Bonds. Liquidity support in connection with tenders for purchase of the 2008 Series A-1 Bonds, the 2008 Series A-2 Bonds, and the 2008 Series B-1 Bonds (collectively, the "Subordinated Liquidity Supported Water and Sewer Bonds," together with the Senior Liquidity Supported Water and Sewer Bonds, the "Liquidity Supported 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 "OUTSTANDING WATER AND SEWER SYSTEM BONDS - Liquidity Support for Variable Rate Bonds - *Rating Triggers*" below.

As of the date of this Official Statement, 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, 2023 to March 19, 2021.

Rating Triggers. 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, "Baa3" by Moody's and / or "BBB-" by S&P, or are suspended or withdrawn (generally for credit-related reasons).

Interest Rate Swap Transactions

From time to time, and in accordance with both JEA's debt management policy and its investment policy, JEA enters into interest rate swap transactions for the account of the Water and Sewer System. As of March 31, 2020, JEA had interest rate swap transactions outstanding under interest rate swap master agreements relating to the Water and Sewer System in an aggregate notional amount of $104,400,000. For additional information regarding JEA's interest rate swap transactions relating to the Water and Sewer System, see "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 1. Summary of Significant Accounting Policies and Practices - (k) Interest Rate Swap Agreements" and "- 8. Long-Term Debt - Debt Management Strategy" 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 MLDP. 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 MLDP were to fall below the double-A category, all rights and obligations of MLDP 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 (the "Merrill Lynch Guarantee") 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 an assignment to MLCS and the delivery of the Merrill Lynch Guarantee to JEA.

As of March 31, 2020, 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) entered into for the account of the Water and Sewer System was approximately $40,085,000. The following table presents a summary of the floating-to-fixed rate interest rate swap transactions entered into for the account of the Water and Sewer System.

Related Bonds	Counterparty	Initial Notional Amount	Notional Amount as of March 31, 2020	Fixed Rate of Interest	Variable Rate Index[1]	Termination Date[2]
2006 Series B Bonds	Morgan Stanley Capital Services, Inc.	$38,730,000	$19,110,000	4.03-4.09%	CPI Index	10/1/2020 to 10/1/2022
2008 Series B Bonds	Merrill Lynch Capital Services, Inc.	$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.

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 Bond 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. 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. As of the date of this Official Statement, there were no Contract Debts outstanding under the Bond Resolution. JEA is not currently contemplating incurring any Contract Debts, but JEA may do so in the future.

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 the 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. See "APPLICATION OF ELECTRIC SYSTEM REVENUES" herein.

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.

JEA and the City reached agreement on amendments to the Charter which affect the amount of the combined assessment that JEA is required to pay to the City from fiscal year 2016-2017 through fiscal year 2020-2021 (the "2016 Amendments") and from fiscal year 2021-2022 through fiscal year 2022-2023 (the "2019 Amendments," together with the 2016 Amendments, the "Charter Amendments"). 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) below, which increases by one percent per year for each fiscal year computed as provided in the Charter.

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 (the "Power Park")) 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 one percent per year from fiscal year 2016-2017 through fiscal year 2020-2021 using the fiscal year 2015-2016 combined assessment of $114,187,538 as the base year. The amounts applicable to clause (b) above are: $115,329,413 for fiscal year 2016-2017; $116,482,708 for fiscal year 2017-2018; $117,647,535 for fiscal year 2018-2019; $118,824,010 for fiscal year 2019-2020; $120,012,250 for fiscal year 2020-2021; $121,212,373 for fiscal year 2021-2022; and $122,424,496 for fiscal year 2022-2023. A "mill" is one - thousandth of a U.S. Dollar.

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 Fiscal Year 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 Fiscal Year 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 Fiscal Year 2019 to $24,953,042 for Fiscal Year 2020. While the Charter requires JEA to pay JEA's 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 JEA's 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 any of its utilities systems, 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.

In November 2019, a bill was filed in the Florida House of Representatives that would prohibit any Florida municipal electric utility from using any revenue collected from its customers to finance general government functions. Revenue use would be restricted exclusively for utility functions. On March 14, 2020, the bill was "indefinitely postponed and withdrawn from consideration" by the Florida House. Because of the lack of legislative interest the bill received, JEA does not anticipate a comparable proposal prospectively.

Water and Sewer System Support of District Energy System Bonds

As of the date of this Official Statement, there was $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. Currently, the DES 2013 Series A Bonds are the only series of District Energy System Bonds outstanding under the District Energy System Resolution. JEA is not currently contemplating the issuance of any additional District Energy System Bonds, but JEA may do so in the future.

Revolving Credit Facility

Effective December 17, 2015, JEA entered into a revolving credit agreement (the "Revolving Credit Agreement") with JPMorgan Chase Bank, National Association ("JPMorgan"), as amended from time to time. The total commitment under the Revolving Credit Agreement is for $500,000,000 (the "Revolving Credit Facility") and the Revolving Credit Facility expires on May 24, 2021. 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 the Water and Sewer System, the Electric System, and the District Energy System. Payment obligations allocable to the Water and Sewer System under the Revolving Credit Facility are payable from the Revenues of the Water and Sewer System, but are subordinate to the payment of the Water and Sewer System Bonds, the Subordinated Indebtedness, including the Subordinated Water and Sewer System Bonds, and any other Additional Obligations and Additional Parity Subordinated Indebtedness hereafter issued. As of the date of this Official Statement, there was $5,000,000 in borrowings relating to the Water and Sewer System outstanding under the Revolving Credit Facility.

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 Official Statement, there are no loans outstanding among the Water and Sewer System or any other utility systems.

DEBT SERVICE REQUIREMENTS FOR THE 2020A BONDS

Water and Sewer System Bonds

The following table presents the estimated debt service requirements for the Outstanding Water and Sewer System Bonds and the Refunded Bonds upon the issuance and delivery of the 2020 Series A Bonds and the refunding of the Refunded Bonds. For additional information relating to the Outstanding Water and Sewer System Bonds, see "OUTSTANDING WATER AND SEWER SYSTEM OBLIGATIONS - Water and Sewer System Bonds" herein.

Fiscal Year Ending September 30	Debt Service on Outstanding Water and Sewer System Bonds[1][2][3][5][6]	Less: Debt Service on the Refunded Bonds[1][5]			Plus: Debt Service on 2020 Series A Bonds[1]			Total Debt Service on Outstanding Water and Sewer System Bonds[1][2][3][4]
		Principal	Interest	Total	Principal	Interest	Total	
2020	$ 39,265,412	-	$ 2,476,557	$ 2,476,557	-	$ 824,387	$ 824,387	$ 37,613,242
2021	50,477,282	-	4,953,114	4,953,114	-	4,301,150	4,301,150	49,825,318
2022	52,030,110	-	4,953,114	4,953,114	-	4,301,150	4,301,150	51,378,146
2023	89,304,340	$ 4,980,000	4,953,114	9,933,114	$ 3,790,000	4,301,150	8,091,150	87,462,376
2024	92,183,341	5,015,000	4,816,164	9,831,164	3,880,000	4,111,650	7,991,650	90,343,827
2025	86,079,271	2,740,000	4,642,414	7,382,414	1,625,000	3,917,650	5,542,650	84,239,507
2026	90,938,142	3,640,000	4,544,133	8,184,133	2,505,000	3,836,400	6,341,400	89,095,410
2027	85,309,765	1,780,000	4,401,908	6,181,908	630,000	3,711,150	4,341,150	83,469,008
2028	82,676,427	1,755,000	4,328,603	6,083,603	565,000	3,679,650	4,244,650	80,837,475
2029	83,005,438	1,630,000	4,253,203	5,883,203	390,000	3,651,400	4,041,400	81,163,636
2030	72,704,550	980,000	4,181,109	5,161,109	-	3,631,900	3,631,900	71,175,342
2031	72,684,177	70,000	4,134,518	4,204,518	-	3,631,900	3,631,900	72,111,560
2032	73,162,699	445,000	4,131,980	4,576,980	-	3,631,900	3,631,900	72,217,619
2033	68,589,117	8,730,000	4,115,293	12,845,293	7,375,000	3,631,900	11,006,900	66,750,724
2034	69,128,554	11,915,000	3,791,783	15,706,783	10,605,000	3,263,150	13,868,150	67,289,921
2035	79,991,265	14,390,000	3,350,710	17,740,710	13,165,000	2,732,900	15,897,900	78,148,455
2036	76,934,116	16,045,000	2,767,600	18,812,600	14,895,000	2,074,650	16,969,650	75,091,166
2037	81,782,406	16,870,000	2,117,750	18,987,750	15,520,000	1,627,800	17,147,800	79,942,456
2038	76,876,195	12,240,000	1,429,825	13,669,825	10,665,000	1,162,200	11,827,200	75,033,570
2039	76,151,227	12,795,000	907,500	13,702,500	11,125,000	735,600	11,860,600	74,309,327
2040	72,772,719	9,035,000	361,400	9,396,400	7,265,000	290,600	7,555,600	70,931,919
2041	62,310,235	-	-	-	-	-	-	62,310,235
2042	12,920,730	-	-	-	-	-	-	12,920,730
2043	6,377,590	-	-	-	-	-	-	6,377,590
2044	6,376,217	-	-	-	-	-	-	6,376,217
	$1,660,031,325	$125,055,000	$75,611,787	$200,666,787	$104,000,000	$63,050,237	$167,050,237	$1,626,414,775

(1) Totals may not add due to rounding.
(2) Interest on the variable rate debt is calculated at an assumed rate of 2.0% in 2020, 2.5% in 2021 and 3.5% thereafter.
(3) Reflects total interest on JEA's outstanding: (a) Water and Sewer System Revenue Bonds, 2010 Series A and (b) Water and Sewer System Revenue Bonds, 2010 Series F, both of which were designated as "Build America Bonds," and are net of the direct subsidy payments that JEA expects to receive from the United States Treasury with respect to such bonds (such subsidy payments have been reduced by 5.9% for the period of October 1, 2019 through September 30, 2020).
(4) Excludes the Refunded Bonds, which will be refunded with a portion of the proceeds of the 2020 Series A Bonds.
(5) Includes the Refunded Bonds, which will be refunded with a portion of the proceeds of the 2020 Series A Bonds.
(6) Excludes interest paid on April 1, 2020.

Source: JEA.

Subordinated Water and Sewer System Bonds

The following table presents the estimated debt service requirements for the Outstanding Subordinated Water and Sewer System Bonds and the Refunded Subordinated Bonds upon the issuance and delivery of the 2020 Series A Subordinated Bonds and the refunding of the Refunded Subordinated Bonds. For additional information relating to the Outstanding Subordinated Water and Sewer System Bonds, see "OUTSTANDING WATER AND SEWER SYSTEM OBLIGATIONS - Subordinated Water and Sewer System Bonds" herein.

Fiscal Year Ending September 30	Debt Service on Outstanding Water and Sewer System Subordinated Bonds[1][2][4][5]	Less: Debt Service on Refunded Subordinated Bonds[1][4]			Plus: Debt Service on 2020 Series A Subordinated Bonds[1]			Total Debt Service on Outstanding Water and Sewer System Subordinated Bonds[1][2][3]
		Principal	Interest	Total	Principal	Interest	Total	
2020	$ 5,461,272	-	$ 632,216	$ 632,216	-	$ 230,125	$ 230,125	$ 5,059,181
2021	9,230,719	-	1,264,431	1,264,431	-	1,200,650	1,200,650	9,166,938
2022	10,278,319	-	1,264,431	1,264,431	-	1,200,650	1,200,650	10,214,538
2023	17,458,194	-	1,264,431	1,264,431	-	1,200,650	1,200,650	17,394,413
2024	15,526,069	$ 1,130,000	1,264,431	2,394,431	$ 955,000	1,200,650	2,155,650	15,287,288
2025	23,422,694	3,265,000	1,212,306	4,477,306	3,085,000	1,152,900	4,237,900	23,183,288
2026	10,603,694	700,000	1,076,806	1,776,806	540,000	998,650	1,538,650	10,365,538
2027	12,956,444	1,335,000	1,047,931	2,382,931	1,170,000	971,650	2,141,650	12,715,163
2028	12,822,706	-	991,194	991,194	-	913,150	913,150	12,744,663
2029	14,836,456	-	991,194	991,194	-	913,150	913,150	14,758,413
2030	17,584,831	-	991,194	991,194	-	913,150	913,150	17,506,788
2031	15,170,994	-	991,194	991,194	-	913,150	913,150	15,092,950
2032	18,113,494	-	991,194	991,194	-	913,150	913,150	18,035,450
2033	20,301,994	325,000	991,194	1,316,194	-	913,150	913,150	19,898,950
2034	20,743,075	5,605,000	978,600	6,583,600	5,430,000	913,150	6,343,150	20,502,625
2035	15,614,306	2,645,000	761,406	3,406,406	2,525,000	641,650	3,166,650	15,374,550
2036	15,396,113	2,450,000	658,913	3,108,913	2,355,000	515,400	2,870,400	15,157,600
2037	9,154,200	2,580,000	563,975	3,143,975	2,480,000	421,200	2,901,200	8,911,425
2038	9,172,875	2,680,000	464,000	3,144,000	2,580,000	322,000	2,902,000	8,930,875
2039	3,141,800	2,785,000	356,800	3,141,800	2,685,000	218,800	2,903,800	2,903,800
2040	3,135,400	2,890,000	245,400	3,135,400	2,785,000	111,400	2,896,400	2,896,400
2041	129,800	-	129,800	129,800	-	-	-	-
2042	129,800	-	129,800	129,800	-	-	-	-
2043	3,374,800	3,245,000	129,800	3,374,800	-	-	-	-
	$283,760,047	$31,635,000	$19,392,641	$51,027,641	$26,590,000	$16,778,425	$ 43,368,425	$276,100,831

(1) Totals may not add due to rounding.
(2) Interest on the variable rate debt is calculated at an assumed rate of 2.0% in 2020, 2.5% in 2021 and 3.5% thereafter.
(3) Excludes the Refunded Subordinated Bonds which will be refunded with a portion of the proceeds of the 2020 Series A Subordinated Bonds.
(4) Includes the Refunded Subordinated Bonds which will be refunded with a portion of the proceeds of the 2020 Series A Subordinated Bonds.
(5) Excludes interest paid on April 1, 2020.

Source: JEA.

JEA

General

JEA is a body politic and corporate organized and existing under the laws of the State and is an independent agency of the City, which is a consolidated city-county local government for Duval County, Florida ("Duval County") located in Northeast Florida. For certain demographic information relating to the City and Duval County, see "JEA - Certain Demographic Information" herein.

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 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. The revenues of each system do not constitute revenues of the other systems, and 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 systems, except as expressly authorized and approved. See "OUTSTANDING WATER AND SEWER SYSTEM OBLIGATIONS - Water and Sewer System Support of the District Energy System Bonds" herein.

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 (a) the Electric System, (b) the Water and Sewer System, (c) the District Energy System and (d) 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. See "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Certain Other Covenants - *Additional Utility Functions*" 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.

JEA Board

The Charter assigns responsibility for the management of JEA's utility systems, including the Water and Sewer System, to the JEA Board. The JEA Board consists of seven members appointed by the Mayor of the City and confirmed by the Council. For information regarding a

proposed change to the Charter relating to the process for appointing members to the JEA Board, see "JEA - Review of Strategic Alternatives and Potential Privatization" herein. 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	Occupation	Term[(1)]
John D. Baker II, *Chair*	Executive Chairman & CEO, FRP Holdings, Inc.	April 16, 2020 – February 28, 2024
Robert L. Stein, *Vice Chair*	President, The Regency Group	April 16, 2020 – February 28, 2021
Martha T. Lanahan, *Secretary*	Executive Vice President & Regional President, IberiaBank	April 16, 2020 – February 28, 2023
Joseph P. DiSalvo	Lieutenant General, U.S. Army (Retired)	April 16, 2020 – February 28, 2022
Dr. A. Zachary Faison, Jr.	President & CEO, Edward Waters College	April 16, 2020 – February 28, 2022
Dr. Leon L. Haley, Jr.	CEO, UF Health Jacksonville	April 16, 2020 – February 28, 2024
Thomas VanOsdol	President and CEO, Ascension Florida	April 16, 2020 – February 28, 2023

(1) At the January 28, 2020 JEA Board meeting, the previous Chair of the JEA Board announced her resignation and following such meeting, Mayor Lenny Curry announced that all of the members of the JEA Board would be leaving their positions effective February 29, 2020. Accordingly, all seven of the current members of the JEA Board were recently appointed and all of their terms commenced on April 16, 2020.

In addition, in accordance with the provisions of the interlocal agreement entered into between JEA and Nassau County, Florida ("Nassau County") 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, Nassau County Manager, as its representative to the JEA Board.

Management and Employees

Recent Developments. On December 17, 2019, the JEA Board placed Managing Director and Chief Executive Officer Aaron F. Zahn on administrative leave and named Melissa Dykes as Interim Managing Director and Chief Executive Officer ("Interim CEO"), effective immediately. On January 28, 2020, the JEA Board unanimously voted to terminate Mr. Zahn's employment with cause, effective immediately based on the findings of the Office of General Counsel of the City ("OGC") investigation of Mr. Zhan's performance and conduct as Managing Director and Chief Executive Officer.

At its inaugural meeting on April 28, 2020, the current JEA Board voted to terminate the Interim Managing Director and Chief Executive Officer and President and Chief Operating Officer, Melissa Dykes, without cause and place her on administrative leave for the next 30 days. The JEA Board appointed Caren Anders, Vice President and General Manager, Energy to serve as

the immediate Interim Managing Director and Chief Executive Officer and President and Chief Operating Officer, in accordance with JEA procedural guidelines.

The JEA Board convened a special meeting on May 5, 2020, at which it named the former JEA Managing Director and Chief Executive Officer, Paul E. McElroy, to act as Interim Managing Director and Chief Executive Officer effective May 11, 2020. At such meeting, members of the JEA Board provided input on and authorized JEA staff to publish a Request for Proposal to solicit responses from top executive recruiting firms to identify qualified candidates for a permanent Managing Director and Chief Executive Officer. A recruiting firm has been selected, and a search is underway.

On May 12, 2020, Paul E. McElroy, the Interim Managing Director and Chief Executive Officer, placed the Chief Administrative Officer on administrative leave. Effective June 9, 2020 Mr. McElroy placed eight members of the JEA's senior management team on paid administrative leave pending termination. Mr. McElroy stated that these individuals are or are perceived to be "complicit or implicitly involved with or simply a direct beneficiary of the ITN or the Performance Unit Plan [both defined below]." He concluded that these individuals "have lost the confidence of management, employees, [the Council], the media and the community." Interim replacements were named as indicated below.

Mr. McElroy also indicated on June 9, 2020 that Joe Orfano "has provided strong leadership as JEA's Interim Chief Financial Officer." He indicated that Mr. Orfano's "strengths reside in Capital Markets and Treasury Operations; therefore, he will be redirecting his efforts to leading JEA's Treasury Team." The transition of Mr. Orfano from Interim Chief Financial Officer went into effect on June 22, 2020 when he transitioned back to his sole role as Treasurer.

Management. 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 401 persons as of April 30, 2020, form the management team (the "Management Team") not subject to City's civil service system. The following are brief résumés of certain members of the Management Team involved in the administration and operation of the Water and Sewer System.

Paul E. McElroy, Interim Managing Director and Chief Executive Officer. The JEA Board of Directors named Mr. McElroy the company's Interim Managing Director and Chief Executive Officer effective May 11, 2020. He had previously served as JEA's Managing Director and Chief Executive Officer from October 1, 2012 until his retirement on April 6, 2018. From January 1, 2006 to October 1, 2012, he served as JEA's Chief Financial Officer. Prior to that, he served as JEA's Vice President, Financial Services.

Mr. McElroy currently serves on the board of trustees of the University of North Florida. He is currently serving on the board of The Energy Authority, Inc. ("TEA"). He previously served on the boards of Florida Electric Power Coordinating Group, Inc., as Chair, Florida Reliability Coordinating Council, Inc., Northeast Florida Safety Council, Inc., and the Jacksonville Chamber of Commerce. Mr. McElroy served as a member of the American Public Power Association Board's Executive Committee, holding the position of Treasurer, as well as Chair of the Finance

and Audit Committee and Chair of the Retirement Committee. He also served as Chair of the Tax and Finance Committee at the Large Public Power Council.

Before joining JEA, Mr. McElroy served as a Vice President and General Manager for Bombardier Capital Corporation in Jacksonville, Florida and Colchester, Vermont. Prior to that, he served as Vice President, Internal Finance Division of Pitney Bowes Credit Corporation in Norwalk, Connecticut.

Mr. McElroy holds a Bachelor of Science in accounting from St. Joseph's College in Rensselaer, Indiana and a certificate from the Advanced Management Program of the Wharton School of the University of Pennsylvania. He pursued graduate level studies at the University of Bridgeport and the University of New Haven in Connecticut.

Brian J. Roche, Interim Chief Financial Officer. Mr. Roche began his career with JEA in 1983, a co-op student, and went on to serve in the roles of Director, Financial Planning Budgets & Rates; Director, Meter, Billing and Collections; System Planning Coordinator, Account Executive, Project engineer. He served as JEA's VP/GM of Water/Wastewater from December 2012 to June 2018.

Mr. Roche has led teams and worked across both electric, water, and wastewater utility systems and functions including Finance, Engineering and Construction, System Planning and Development, Customer Service, and Operations. In addition to his 26 years of service at JEA, Mr. Roche most recently worked at Orlando Utilities Commission and has seven years of experience in private business including engineering positions at CH2M Hill and Amoco Oil Company.

Mr. Roche received a Bachelor of Mechanical Engineering degree from Georgia Institute of Technology, Bachelor of Science in Accounting from University of Florida, and Master of Accountancy and Master of Business Administration degrees from University of North Florida. Mr. Roche is a Certified Public Accountant and a registered Professional Engineer.

Ricky D. Erixton, Interim General Manager, Electric Systems. Mr. Erixton began his career as a co-op student at JEA in 1989 in the Substation Maintenance Department and joined JEA in a permanent role in 1991 as an engineer in the System Operations Department. During his 30-year career at JEA, Mr. Erixton has worked in the System Operations Department, managed Bulk Power Operations, had leadership positions in Transmission and Distribution Maintenance, Substation and Transmission Maintenance, and most recently was Senior Director of Transmission and Distribution where he was responsible for the maintenance of the entire Electric System from the generation resources to the customer.

Mr. Erixton holds a Bachelor of Science in Electrical Engineering from the University of Florida and holds a NERC System Operator Certification.

Hai X. Vu, Interim General Manager, Water/Wastewater Systems. Mr. Vu has nearly 22 years of experience in the water and wastewater industry. Prior to joining JEA in 2004, Mr. Vu worked as a design engineer and project manager for a consulting firm. At JEA, he has served as the professional engineer for the Water and Sewer Expansion Authority, professional engineer for the development review group, project manager overseeing engineering and construction of

various water and wastewater facilities, Manager of Water Plants Engineering and Construction, and Director of Water/Wastewater & Reuse Treatment and District Energy System.

Mr. Vu has a Bachelor of Science degree in Engineering Science and a Bachelor of Science degree in Environmental Engineering from the University of Florida. He received a Master of Business Administration from the University of North Florida and a Master of Science in Environmental Engineering from the University of Central Florida. He is a licensed Professional Engineer in Florida.

Kurtis R. Wilson, Interim Chief Government Affairs Officer. Mr. Wilson joined JEA in March 2020 on an interim basis to lead its Office of Government Affairs, which is responsible for fostering relationships with federal, state and local partners and legislative bodies that impact JEA.

Prior to joining JEA, Mr. Wilson served 25 years with the Jacksonville Fire & Rescue Department, moving through the ranks from firefighter to Director/Fire Chief. It is there that his government affairs responsibilities began in 2011, when he was appointed to Division Chief of Administrative Services. Following that, he was appointed to Division Chief of Fire Prevention in 2012, Division Chief of Operations in 2013, and ultimately Chief of the Department in 2015. In that role he worked with most city agencies, department heads and local elected officials to help solve problems they faced in the realm of public safety. His responsibilities included managing 1,600 personnel, all budget and legislative affairs, delivering state-of-the-art fire-rescue services to Duval County residents, and managing responses to large-scale events such as hurricanes Matthew and Irma, industrial accidents and multi-alarm structure fires.

Mr. Wilson earned a Bachelor of Science in Public Administration from Flagler College and holds numerous certifications in Incident Command System, Hazardous Materials, and Urban Search and Rescue.

R. Bruce Dugan, Interim Chief Customer Officer. Mr. Dugan has more than 30 years of electric, water and wastewater utility experience in Texas and Florida. At JEA, Mr. Dugan led JEA's Customer Satisfaction Improvement Initiative; Organizational Performance Improvement; Customer Care & Billing Project and Special Assignments; and Customer Sales and Service. As JEA's spokesperson, he created the innovative news segment called Power for Pennies, designed to educate customers on ways to lower their energy and water bills, which aired on a local television station for more than a decade.

Mr. Dugan holds a Bachelor of Arts Business Administration from Columbia College.

Steven V. Tuten, Interim Chief Compliance Officer. Mr. Tuten was appointed as Interim Chief Compliance Officer in May 2020 and continues to serve as the Director of Audit Services. Mr. Tuten is responsible for JEA's primary governance, risk and compliance areas, including Audit Services, CIP Compliance, Electric Compliance, Ethics and Security. He has served as JEA's Director of Audit Services since November 2015.

Mr. Tuten has more than 35 years of internal audit, finance and consulting experience, primarily in the financial services industry. His Audit Services position is his third time serving as a Chief Audit Executive, having served in similar roles at Southern National Bank (now Truist Bank) in Winston-Salem, North Carolina, and EverBank (now TIAA Bank) in Jacksonville.

Mr. Tuten is a graduate of the University of South Florida, with a B.A. in Accounting and is a graduate of the Bank Administration Institute's Internal Audit program at the University of Wisconsin. He is a Certified Internal Auditor (CIA), Certified Management Accountant (CMA) and Certified Treasury Professional (CTP). He currently serves as President/Treasurer of New Leaf Foundation, Inc., a fundraising board for New Leaf School for Change, Neptune Beach, Florida, which offers dynamic learning opportunities for special needs students.

Jody L. Brooks, Chief Legal Counsel. Jody L. Brooks rejoined the OGC in April 2020 and serves as Chief Legal Counsel to JEA. She provides operational, transactional and governance legal services to the organization.

Ms. Brooks previously worked for OGC from April 2013 to March 2019 and served as the Chief Legal Officer for JEA from 2016 to 2019. Immediately prior to rejoining OGC, Ms. Brooks worked as an Assistant County Attorney for Clay County, Florida.

Prior to her public service, Ms. Brooks served as General Counsel at Allen Land Group Inc. and in-house counsel with The St. Joe Company. She began her legal career as an associate with Lewis, Longman and Walker, P.A.

Ms. Brooks received her Juris Doctor, with honors, from the University of Florida, Fredric G. Levin College of Law, with a Certificate in Environmental Land Use Law in December 2000.

Angelia (Angie) R. Hiers, Interim Chief Human Resources Officer. Ms. Hiers served as JEA's Chief Human Resources Officer from January 2013 to April 2019. She is a career human resource professional, with industry knowledge and experience at strategic and tactical levels, in all aspects of human resources and organizational development. During her career, she has been responsible for employee and labor relations, compensation, benefits, recruiting, training and development, safety and wellness, diversity and inclusion, executive coaching and career transition.

She served as Vice President, Human Resources for Baker Distributing Company, a subsidiary of the publicly traded company, Watsco, Inc. She also worked as a senior human resources leader for CSX Technology and Senior Vice President/Managing Director, Right Management Consultants. In addition, Ms. Hiers held leadership positions in operations and human resources for Barnett Bank.

Ms. Hiers received her Bachelor of Arts degree in Organizational Management from Edward Waters College, and Master of Business Administration from Jacksonville University.

Stephen H. Datz, Interim Chief Information Officer. Mr. Datz has worked in the Information Technology field for more than 30 years. His career at JEA includes positions as Director, IT Infrastructure and Compliance Assurance; Director, Technology Infrastructure; Manager, Technical Services; as well as system project leader for data architect. His previous roles, working for the Power Park, included responsibilities for supporting a global network infrastructure in addition to leading the planning, analysis, design, construction, testing and implementation of several IT enterprise system upgrades.

Mr. Datz received his Bachelor of Science in Information Systems from the University of North Florida.

Alan D. McElroy, Interim Chief Supply Chain Officer. Mr. McElroy (no relation to Paul E. McElroy) joined JEA six years ago as the Director of Fleet Services. Most recently, he served as the Director of Operations Support Services, which includes fleet services, facilities, supply chain (warehousing, investment recovery operations), utility locates and emergency preparedness.

Mr. McElroy joined JEA after a 32-year career at Duke Energy, where he served as Vice President of Fleet Services and Meter Operations. After the 2006 merger of Duke Energy and Cinergy in the Midwest, Mr. McElroy led the combined Fleet Services and Meter Operations team.

Mr. McElroy earned a Bachelor of Science in Civil Engineering from the University of Alabama, where he also received the Distinguished Fellow of Civil, Construction and Environmental Engineering recognition. He received a Master of Business Administration from Queens University.

O. Wayne Young, Interim Chief Environmental Services Officer. Mr. Young is a Jacksonville native. His 13 years at JEA was preceded by a highly decorated military career. During his career at JEA, Mr. Young has served as Director, Meter Reading, Billing and Revenue Collections; Director, Advanced Network Metering; Director, Industrial, Commercial and Business Client Relations; Director, Government Affairs and Economic Development; and Director, Environmental Programs. He has authored nationally published articles on applying leadership and technology to enhance performance in the utility industry.

Mr. Young's military career is highlighted by service in the Pentagon as Political Affairs Officer to numerous foreign countries and wartime Command of two Naval Warships - AEGIS Cruiser and Guided Missile Frigate. He also served as Director of the Navy's Surface Warfare Engineering School and has earned certifications in operating mechanical, electrical, and water generation and distribution systems.

Mr. Young holds a Bachelor of Science degree from the U.S. Naval Academy, and a Master of Science in Telecommunications Systems and Master of Arts in Strategic Policy and Decision Making.

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

Approximately 1,547 employees of the Water and Sewer System 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.

Strategic Planning

JEA has been 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 previously increased the size of its Revolving Credit Facility by $200,000,000 for a total commitment equal to $500,000,000. See "OUTSTANDING WATER AND SEWER SYSTEM OBLIGATIONS - Revolving Credit Facility" herein. 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 JEA Board approval. In addition to the STAR Plan, JEA is also evaluating cost cuts and changes to its rate structure.

Review of Strategic Alternatives and Potential Privatization

At the JEA Board meeting on November 28, 2017, the retiring chairman of the JEA Board requested that the JEA Board and the City consider the financial benefits that would result from a privatization of the 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 should be evaluated in order to make any decisions regarding JEA's future. In early 2018, the Council appointed a special committee (the "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 and published a final report addressing its findings as of that date.

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 10 percent of the total of JEA's utilities system to any other utility, public or private, which sale has been approved by the Council.

As part of an ongoing strategic planning process and following a multi-month review of various strategic scenarios, on July 23, 2019, the JEA Board unanimously approved Resolution 2019-07, authorizing a competitive solicitation process for offers, proposals, options and/or replies ("Replies") from various industry sectors for alternatives for JEA ownership and operations. At that same JEA Board meeting a bonus compensation plan (the "Performance Unit Plan") proposed by management was approved. On August 2, 2019, JEA released its Invitation to Negotiate #127-19 for Strategic Alternatives ("ITN") requesting Replies, among others, for non-governmental alternative structures. On October 7, 2019, JEA received 16 Replies in response to the ITN. On October 14, 2019, the evaluation team announced that JEA would commence negotiations with nine respondents.

On December 24, 2019, after significant community opposition to the sale of JEA continued to surface and investigative inquiries by the Council had begun, the JEA Board voted unanimously to cancel the ITN and reject all Replies; and on January 28, 2020, the JEA Board adopted Resolution 2020-01, which rescinded Resolution 2019-07 in its entirety. It later became publicly known that a federal grand jury had begun investigating certain aspects of the proposed privatization of JEA. That investigation and the Council's investigation are ongoing. See "LITIGATION AND OTHER MATTERS – Other Matters" herein.

The Performance Unit Plan was the subject of severe criticism by the Council auditor in a November 2019 memorandum to the Council as being "a very costly use of JEA resources" and providing a significant pay-out to upper-level JEA employees were JEA's assets later to be capitalized or sold. On December 17, 2019 the JEA Board adopted Resolution 2019-17 which rescinded the Performance Unit Plan.

During the events described above, senior level management of JEA experienced significant change. Paul E. McElroy, Managing Director and Chief Executive Officer, retired from his position on April 6, 2018. On that date, the JEA Board named Melissa Dykes (JEA's then Chief Financial Officer) to replace Mr. McElroy on an interim basis. Aaron Zahn, who had been appointed to the JEA Board on February 28, 2018, resigned from the JEA Board on April 13, 2018 and was named JEA's Managing Director and Chief Executive Officer on April 17, 2018. After an executive search Mr. Zahn was named permanent Managing Director and Chief Executive Officer of JEA on November 27, 2018. On December 17, 2019, the JEA Board voted to remove Mr. Zahn as Managing Director and Chief Executive Officer without cause, placing him on administrative leave. Melissa Dykes (JEA's then Chief Operating Officer) was named as interim Managing Director and Chief Executive Officer by the JEA Board on that date.

Mr. Zahn's employment by JEA was terminated for cause on January 28, 2020. Later that day, the Mayor of the City announced that all members of the JEA Board would resign at the end

of February; and the Mayor on February 12, 2020 appointed new members to the JEA Board who were all confirmed by the Council on April 14, 2020. On April 28, 2020, the JEA Board removed Ms. Dykes as Interim Managing Director and Chief Executive Officer without cause; and on May 5, 2020 the JEA Board voted to rehire Mr. McElroy as interim Managing Director and Chief Executive Officer until a permanent replacement could be hired. Mr. McElroy's contract has a term of one year (from May 11, 2020) and is full-time for the first six months and part time thereafter. A search is underway for Mr. McElroy's replacement. See "JEA - Management and Employees - *Recent Developments*" herein.

The Council has enacted an ordinance placing a referendum question on the November 3, 2020 general election ballot that asks the voters of the City to approve a change to the Charter that would require four members of the JEA Board be appointed by the Council president and three members be appointed by the Mayor of the City. In all cases the appointments would have to be confirmed by the Council. One of the Council president's appointments must be a former JEA employee or a person recommended by an employee, union or group of current or former JEA employees. Other legislation concerning JEA may be proposed by the Council from time to time. JEA cannot predict whether such legislative proposals will be approved by Council or the outcome of such legislation proposals. Although it has not adopted a resolution to that effect, the current JEA Board has publicly stated that JEA is not for sale and that it is JEA's intent to remain a municipally-owned, independent authority of the City.

Pension Plan

Substantially all of JEA's employees participate in the City's general employees pension plan ("GEPP"). For certain information relating to the GEPP, see "JEA - Pension Plans - GEPP" below and "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements - 12. Pension Plans" attached hereto. The Actuarial Valuation and Review dated as of October 1, 2019 and the Actuarial Valuation and Review dated as of October 1, 2018 for the City's GEPP are available on the City's website at: http://www.coj.net/departments/finance/retirement-system/gasb-and-plan-valuation-statements.

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, respectively, to the GEPP. JEA's minimum required contribution to the GEPP for the Fiscal Year ending September 30, 2020 is $37,592,034.

JEA expects that its annual contributions to the GEPP will be at lower levels in the near term than they had been for Fiscal Years prior to Fiscal Year ended September 30, 2018 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 the 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, 2019, the aggregate unfunded actuarial accrued liability for the GEPP was $1,278,140,150, which represented an increase of $103,004,940 from an aggregate unfunded actuarial accrued liability for the GEPP for the Fiscal Year ended September 30, 2018 of $1,175,135,210. 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. JEA was informed by the City that the actuary for the GEPP calculated (a) JEA's allocated share of the unfunded actuarial accrued liability for the GEPP reported for Fiscal Year 2019 of $616,855,471 (an increase of $51,062,602 from JEA's allocated share for Fiscal Year 2018) of the aggregate amount of $1,278,140,150 and (b) 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. 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.

Other Postemployment Benefits

JEA maintains a medical benefits plan that it makes available to its retirees. The medical plan is a single-employer, experience-rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries. JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees.

See "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Notes to Financial Statements – 13. Other Postemployment Benefits" attached hereto.

Certain Demographic Information

The information provided in this section relates to the City and the Jacksonville Metropolitan Statistical Area (the "Jacksonville MSA"). The service areas for the Water System and the Sewer System do not encompass all of the City or the Jacksonville MSA. For additional information regarding the service areas for the Water System and the Sewer System, see "WATER AND SEWER SYSTEM – Water System – Service Area" and "- Sewer System – Service Area" herein.

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

The Jacksonville 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 1,559,514 as of July 1, 2019. The Jacksonville MSA is currently the fourth most populous MSA in the State. The table below shows the population for the Jacksonville MSA.

Population

Year	Jacksonville MSA
1980	722,252
1990	906,727
2000[(1)]	1,122,750
2010	1,345,596
2019	1,559,594

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

Source: United States Census Bureau.

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. 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 following table presents the annual, not seasonally adjusted, labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment figures for the State and the United States for the most recent 10 calendar years, March 2020, and April 2020.

	Jacksonville MSA Labor Force			Unemployment Rate (%)	
Year	Civilian	Employment	Unemployment Rate (%)	Florida	U.S.
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	718,820	680,220	5.4	5.5	5.3
2016	735,105	701,068	4.6	4.8	4.9
2017	759,045	728,247	4.1	4.2	4.4
2018	770,771	743,987	3.5	3.6	3.9
2019	785,189	760,810	3.1	3.1	3.7
March 2020	789,928	755,877	4.3	4.3	4.5
April 2020	708,603*	629,173*	11.2*	13.3*	14.4

*Preliminary data.

Source: Florida Research and Economic Information Database Application.

The following table presents the estimated average non-agricultural wage and salary employment by sector for the Jacksonville MSA for the most recent 12 months ended April 30, 2020.

	Number of Employees	Percent of Distribution
Trade, Transportation and Utilities	156,700	21.6
Professional and Business Services	111,900	15.5
Education and Health Services	111,100	15.4
Leisure and Hospitality	83,700	11.6
Government	77,700	10.7
Finance	67,500	9.3
Construction	46,400	6.4
Other Services[(1)]	36,300	5.0
Manufacturing	32,500	4.5
Total Non-Agricultural Employment (Except Domestics, Self-Employed And Unpaid Family Workers)	723,800	100.0

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

Source: United States Department of Labor.

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WATER AND SEWER SYSTEM

General

The Water and Sewer System consists of (a) facilities for the provision of potable water (the "Water System"); (b) facilities for the collection and treatment of wastewater (the "Sewer System"); and (c) facilities for the treatment and distribution of reclaimed water (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 PSC 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.

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.

Interlocal Agreements

Interlocal Agreement with St. Johns County. In July 1999, JEA entered into a 10-year interlocal agreement (the "1999 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 2001, the 1999 Interlocal 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 (the "2001 Amendment"). 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 1999 Interlocal Agreement, subsequent utilities were purchased under the 1999 Interlocal Agreement and St. Johns County granted JEA the right to: (a) provide water and wastewater service to those customers in an acquired franchise area within St. Johns County; (b) 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 (c) 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 JEA facilities in St. Johns County. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to St. Johns County of its intent to enter into negotiations for purchase of the St. Johns County facilities, as provided in the 1999 Interlocal Agreement. For additional information regarding the privatization initiative, see "JEA - Privatization" herein. The 1999 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019. JEA and St. Johns County continue to work to clarify the import of the September 2019 notice and the now-cancelled ITN on the 1999 Interlocal Agreement.

Interlocal Agreement with Nassau County. In December 2001, JEA entered into a 30-year interlocal agreement (the "2001 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 2001 Interlocal Agreement, Nassau County granted JEA the right to: (a) provide water and wastewater service to those customers in an acquired franchise area within Nassau County; and (b) 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 the 2001 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 2001 Interlocal 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. Pursuant to the 2001 Interlocal Agreement, Nassau County was granted a purchase option with regard to JEA facilities in Nassau County. In September 2019, as part of its since-canceled privatization initiative, JEA gave notice to Nassau County of its intent to enter into negotiations for purchase of the Nassau facilities, as provided in the 2001 Interlocal Agreement. For additional information regarding the privatization initiative, see "JEA - Privatization" herein. The 2001 Interlocal Agreement remains in place with the same terms in effect prior to the notice provided by JEA in September 2019. JEA and Nassau County continue to work to clarify the import of the September 2019 notice and the now-cancelled ITN on the 2001 Interlocal Agreement.

Water System

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.

Service Area. 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 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.

Existing Facilities. 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 monitoring 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, 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.

The following table presents the average daily flow and maximum daily flow capacities for the Fiscal Years ended September 30, 2015 through 2019:

Average Daily Flow and Maximum Daily Flow

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

Source: JEA.

The following table presents the rated maximum daily treatment capacity during the Fiscal Year ended September 30, 2019 for each distribution grid:

Maximum Daily Treatment Capacity

Grid	Maximum Daily Treatment Capacity (mgd)
North grid	116
South grid	189
Other	14
Total	319

Source: JEA.

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 Official Statement, 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.

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Customers and Sales. 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 Fiscal Year 2015 through 2019 are shown in the following table:

Water System Customers and Sales

	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

Source: JEA.

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Highest Consumption Customers. The 10 highest consumption customers served by the Water System composed 6.2 percent of total Water System consumption during Fiscal Year 2019. The following table presents the 10 highest consumption customers, by kgal, during Fiscal Year 2019.

Highest Water System Consumption Customers

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

Source: JEA.

Sewer System

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.

Service Area. 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. 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.

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The following table presents the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during Fiscal Year 2019 for each of JEA's seven regional wastewater treatment plants and corresponding information for JEA's smaller wastewater treatment plants:

Average and Maximum Daily Wastewater Treatment Flows and Rated Average and Maximum Daily Wastewater Treatment Capacities

Wastewater Treatment Plant	Average Daily Flow (mgd) Fiscal Year 2019	Maximum Daily Flow (Non-Coincident) (mgd) Fiscal Year 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).

Source: JEA.

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.

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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 30, 2019, the reclaimed water capacity (in mgd) was approximately:

Reclaimed Water Capacity

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

Source: JEA.

Customers and Sales. During Fiscal Year 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 Fiscal Years 2015 through 2019 are shown in the following table:

Sewer System Customers and Sales

	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

Source: JEA.

Highest Usage Level Customers. 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 presents the 10 customers with the highest usage level, by volume of wastewater treatment billed, during Fiscal Year 2019.

Highest Sewer System Usage Level Customers

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

Source: JEA.

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:

1. 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 JEA submitted on March 31, 2020, which 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.

2. The revised Lead and Copper Rule ("LCR"). The proposed LCR includes (a) lead service line replacement by the utility of the utility-owned section when a customer changes the portion they own, (b) 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, (c) increase sampling reliability by imbedding current guidance in the rule and revising sampling pool requirements, (d) require public notification with 24 hours of an action level exceedance, (e) require utilities to test for lead in schools and child

care facilities and (f) require a lead service line inventory and replacement plan. The final rule is expected to be published in the Fall of 2020.

3. Potential regulation of Per- and Polyfluoroalkyl substances ("PFAS"). PFAS 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 Official Statement, 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: (a) continued expansion of the reuse system; (b) measured conservation program; and (c) 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. In 2019, the SRWMD released the re-evaluated MFLs on the Lower Santa Fe River and currently the MFLs are going through a technical peer review. The new MFLs and any associated prevention or recovery strategies will be completed in late 2020. 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 approved in January 2017. The North Florida Regional Water Supply Plan concludes that future water demands through 2035 can be met with water conservation measures and water supply options included in the North Florida Regional Water Supply 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. 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 10 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 Fiscal Year 2019, During the Fiscal Year ended September 30, 2019, JEA facilities discharged 397 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 $58,000 by FDEP for Fiscal Year 2019 SSOs. In lieu of paying the penalty, JEA has opted to spend at least $87,000 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 Improvement Program

The Water and Sewer System's projected capital program for the five-year period through Fiscal Year 2024 (the "Five-Year CIP") 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. The Five-Year CIP includes the following major projects: (a) the expansion of the Blacks Ford Water Reclamation Facility from 3.0 mgd to 6.0 mgd; (b) expansion of the Southwest Water Reclamation Facility from 14.0 mgd to 18.0 mgd; (c) expansion of the Nassau Regional Water Reclamation Facility from 2.0 mgd to 4.0 mgd;

(d) construction of the new Greenland Water Reclamation Facility with a capacity of 6.0 mgd; (e) 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 (f) expansion of the Greenland Water Treatment Plant from 6.0 to 9.0 mgd. The Five-Year CIP 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.

The following table presents a summary of the Five-Year CIP.

Water and Sewer System Capital Program
(000's omitted)

Fiscal Year	Amount[(1)(2)]
2020	$ 236,000
2021	360,000
2022	377,000
2023	294,000
2024	206,000
	$1,473,000

(1) Rounded to nearest millions.
(2) Reflects the projected amount of the capital program for the Water and Sewer System as reflected in the budget for Fiscal Year 2021, which was approved by the JEA Board on June 23, 2020.

Source: JEA.

The total amount of the Five-Year CIP is estimated to be approximately $1.47 billion. Currently, JEA expects that the Five-Year CIP will be funded from Water and Sewer System Revenues (including capacity charges) and revolving credit facility advances on an interim basis, to be refinanced with additional Water and Sewer System Bonds. The projected total amount of the Five-Year CIP may be affected by future environmental legislation and regulation. See "Regulation" above.

WATER AND SEWER SYSTEM REVENUES

Rates

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.

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Water System Rates for Monthly Service. Water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge. The following tables reflect rates for monthly water service effective as of October 1, 2012:

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

Source: JEA.

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Sewer System Rates for Monthly Service. 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. The following tables reflect rates for monthly sewer service effective as of October 1, 2012:

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

Source: JEA.

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Reclaimed Water Rates for Monthly Service. Reclaimed (reuse) water users are charged a monthly service availability charge according to water meter size, plus a unit rate and an environmental charge. The following tables reflect rates for monthly reclaimed water service effective as of October 1, 2012:

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.

Source: JEA.

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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 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.

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.

Water System Connection Charges. The following table presents the connection charges for new Water 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.

Source: JEA.

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).

Sewer System Connection Charges. The following table presents the connection charges for new Sewer System customers:

Sewer System Connection Charges

Connection Size	Charge
Up to 6"	$1,853.00
Greater than 6"	[(1)]

(1) Charge based on actual installation cost.

Source: JEA.

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).

Reclaimed Water System Connection Charges. Effective on October 1, 2007, the retail reclaimed (reuse) water rate was modified to reflect: (a) a separate rate for commercial customers in DRIs equal to potable, non-DRI, commercial irrigation rates; and (b) a new rate class for commercial bulk reclaimed (reuse) water service.

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 Fiscal Year 2020. Actual uncollectible accounts were 0.12 percent of gross Water and Sewer System revenues for Fiscal Year 2019. For information relating to the preliminary impact of COVID-19 on JEA's customer billing procedures, see "CERTAIN FACTORS AFFECTING THE WATER AND SEWER UTILITY INDUSTRY - Preliminary Assessment of Initial Impacts from COVID-19 Pandemic" herein.

WATER AND SEWER SYSTEM FINANCE MATTERS

Management's Discussion and Analysis (Unaudited)

Revenues (Unaudited). Water revenues increased $4.7 million, or 5.6 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related to a 6.7 percent increase in consumption and a 2.2 percent increase in customer accounts. Sewer revenues (including reuse) increased $8.1 million, or 6.2 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related to a 5.7 percent increase in sewer sales, a 33.5 percent increase in reuse sales, a 2.5 percent increase in sewer accounts and a 20.5 percent increase in reuse accounts.

Water sales volume, measured in thousands of gallons (kgals), increased 1,150,137 kgals, or 6.7 percent, to 18,191,638 kgals for the six months ended March 31, 2020 from 17,041,501 kgals for the six months ended March 31, 2019. Sewer sales volume increased 741,999 kgals, or 5.7 percent, to 13,734,464 kgals for the six months ended March 31, 2020 from 12,992,465 kgals for the six months ended March 31, 2019. Reuse sales volume increased 486,153 kgals, or 33.5 percent, to 1,937,962 kgals for the six months ended March 31, 2020 from 1,451,809 kgals for the six months ended March 31, 2019.

Investment income decreased $2.4 million, or 57.7 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, related to lower investment yields and lower investable balances as a result of the combined retirement of approximately

$140.4 million of Water and Sewer System debt as described in the STAR Plan. For a discussion of the STAR Plan, see "JEA - Strategic Planning" herein.

Amounts paid from the Rate Stabilization Fund into the Revenue Fund increased $13.5 million, or 149.6 percent for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily due to debt management withdrawals which were used to retire Water and Sewer System debt, in October 2019, as part of the STAR Plan.

Operating and Maintenance Expenses (Unaudited). Operating and maintenance expenses increased $1.3 million, or 1.5 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related to increases in compensation and benefits.

Net Revenues (Unaudited). Net revenues available for debt service increased $25.0 million, or 16.3 percent, to $178.1 million for the six months ended March 31, 2020 from $153.1 million for the six months ended March 31, 2019. Total revenues increased $26.3 million, or 11.1 percent, and total operating expenses increased $1.3 million, or 1.5 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, as described above.

Debt Service on Water and Sewer System Bonds (Unaudited). Debt service on Water and Sewer System Bonds decreased $16.6 million, or 35.3 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related to lower scheduled principal amortization and lower interest expense as a result of lower outstanding debt balances.

JEA did not issue any Water and Sewer System Bonds during the six months ended March 31, 2020 or during the Fiscal Year ended September 30, 2019.

Debt Service Coverage on Water and Sewer System Bonds (Unaudited). The debt service coverage ratio on Water and Sewer System Bonds increased to 5.87 times for the six months ended March 31, 2020 as compared to the debt service coverage ratio of 3.26 times for the six months ended March 31, 2019, as a result of the 16.3 percent increase in net revenues available for debt service and the 35.3 percent decrease in debt service on Water and Sewer System Bonds between such periods. For additional information regarding the debt service coverage ratio on Water and Sewer System Bonds for the six months ended March 31, 2020 as compared to the debt service coverage ratio for the six months ended March 31, 2019, see "WATER AND SEWER SYSTEM FINANCE MATTERS - Historical Debt Service Coverage" below.

Debt Service on Subordinated Water and Sewer System Bonds (Unaudited). Debt service on Subordinated Water and Sewer System Bonds decreased $4.8 million, or 54.5 percent, for the six months ended March 31, 2020 as compared to the six months ended March 31, 2019, primarily related to lower scheduled principal amortization and lower interest expense as a result of lower outstanding debt balances.

JEA did not issue any Subordinated Water and Sewer System Bonds during the six months ended March 31, 2020 or during the Fiscal Year ended September 30, 2019.

Debt Service Coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including Capacity Fees (Unaudited). The debt service coverage ratio on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds increased to 5.18 times for the six months ended March 31, 2020 as compared to the debt service coverage ratio of 2.74 times for the six months ended March 31, 2019, as a result of the 16.3 percent increase in net revenues available for debt service and the 38.4 percent decrease in debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds between such periods. For additional information regarding the debt service coverage ratio on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds for the six months ended March 31, 2020 as compared to the debt service coverage ratio for the six months ended March 31, 2019, see "WATER AND SEWER SYSTEM FINANCE MATTERS - Historical Debt Service Coverage" below.

See also, "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018 - Management's Discussion and Analysis" attached hereto.

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Historical Debt Service Coverage

The following table presents 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 "APPENDIX A - FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018" attached hereto.

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).

Source: JEA.

The following table presents unaudited Schedules of debt service coverage for the Water and Sewer System for the six months ended March 31, 2020 and March 31, 2019, and has been prepared in accordance with the requirements of the Resolution.

Water and Sewer System Schedules of Debt Service Coverage
(In Thousands)

	Six months ended	
	March 31, 2020 (unaudited)	**March 31, 2019 (unaudited)**
Revenues:		
Water	$ 88,137	$ 83,486
Water capacity fees	5,648	4,737
Sewer	139,009	130,954
Sewer capacity fees	10,516	8,675
Investment income	1,779	4,208
Other [1]	6,956	6,425
Plus: amounts paid from the Rate Stabilization Fund into the Revenue Fund	22,582	9,049
Less: amounts paid from the Revenue Fund into the Rate Stabilization Fund	(12,302)	(11,454)
Total revenues	262,325	236,080
Less: Operating and maintenance expenses[2]	84,208	82,938
Net revenues	$178,117	$153,142
Debt service on Water and Sewer System Bonds (prior to reduction of Build America Bonds subsidy)	$ 31,556	$ 48,150
Less: Build America Bonds subsidy	(1,228)	(1,239)
Debt service on Water and Sewer System Bonds	$ 30,328	$ 46,911
Debt service coverage on Water and Sewer System Bonds[3]	5.87x	3.26x
Net revenues (from above)	$178,117	$153,142
Debt service on Water and Sewer System Bonds (from above)	$ 30,328	$ 46,911
Plus: debt service on Subordinated Water and Sewer System Bonds	4,049	8,890
Debt service on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds	$ 34,377	$ 55,801
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds excluding capacity fees[4]	4.71x	2.50x
Debt service coverage on Water and Sewer System Bonds and Subordinated Water and Sewer System Bonds including capacity fees[4]	5.18x	2.74x

(5) Excludes the Build America Bonds subsidy.
(6) Excludes depreciation and recognition of deferred costs and revenues, net.
(7) Net revenues divided by debt service on Water and Sewer System Bonds. Minimum annual coverage is 1.25x.
(8) 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).

Source: JEA.

CERTAIN FACTORS AFFECTING THE WATER AND SEWER UTILITY INDUSTRY

Preliminary Assessment of Initial Impacts from COVID-19 Pandemic

General. The outbreak of a novel strain of coronavirus and the disease caused thereby ("COVID-19") has been characterized as a pandemic by the World Health Organization and has resulted in a declaration of a state of emergency by various state governments, including by the State on March 9, 2020 and local governments, including by the City on March 13, 2020. There has also been a declaration of a national emergency by the federal government on March 13, 2020. The State and the City have since commenced a step-by-step plan for reopening and recovery.

The effects of COVID-19 pandemic have substantially altered the behavior of federal, state and local governments, businesses and individuals in a manner that is having serious negative impacts on global and local economies. Financial markets in the U.S. and globally have seen significant recent declines that have been attributed to concerns related to the COVID-19 pandemic, including decreases in business activity attributable thereto and capital markets in the U.S. have been severely disrupted. These adverse impacts continue to evolve daily.

The operating data and information provided by JEA in this Official Statement and previous filings on Electronic Municipal Market Access website ("EMMA") were provided as of the respective dates and for the periods specified therein and are subject to change without notice; and any subsequent statements made by JEA do not, under any circumstances, imply that there have not been any changes since the specified dates of this Official Statement and such previous filings on EMMA. In particular, the dates as of and periods for which information was provided in this Official Statement and such previous filings on EMMA may have occurred before the COVID-19 pandemic and before realizing the economic impact of measures instituted to slow the spread of the COVID-19 pandemic. Accordingly, the information in this Official Statement and such previous filings on EMMA may not be indicative of future results or performance due to these and other factors.

JEA Response. JEA has been taking steps to address the ongoing COVID-19 pandemic, first, to ensure the health and safety of its employees and second, to sustain the System's facilities.

While JEA continues to closely monitor and assess the effects of the COVID-19 pandemic and its impact on JEA's financial position and operations, due to the evolving nature of the COVID-19 pandemic and the responses of governments, businesses, and individuals to the COVID-19 pandemic, JEA is unable, at this time, to predict, among other things: (a) the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic on: (i) the existing restrictions and warnings or any additional restrictions and warnings which may be imposed by local, state or federal governments, or the timing of the relaxation or release of such restrictions and (ii) any additional short- or long-term effects the restrictions and warnings imposed by local, state or federal governments may have on JEA's operations, revenues or expenditures; (b) the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic on the local, the State, national or global economy or the impact of such disruption on JEA's operations, revenues and expenditures; or (c) whether any of the foregoing may have a material adverse effect on the finances and operations of JEA. There can be no assurances that the spread of COVID-19 or other highly contagious or epidemic diseases will not adversely impact JEA, its

financial condition, operations, supply chains and customers. The effects of the COVID-19 pandemic on JEA's financial performance or operations could be material. JEA cannot predict costs associated with the COVID-19 pandemic or any other potential infectious disease outbreak, including whether there will be any increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. If the COVID-19 pandemic and its consequences are prolonged, the likelihood of adverse impacts occurring from these risks or others could be increased. JEA believes that it may be some time before it is able to determine the full impact of the various events surrounding the COVID-19 pandemic.

Employee Safety. All non-field employees, including call center staff, worked remotely under Jacksonville Mayor Curry's "Safer-at-Home" order and JEA has established shelter-in-place policies for critical non-redundant facilities. JEA has established fully redundant electric and water control centers; both are used on a day-to-day basis, but either can control the System in an emergency. If a significant number of JEA's essential employees become ill or are required to stay home at the same time, there is a risk that operations critical to providing utility service could be adversely impacted. As of June 29, 2020, 17 JEA employees have tested positive for COVID-19 and 47 employees are currently in isolation.

In early April 2020, all five JEA bargaining units agreed to memoranda of agreements ("MOAs"), which modified collective bargaining agreements to address staffing and scheduling flexibility needed to continue to maintain essential utility services while maintaining employee safety. The MOAs were in effect retroactively beginning March 30, 2020 through May 31, 2020. During this period, employees who were required to physically report and perform work at a JEA facility or field location were entitled to a flat rate "COVID Stipend" equivalent to their base hourly rate times 40. COVID Stipends were paid to employees for each week they met eligibility requirements. Employees who were authorized to telecommute received a $100 per month business expense allowance to offset utilization of personal cell phones and/or home internet while the MOAs were in effect. JEA has not experienced a material impact on employees' ability to work either in the field, at JEA facilities or remotely since the Safer-at-Home order was declared.

Financial Assistance for Customers. JEA has implemented several COVID-19 specific programs to minimize the number of potential disconnections. In March 2020, JEA suspended disconnections for non-payment. As of March 16, 2020, there were 740 Water and Sewer System accounts eligible for disconnection. As of June 3, 2020, there were approximately 13,897 Water and Sewer System accounts (3.6 percent) eligible for disconnection. The normal rate for such disconnections is 0.19 percent. Effective March 31, 2020, JEA waived any newly accrued late fees until further notice. Beginning April 6, 2020, JEA waived credit and debit card convenience fees for payments up to $10,000 for six months. JEA currently intends to resume the process of customer disconnections on July 10, 2020. JEA currently intends to conduct such customer disconnections using a phased approach to allow customers the opportunity to avoid disconnection and will begin with customer accounts that were delinquent before JEA suspended disconnections for non-payment in March 2020. JEA has provided customers eligible for disconnection three weeks' advance notice to pay their outstanding balances or request a payment extension or payment arrangement before disconnections resume.

Current Financial Preparedness and Liquidity. As of May 31, 2020, the Water and Sewer System had liquidity of approximately $88.1 million in cash and approximately $98.5 million of

undrawn but committed revolving credit capacity and expects to have approximately 329 days liquidity. JEA has established a process to track COVID-19 related costs for which it will seek reimbursement from the federal government.

Preliminary Assessment of Initial Impact to Customer Demand. JEA saw a 19.8 percent reduction in commercial and industrial water kgal sales during April 2020, compared to April 2019, which was offset by 10.5 percent and 13.8 percent increases in residential and irrigation customer kgal sales, respectively, between the same months. Total water sales were up 0.7 percent in April 2020 compared to April 2019. For May 2020, the corresponding reduction was 4.8 percent, compared to May 2019, offset by 6.5 percent and 0.9 percent increases in residential and irrigation sales, respectively. Total water sales were up 1.8 percent May 2020 compared to May 2019.

JEA saw a 23.8 percent reduction in commercial and industrial sewer kgal demand during April 2020, compared to April 2019, which was partially offset by a 10.0 percent increase in residential customer kgal demand, between the same months. Total sewer demand was down 3.9 percent in April 2020 compared to April 2019. For May 2020, the corresponding reduction was 3.7 percent, compared to May 2019, offset by a 9.8 percent increase in residential demand. Total sewer demand was up 4.5 percent May 2020 compared to May 2019.

LITIGATION AND OTHER MATTERS

General

The OGC is not aware of litigation now pending or, to the knowledge of the OGC, threatened against JEA which restrains or enjoins the issuance or delivery of the 2020A Bonds or the use of the proceeds of the 2020A Bonds or which questions or contests the validity of the 2020A Bonds, the Bond Resolution, the Subordinated Bond Resolution or the proceedings and authority under which the 2020A Bonds are to be issued, executed and delivered. Neither the creation, organization, nor existence of JEA, nor the title of the present members or other officials of JEA to their respective offices, is being currently contested or questioned to the knowledge of the OGC.

JEA, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation, the OGC, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or, to the knowledge of JEA, threatened against JEA or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the Water and Sewer System.

Other Matters

On April 21, 2020, the United States District Court for the Middle District of Florida issued a Subpoena to Testify Before Grand Jury to JEA requesting numerous documents and records relating to, among other things, the selection of JEA's former CEO, the former ITN, and a bonus

pay plan for senior executives established during the administration of the former CEO. JEA has complied with the subpoena and provided the requested documents and records.

On June 5, 2020, JEA filed a civil action in state court against Mr. Zahn. The complaint accuses Mr. Zahn of engaging in fraudulent behavior while acting as Managing Director and Chief Executive Officer of JEA and breaching both his fiduciary duty to JEA and the public trust.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which JEA must continue to meet after the issuance of the 2020A Bonds in order that the interest on the 2020A Bonds be and remain excludable from gross income for federal income tax purposes. JEA's failure to meet these requirements may cause the interest on the 2020A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2020A Bonds. JEA has covenanted in the Bond Resolution and the Subordinated Bond Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the 2020A Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of JEA and continuing compliance by JEA with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the 2020A Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and further, interest on the 2020A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion that the 2020A Bonds and the income thereon are not subject to taxation under the laws of the State, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. Bond Counsel will express no opinion as to any other tax consequences regarding the 2020A Bonds. Prospective purchasers of the 2020A Bonds should consult their own tax advisors as to the status of interest on the 2020A Bonds under the tax laws of any state other than the State.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the 2020A Bonds, or the ownership or disposition of the 2020A Bonds. Prospective purchasers of 2020A Bonds should be aware that the ownership of 2020A Bonds may result in other collateral federal tax consequences, including (a) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the 2020A Bonds, (b) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the interest on the 2020A Bonds, (c) the inclusion of the interest on the 2020A Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (d) the inclusion of the interest on the 2020A Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (e) the inclusion of interest on the 2020A Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the 2020A

Bonds. Prospective purchasers of the 2020A Bonds should consult their own tax advisors as to the impact of these other tax consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Premium

The 2020A Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity), or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly accruable in any period with respect to the Premium Bonds and as to other federal tax consequences, and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of interest on the 2020A Bonds, adversely affect the market price or marketability of the 2020A Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Bonds. Prospective purchasers of the 2020A Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the 2020A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of 2020A Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the 2020A Bonds and proceeds from the sale of 2020A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of 2020A Bonds. This withholding generally applies if the owner of 2020A Bonds (a) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (b) furnished the payor an incorrect TIN, (c) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (d) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the 2020A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of the Rule, simultaneously with the issuance of the 2020A Bonds, JEA will execute and deliver the Continuing Disclosure Agreement for the benefit of the holders of the 2020A Bonds, substantially in the form attached hereto as "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT." JEA, as an "obligated person" under the Rule, will undertake in the Continuing Disclosure Agreement to provide: (a) certain financial information and operating data relating to the Water and Sewer System and the 2020A Bonds in each year (the "Annual Disclosure Report"); and (b) notice of the occurrence of certain enumerated events (each a "Listed Event Notice"). The Annual Disclosure Report and each Listed Event Notice, if applicable, will be filed by JEA, on EMMA, a service of the Municipal Securities Rulemaking Board. The specific nature and timing of filing the Annual Disclosure Report and each Listed Event Notice, and other details of JEA's undertakings are more fully described in "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

The following disclosure is being provided by JEA for the sole purpose of assisting the Underwriters in complying with the Rule: JEA previously entered into continuing disclosure undertakings as an "obligated person" under the Rule (the "Prior Undertakings"). In the previous five-year period beginning on July 9, 2015 and ending on July 9, 2020 (the "Compliance Period"), JEA may have, on certain instances during the Compliance Period, failed to comply with certain provisions of the Prior Undertakings, including inadvertently failing to associate certain CUSIP numbers with the annual financial information that JEA timely filed on EMMA in 2016 and 2017 and failing to timely file a notice relating to the downgrade by Moody's of various series of JEA's outstanding bonds in 2018 (collectively, the "Potential Non-Compliance Events"). JEA has not made any determination regarding the materiality of any of the Potential Non-Compliance Events.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance, validity, sale and delivery of the 2020A Bonds are subject to the approving opinions of Greenberg Traurig, P.A., in its capacity as Bond Counsel to JEA ("Bond Counsel"). The approving opinions of Bond Counsel relating to the 2020 Series A Bonds and the 2020 Series A Subordinated Bonds, in substantially the forms attached hereto as APPENDIX D and APPENDIX E, respectively, will be delivered concurrently with the issuance of the 2020A Bonds. Certain legal matters in connection with the 2020A Bonds will be passed upon for JEA by the Office of General Counsel of the City of Jacksonville, Florida, as counsel to JEA. Greenberg Traurig, P.A., Orlando, Florida, has served as Disclosure Counsel in connection with the 2020A Bonds. Certain legal matters in connection with the 2020A Bonds will be passed upon for the Underwriters by Rogers Towers, P.A., Jacksonville, Florida, as Underwriters' Counsel.

FINANCIAL STATEMENTS

JEA maintains separate accounting records for the Water and Sewer System. For purposes of financial reporting, however, JEA prepares combined financial statements that include 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. The financial statements of JEA as of and for the Fiscal Years ended September 30, 2019 and 2018 (the "2019 Financial Statements") have been audited by Ernst & Young, LLP, independent auditors (the "Auditors"). Attached hereto as APPENDIX A are: (a) the 2019 Financial Statements, together with the report of the Auditors on such financial statements; (b) certain supplemental data as of September 30, 2019 and for the year then ended; and (c) certain statements of bond compliance information, together with the report of the Auditors on such schedules.

The assets reflected in the statement of net position included in the 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 outstanding bonds for 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. 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 Water and Sewer System, the Electric System, the Bulk Power Supply System, JEA's interest in the Power Park and the District Energy System.

FINANCIAL ADVISOR

PFM Financial Advisors LLC has served as financial advisor to JEA (the "Financial Advisor") with respect to the sale of the 2020A Bonds. The Financial Advisor assisted in matters related to the planning, structuring and issuance of the 2020A Bonds and provided other advice. The Financial Advisor did not engage in any underwriting activities with respect to the issuance and sale of the 2020A Bonds.

RATINGS

S&P Global Ratings ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings, Inc. ("Fitch," together with S&P and Moody's, the "Rating Agencies") have assigned ratings of "AA+," "A2" and "AA," respectively, to the 2020 Series A Bonds. S&P, Moody's and Fitch have assigned ratings of "AA," "A2" and "AA," respectively, to the 2020 Series A Subordinated Bonds.

The ratings, including any related outlook with respect to potential changes in such ratings, reflect only the respective views of the Rating Agencies, and an explanation of the significance of such ratings may be obtained from the Rating Agencies furnishing the ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. There is no assurance that such ratings will remain unchanged for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings or other actions by the Rating Agencies or either of them, may have an adverse effect on the liquidity and/or market price of the affected 2020A Bonds. JEA has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

UNDERWRITING

Morgan Stanley & Co. LLC ("Morgan Stanley") and the other underwriters listed on the front cover page of this Official Statement (collectively, the "Underwriters") have agreed jointly and severally, pursuant to a Bond Purchase Agreement between Morgan Stanley and JEA (the "Bond Purchase Agreement") to purchase: (a) the 2020 Series A Bonds at a price equal to $124,273,131.24 (representing the par amount of the 2020 Series A Bonds of $104,000,000.00, plus bond premium of $20,718,432.55, and less an Underwriters' discount of $445,301.31); and (b) the 2020 Series A Subordinated Bonds at a price equal to $32,552,254.74 (representing the par amount of the 2020 Series A Subordinated Bonds of $26,590,000.00, plus bond premium of $6,073,782.45, and less an Underwriters' discount of $111,527.71). The Bond Purchase Agreement provides that the obligations of the Underwriters to purchase and accept delivery of the 2020A Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters will be obligated to purchase all of the 2020A Bonds, if any are purchased. The Underwriters reserve the right to join with dealers and other underwriters in offering the 2020A Bonds to the public.

The prices and other terms with respect to the offering and sale of the 2020A Bonds may be changed from time to time by the Underwriters after such 2020A Bonds are released for sale, and the 2020A Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers whom may sell the 2020A Bonds into investment accounts.

Disclosure of Multiple Roles. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their respective

affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for JEA, for which they received or will receive customary fees and expenses. Specifically, J.P. Morgan Securities LLC ("JPMS") and Morgan Stanley served as financial advisors to JEA in connection with the execution of the competitive and open solicitation process more fully described under "JEA - Review of Strategic Alternatives and Potential Privatization" herein and are underwriters in connection with the offering and sale of the 2020A Bonds.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of JEA.

The Underwriters have provided the following information for inclusion in this Official Statement:

Morgan Stanley. Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the 2020A Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2020A Bonds.

J.P. Morgan Securities LLC. JPMS, one of the Underwriters of the 2020A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2020A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2020A Bonds that such firm sells.

US Bancorp. US Bancorp is the marketing name for U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is serving as one of the Underwriters for the 2020A Bonds, and U.S. Bank National Association, which is serving as the bond registrar and paying agent for the 2020A Bonds, as well as the Escrow Agent for the Refunded Bonds and the Refunded Subordinated Bonds.

Wells Fargo Securities. Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Exchange Act.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the 2020A Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the 2020A Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2020A Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2020A Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FORWARD LOOKING STATEMENTS

Any statements made in this Official Statement, including in the appendices attached hereto, involving estimates, forecasts or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates, forecasts or matters of opinion will be realized.

Use of the words "shall" or "will" in this Official Statement or in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

The statements contained in this Official Statement, including in the appendices attached hereto, that are not purely historical, are "forward looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "intend," "anticipate," "project," "forecast," "estimate," "budget" or other similar words. Readers should not place undue reliance on forward looking statements. All forward-looking statements included or incorporated by reference in this Official Statement are based on information available on the date hereof and JEA does not assume any obligation to update any such forward looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of JEA. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices attached hereto, will prove to be accurate.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the 2020A Bonds, the security for and the source for repayment for the 2020A Bonds and the rights and obligations of the holders of the 2020A Bonds. Copies of such documents may be obtained as specified under "INTRODUCTION - Other Information" herein.

The appendices attached hereto, are integral parts of this Official Statement and should be read together with all other part of this Official Statement.

Any statements made in this Official Statement involving matters of opinion or of estimates or forecasts, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or forecasts will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the 2020A Bonds.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement, and its distribution and use by the Underwriters in connection with the original public offering, sale and distribution of the 2020A Bonds by the Underwriters, have been duly authorized and approved by JEA.

JEA

By: */s/ Paul E. McElroy*
Paul E. McElroy,
Interim Managing Director and Chief Executive Officer

APPENDIX A

FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION AS OF AND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION, AND BOND COMPLIANCE INFORMATION

JEA

Years Ended September 30, 2019 and 2018
With Report of Independent Auditors

Ernst & Young LLP



JEA

Financial Statements, Supplementary Information, and Bond Compliance Information

Years Ended September 30, 2019 and 2018

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Ernst & Young LLP
12926 Gran Bay Parkway West
Suite 500
Jacksonville, FL 32258

Tel: +1 904 358 2000
Fax: +1 904 358 4598
ey.com

Report of Independent Auditors

The Board of Directors
JEA
Jacksonville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of JEA, a component unit of the City of Jacksonville as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise JEA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JEA as of September 30, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

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Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of JEA's Proportionate Share of the Net Pension Liability and Schedule of JEA Contributions, SJRPP Pension Plan – Schedule of Changes in Net Pension Liability and Related Ratios, SJRPP Pension Plan – Investment Returns and Schedule of Contributions, OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios and OPEB Plan – Investment Returns and Schedule of Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position, revenues, expenses and changes in net position and cash flows and Schedules of Debt Service Coverage as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statements of net position, revenues, expenses and changes in net position and cash flows and schedules of debt service coverage, as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated December 9, 2019, on our consideration of JEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JEA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JEA's internal control over financial reporting and compliance.

Ernst & Young LLP

December 9, 2019

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Management's Discussion and Analysis

Introduction

JEA is a municipal utility operating in Jacksonville, Florida (Duval County) and parts of three adjacent counties. The operation is composed of three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the JEA Electric System, Bulk Power Supply System (Scherer), and St. Johns River Power Park System (SJRPP). Electric Enterprise, Water and Sewer, and DES funds are presented on a combined basis in the accompanying statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows.

Overview of the Combined Financial Statements

This discussion and analysis serves as an introduction to JEA's basic financial statements. The information presented here should be read in conjunction with the financial statements and accompanying notes.

The basic financial statements are presented on a comparative basis for the fiscal years ended September 30, 2019 and 2018. The statements of net position present JEA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Revenue and expense information is presented in the accompanying statements of revenues, expenses, and changes in net position. The accompanying statements of cash flows present JEA's sources and uses of cash and cash equivalents and are presented using the direct method. This method provides broad categories of cash receipts and cash disbursements pertaining to cash provided by or used in operations, investing, and financing activities.

The notes to the financial statements are an integral part of JEA's basic financial statements and contain information on accounting principles and additional information on certain components of these statements.

The following tables summarize the financial condition and operations of JEA for the 2019 and 2018 fiscal years:

Condensed Statements of Net Position

	2019	2018	2017*
		(In millions)	
Assets and deferred outflows of resources			
Current assets	**$ 753**	$ 874	$ 902
Other noncurrent assets	**1,517**	1,677	1,624
Net capital assets	**5,466**	5,380	5,814
Deferred outflows of resources	**461**	435	438
Total assets and deferred outflows of resources	**$ 8,197**	$ 8,366	$ 8,778
Liabilities and deferred inflows of resources			
Current liabilities	**$ 200**	$ 207	$ 189
Current liabilities payable from restricted assets	**371**	367	449
Net pension liability	**566**	544	554
Other noncurrent liabilities	**110**	91	90
Long-term debt	**3,696**	4,053	4,410
Deferred inflows of resources	**301**	348	457
Net position			
Net investment in capital assets	**2,249**	1,857	1,622
Restricted	**400**	542	614
Unrestricted	**304**	357	393
Total liabilities, deferred inflows of resources, and net position	**$ 8,197**	$ 8,366	$ 8,778

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2019	2018	2017*
		(In millions)	
Operating revenues	**$ 1,752**	$ 1,790	$ 1,875
Operating expenses	**(1,340)**	(1,399)	(1,380)
Operating income	**412**	391	495
Nonoperating expenses, net	**(111)**	(131)	(149)
Contributions	**(103)**	(89)	(91)
Special Item	**–**	(45)	–
Change in net position	**198**	126	255
Net position – beginning of the year	**2,755**	2,629	2,377
Effect of adoption of GASB Statement No. 75	**–**	–	(3)
Net position – beginning of the year, restated	**2,755**	2,629	2,374
Net position – end of the year	**$ 2,953**	$ 2,755	$ 2,629

*Restated for implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Financial Analysis of JEA for fiscal years 2019 and 2018

2019 Compared to 2018

Electric Enterprise

Operating Revenues

Total operating revenues decreased approximately $66 million (4.8%) compared to fiscal year 2018. Electric revenues decreased $7 million and other operating revenues decreased by $59 million.

The $7 million decrease in electric revenues was driven by a $29 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018. That decrease was mostly offset by a $16 million net increase in transfers from stabilization funds (see note 2, Regulatory Deferrals, for additional information) and a $6 million increase in territorial sales. Territorial MWh sales were up 40,695 megawatt hours (MWh) (0.3%), driven by a 0.9% increase in degree days that was partially offset by a 1.6% decrease in average MWhs per customer. SJRPP Sales to FPL decreased by 332,467 MWh and off-system sales increased by 25,494 MWh, which brought the change to a net decrease in MWh sales of 266,278 MWh (2.1%).

The decrease in other operating revenues was due to the cycling of the prior year FPL shutdown payment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for further details.

Operating Expenses

Total operating expenses decreased approximately $83 million (7.5%), compared to fiscal year 2018.

Fuel and purchased power expense decreased approximately $65 million (12.2%), compared to fiscal year 2018. Costs decreased by $76 million while MWh generated and purchased increased by $11 million. 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. In addition, the shutdown of the SJRPP power plant has decreased power production sourced by coal significantly. Total MWh power volumes increased 0.7% compared to fiscal year 2018 to 12,964,577 MWh, with an increase of 39.8% for MWh purchased and a decrease of 8.2% for MWh generated. Detailed below is JEA's power supply mix.

	FY 2019	FY 2018
Natural gas	**49%**	48%
Purchases	**26%**	18%
Coal	**16%**	22%
Petroleum coke	**9%**	12%
Total	**100%**	100%

Operating expenses, other than fuel and purchased power, decreased approximately $18 million, compared to fiscal year 2018.

Maintenance and other operating expenses decreased $46 million. The drivers for the decrease were a $49 million reduction in SJRPP operating expenses due to the plant shutdown, a $14 million decrease in Scherer capital improvements and operating costs as outage years are in even-numbered years, and a $4 million decrease in industrial services. These decreases were offset by an $11 million increase in professional services, an $8 million increase in compensation and benefits, a $1 million increase in insurance, and a $1 million increase in maintenance.

Recognition of deferred costs and revenues, net increased $33 million due to a $22 million increase in environmental projects paid from the rate stabilization fund and $11 million in higher deferred cost amortization, primarily related to the reduced depreciation for SJRPP capital assets subsequent to the impairment. See the St. Johns River Power Park section of note 3, Asset Retirement Obligations, for additional details. Depreciation expense decreased $6 million due to a decrease in the depreciable base, driven by the impairment of the SJRPP capital assets due to the shutdown of the SJRPP plant. State utility and franchise taxes increased $1 million due to higher electric revenue taxable sales.

Water and Sewer Enterprise

Operating Revenues

Total operating revenues increased approximately $28 million (6.5%) compared to fiscal year 2018. Water revenues increased $8 million (4.5%) due to a 4.2% increase in consumption and a 2.1% increase in customer accounts. Water consumption increased 1,509,513 kilogallons (kgals) to 37,696,072 kgals. Sewer revenues increased approximately $9 million (3.9%) primarily related to a 5.3% increase in sales and a 2.6% increase in sewer accounts. Sewer sales increased 1,386,174 kgals to 27,726,796 kgals. Reuse revenues increased approximately $4 million (31.1%), primarily related to a 24.1% increase in reuse accounts and a 24.5% increase in sales. Reuse sales increased 764,471 kgals to 3,884,210 kgals. Water and sewer revenues also increased due to a $5 million net increase in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. Other operating revenues increased by $2 million as a result of increases in miscellaneous service revenues.

Operating Expenses

Operating expenses increased $24 million (7.6%), compared to fiscal year 2018. Maintenance and other expenses increased $11 million due to a $7 million increase in compensation and benefits and a $4 million increase in professional and industrial services. Depreciation expense increased $8 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net increased $5 million due to an increase in environmental projects paid from the rate stabilization fund.

District Energy System

Operating Revenues

Operating revenues remained flat when compared to fiscal year 2018 at $9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2018 at $7 million.

2018 Compared to 2017

Electric Enterprise

Operating Revenues

Total operating revenues decreased approximately $62 million (4.4%) compared to fiscal year 2017. Electric revenues decreased $114 million and other operating revenues increased by $52 million. The $114 million decrease in electric revenues was due to a $97 million decrease in sales to FPL as a result of the shutdown of SJRPP in January 2018, and a $40 million decrease in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. The decrease was partially offset by $23 million increase in territorial sales. Territorial MWh sales were up 314,205 megawatt hours (MWh) (2.6%), resulting in a 1.0% increase in average MWhs per customer, driven by a 13.9% increase in degree days. SJRPP Sales to FPL decreased by 1,360,616 MWh and off-system sales decreased by 115,206 MWh, which brought the change to a net decrease in MWh sales of 1,161,617 MWh (8.4%). The increase in other operating revenues was driven by the FPL shutdown payment. See note 3, St. Johns River Power Park Decommissioning, for further details.

Operating Expenses

Total operating expenses increased approximately $14 million (1.3%), compared to fiscal year 2017.

Fuel and purchased power expense decreased approximately $6 million (1.1%), compared to fiscal year 2017. Costs decreased by $19 million while MWh generated and purchased increased by $13 million. 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. In addition, the shutdown of the SJRPP power plant has decreased power production sourced by coal significantly. Total MWh power volumes increased 1.6% compared to fiscal year 2017 to 12,874,102 MWh, with an increase of 41.6% for MWh purchased and a decrease of 4.5% for MWh generated. Detailed below is JEA's power supply mix.

	FY 2018	FY 2017
Natural gas	**48%**	39%
Coal	**22%**	43%
Purchases	**18%**	12%
Petroleum coke	**12%**	6%
Total	**100%**	100%

Operating expenses, other than fuel and purchased power, increased approximately $20 million, compared to fiscal year 2017.

Maintenance and other operating expenses increased $30 million. The drivers for the increase were a $19 million increase in Scherer capital improvements and operating costs, $14 million in SJRPP renewal and replacement expenses, and $5 million increase in maintenance costs. These increases were offset by an $8 million reduction in SJRPP operating expenses due to the plant shutdown.

Depreciation expense decreased $28 million due to a decrease in the depreciable base, driven by the impairment of the SJRPP capital assets due to the shutdown of the SJRPP plant. State utility and franchise taxes increased $2 million due to higher electric revenue taxable sales. Recognition of deferred costs and revenues, net increased $16 million as a result of higher deferred cost amortization, primarily related to the reduced depreciation for SJRPP capital assets subsequent to the impairment. See note 3, St. Johns River Power Park Decommissioning, for additional details.

Water and Sewer Enterprise

Operating Revenues

Total operating revenues decreased approximately $22 million (4.9%) compared to fiscal year 2017. Water revenues decreased $10 million (5.5%) due to a 2.8% decrease in consumption, which was partially offset by a 2.1% increase in customer accounts. Water consumption decreased 1,058,629 kgals to 36,186,559 kgals. Sewer revenues decreased approximately $4 million (1.6%) primarily related to a 1.4% decrease in sales, which was partially offset by a 2.5% increase in sewer accounts. Sewer sales decreased 372,148 kgals to 26,340,622 kgals. The water and sewer revenue decreases were driven by a 22.4% increase in rain days. Reuse revenues increased approximately $1 million (3.4%), primarily related to a 22.4% increase in reuse accounts, which was partially offset by a 5.2% decrease in sales. Reuse sales decreased 170,572 kgals to 3,119,739 kgals. Water and sewer revenues were impacted by an $11 million net decrease in transfers from stabilization funds. See note 2, Regulatory Deferrals, for additional information. Other operating revenues increased by $2 million due to additional waste disposal revenues.

Operating Expenses

Operating expenses increased $5 million (1.7%), compared to fiscal year 2017. Maintenance and other expenses increased $8 million due to a $5 million increase in professional services, industrial services, and compensation and a $3 million increase in interfund charges. Depreciation expense increased $2 million due to an increase in the depreciable base. Recognition of deferred costs and revenues, net decreased $5 million due to a decrease in environmental projects paid from the rate stabilization fund.

District Energy System

Operating Revenues

Operating revenues remained flat when compared to fiscal year 2017 at $9 million.

Operating Expenses

Operating expenses remained flat when compared to fiscal year 2017 at $7 million.

Nonoperating Revenues and Expenses

2019 Compared to 2018

There was a decrease of approximately $20 million (14.9%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2019 *(in millions)*
Changes in nonoperating expenses, net	
Write-off of losses on refundings due to defeasances	$ (24)
Investment gains – fair value adjustments	17
Decrease in scheduled interest on debt	16
Increase in investment income	11
Increase in allowance for funds used during construction	2
Cycling of prior year gain on sale of assets	(2)
Decrease in The Energy Authority earnings	(2)
Increase in other nonoperating income - timber	2
Total change in nonoperating expenses, net	$ 20

2018 Compared to 2017

There was a decrease of approximately $18 million (12.1%) in total nonoperating expenses, net over the prior year. Detailed below are the drivers.

	FY 2018 *(in millions)*
Changes in nonoperating expenses, net	
Decrease in interest on debt	$ 16
Investment gains – fair value adjustments	4
Decrease in investment income	(3)
Decrease in The Energy Authority earnings	(2)
Gain on sale of assets	2
Decrease in other nonoperating expenses - timber	2
Increase in other interest expense	(1)
Total change in nonoperating expenses, net	$ 18

Capital Assets and Debt Administration for Fiscal Years 2019 and 2018

Capital Assets

As of September 30, 2019, JEA had approximately $5,465 million in capital assets, net of accumulated depreciation. This included $2,684 million in electric plant, $2,748 million in water and sewer plant, and $33 million in chilled water plant. During fiscal year 2019, capital additions were $487 million, which included $277 million in electric plant, $209 million in water and sewer plant, and $1 million in chilled water plant. As of September 30, 2018, JEA had approximately $5,380 million in capital assets, net of accumulated depreciation. This included $2,662 million in electric plant, $2,683 million in water and sewer plant, and $35 million in chilled water plant. During fiscal year 2018, capital additions were $387 million, which included $183 million in electric plant, $203 million in water and sewer plant, and $1 million in chilled water plant. Also during fiscal year 2018, a $451 million write down was recorded to the Electric Enterprise capital accounts due to the shutdown of the SJRPP power plant. More detailed information is presented in note 3, St. Johns River Power Park Decommissioning, to the financial statements.

With the adoption of the depreciation ratemaking policy in 2014, the depreciation of contributed assets are not included in rates charged to customers, because it has already been recovered with the contribution. In accordance with GASB 62, the contributed assets will be expensed in capital contributions as a reduction of plant cost through contributions. During fiscal year 2019, $5 million of contributed capital related to the Electric System and $62 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions. During fiscal year 2018, $2 million of contributed capital related to the Electric System and $52 million related to Water and Sewer System was recorded as a reduction of plant cost through contributions.

JEA has ongoing capital improvement programs for the Electric Enterprise Fund and the Water and Sewer Fund. The capital programs consist of: (a) the Electric Enterprise Fund capital requirements for improvements to existing generating facilities that are determined to be necessary as a result of JEA's annual resource planning process; (b) the Electric Enterprise Fund's capital requirements for transmission and distribution facilities and other capital items; and (c) the Water and Sewer Fund capital requirements that are determined to be necessary as a result of the annual resource planning process. The cost of the capital improvement program is planned to be provided from revenues generated from operations and existing construction fund balances.

Scherer is subject to a joint ownership agreement. JEA's share of the estimated capital expenditures relating to this plant is $10 million and is included in the Electric Enterprise Fund amount above.

Debt Administration

Debt outstanding at September 30, 2019, was $3,621 million, a decrease of approximately $379 million from the prior fiscal year. This decrease was due to defeasance of principal of $195 million and regular principal payments of $186 million, being partially offset by new debt issued of $2 million.

Debt outstanding at September 30, 2018, was $3,999 million, a decrease of approximately $402 million from the prior fiscal year. This decrease was due to defeasance of principal of $994 million and regular principal payments of $229 million, being partially offset by new debt issued of $821 million.

JEA's debt ratings on its long-term debt per Standard & Poor's and Fitch remained unchanged from fiscal year 2018. On October 11, 2018, Moody's Investors Service lowered its ratings with respect to the Bonds of JEA as follows:

(a) with respect to Electric System Revenue Bonds, Bulk Power Supply System Revenue Bonds, and SJRPP System Revenue Bonds, the long-term debt ratings were lowered from "Aa2" to "A2";

(b) with respect to Electric System Subordinated Revenue Bonds, the long-term ratings were lowered from "Aa3" to "A3";

(c) with respect to Water and Sewer Revenue Bonds and Water and Sewer Subordinated Revenue Bonds, the long term ratings were lowered from "Aa2" to "A2"; and

(d) with respect to DES Revenue Bonds, the long-term ratings were lowered from "Aa3" to "A3".

	2019					2018				
	Electric System	**Water and Sewer System**	**SJRPP**	**Scherer**	**District Energy System**	**Electric System**	**Water and Sewer System**	**SJRPP**	**Scherer**	**District Energy System**
Senior debt:										
Moody's Investors Service	**A2**	**A2**	**A2**	**A2**	**A3**	Aa2	Aa2	Aa2	Aa2	Aa3
Standard & Poor's	**A+**	**AAA**	**A+**	**A+**	**AA+**	A+	AAA	A+	A+	AA+
Fitch	**AA**	**AA**	**AA**	**AA**	**AA**	AA	AA	AA	AA	AA
Subordinated debt:										
Moody's Investors Service	**A3**	**A2**	*	*	*	Aa3	Aa2	*	*	*
Standard & Poor's	**A**	**AA+**	*	*	*	A	AA+	*	*	*
Fitch	**AA**	**AA**	*	*	*	AA	AA	*	*	*

* There are no subordinated bonds related to this system.

Currently Known Facts Expected to have a Significant Effect on Financial Position and/or Changes in Operations

Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval.

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services. As part of this initiative, the Board approved, at its March 2019 meeting, the following two changes to the electric tariff:

- Residential Demand Rate Pilot modifications to continue evaluating a pricing platform that may provide revenue stability, deliver positive customer impact, and promote efficient system utilization and
- removal of the expiration date of the JEA SolarMax Rider to continue to provide large commercial customers a choice to have up to 100 percent of their business's energy needs met by solar power.

Requests for Information

The financial report is designed to provide a general overview of JEA's finances for all those with an interest in JEA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller, JEA, 21 West Church Street, Jacksonville, Florida, 32202.

Audited Financial Statements

JEA

Statements of Net Position
(In Thousands)

	September 2019	2018
Assets		
Current assets:		
Cash and cash equivalents	**$ 414,438**	$ 441,206
Investments	**2,399**	85,310
Customer accounts receivable, net of allowance ($1,341 for 2019 and $1,830 for 2018)	**226,848**	232,858
Inventories:		
Materials and supplies	**58,962**	59,204
Fuel	**30,898**	36,871
Other current assets	**19,592**	18,290
Total current assets	**753,137**	873,739
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	**265,784**	114,576
Investments	**380,250**	731,627
Accounts and interest receivable	**1,071**	62
Total restricted assets	**647,105**	846,265
Costs to be recovered from future revenues	**851,046**	808,096
Other assets	**19,016**	22,686
Total noncurrent assets	**1,517,167**	1,677,047
Net capital assets	**5,465,444**	5,380,259
Total assets	**7,735,748**	7,931,045
Deferred outflows of resources		
Unrealized pension contributions and losses	**131,554**	171,367
Unamortized deferred losses on refundings	**108,875**	143,722
Accumulated decrease in fair value of hedging derivatives	**161,485**	86,356
Unrealized asset retirement obligation	**50,329**	29,173
Unrealized OPEB contributions and losses	**9,100**	4,078
Total deferred outflows of resources	**461,343**	434,696
Total assets and deferred outflows of resources	**$ 8,197,091**	$ 8,365,741

See accompanying notes to financial statements.

JEA

Statements of Net Position (continued)

(In Thousands)

	September 2019	2018
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	**$ 53,827**	$ 81,770
Customer deposits and prepayments	**73,974**	70,213
Billings on behalf of state and local governments	**26,292**	25,970
Current portion of asset retirement obligations	**18,884**	6,646
Compensation and benefits payable	**17,228**	12,688
City of Jacksonville payable	**10,269**	9,957
Total current liabilities	**200,474**	207,244
Current liabilities payable from restricted assets:		
Debt due within one year	**192,555**	185,790
Interest payable	**64,775**	73,737
Renewal and replacement reserve	**46,955**	54,370
Construction contracts and accounts payable	**66,775**	53,369
Total current liabilities payable from restricted assets	**371,060**	367,266
Noncurrent liabilities:		
Net pension liability	**566,372**	544,203
Asset retirement obligation	**31,445**	22,526
Net OPEB liability	**18,256**	18,835
Other liabilities	**59,840**	49,227
Total other noncurrent liabilities	**675,913**	634,791
Long-term debt:		
Debt payable, less current portion	**3,428,080**	3,813,680
Unamortized premium, net	**118,125**	152,891
Fair value of debt management strategy instruments	**149,887**	86,356
Total long-term debt	**3,696,092**	4,052,927
Total liabilities	**4,943,539**	5,262,228
Deferred inflows of resources		
Revenues to be used for future costs	**238,690**	286,832
Unrealized pension gains	**50,880**	50,124
Unrealized OPEB gains	**11,249**	8,712
Accumulated increase in fair value of hedging derivatives	**-**	2,536
Total deferred inflows of resources	**300,819**	348,204
Net position		
Net investment in capital assets	**2,248,863**	1,856,725
Restricted for:		
Capital projects	**165,186**	331,157
Debt service	**193,063**	187,172
Other purposes	**42,005**	23,708
Unrestricted	**303,616**	356,547
Total net position	**2,952,733**	2,755,309
Total liabilities, deferred inflows of resources, and net position	**$ 8,197,091**	$ 8,365,741

See accompanying notes to financial statements.

JEA

Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands)

	September 2019	2018
Operating revenues		
Electric	**$ 1,259,815**	$ 1,267,202
Water and sewer	**450,116**	423,480
District energy system	**8,504**	8,348
Other	**33,526**	90,952
Total operating revenues	**1,751,961**	1,789,982
Operating expenses		
Operations and maintenance:		
Fuel	**330,328**	421,052
Purchased power	**135,245**	109,194
Maintenance and other operating expenses	**395,692**	431,269
Depreciation	**362,313**	360,609
State utility and franchise taxes	**71,569**	70,027
Recognition of deferred costs and revenues, net	**44,792**	6,856
Total operating expenses	**1,339,939**	1,399,007
Operating income	**412,022**	390,975
Nonoperating revenues (expenses)		
Interest on debt	**(175,046)**	(166,508)
Investment income	**39,745**	11,826
Allowance for funds used during construction	**14,099**	11,764
Other nonoperating income, net	**9,082**	9,857
Earnings from The Energy Authority	**2,412**	4,074
Other interest, net	**(1,626)**	(1,825)
Total nonoperating expenses, net	**(111,334)**	(130,812)
Income before contributions	**300,688**	260,163
Contributions (to) from		
General Fund, City of Jacksonville, Florida	**(132,802)**	(116,620)
Developers and other	**97,726**	82,157
Reduction of plant cost through contributions	**(68,188)**	(54,114)
Total contributions, net	**(103,264)**	(88,577)
Special items	**-**	(45,099)
Change in net position	**197,424**	126,487
Net position, beginning of year	**2,755,309**	2,628,822
Net position, end of year	**$ 2,952,733**	$ 2,755,309

See accompanying notes to financial statements.

JEA

Statements of Cash Flows
(In Thousands)

	September 2019	2018
Operating activities		
Receipts from customers	**$ 1,679,527**	$ 1,740,598
Payments to suppliers	**(709,908)**	(799,895)
Payments to employees	**(233,377)**	(258,636)
Other operating activities	**33,088**	84,869
Net cash provided by operating activities	**769,330**	766,936
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	**(132,707)**	(116,569)
Net cash used in noncapital and related financing activities	**(132,707)**	(116,569)
Capital and related financing activities		
Defeasance of debt	**(195,045)**	(993,690)
Proceeds received from debt	**2,000**	821,000
Acquisition and construction of capital assets	**(466,730)**	(375,544)
Repayment of debt principal	**(185,790)**	(229,095)
Interest paid on debt	**(169,836)**	(182,849)
Capital contributions	**29,538**	28,043
Other capital financing activities	**(3,835)**	63,197
Net cash used in capital and related financing activities	**(989,698)**	(868,938)
Investing activities		
Purchase of investments	**(415,403)**	(1,037,966)
Proceeds from sale and maturity of investments	**863,004**	1,179,471
Investment income	**27,471**	15,301
Distributions from The Energy Authority	**2,443**	3,513
Net cash provided by investing activities	**477,515**	160,319
Net change in cash and cash equivalents	**124,440**	(58,252)
Cash and cash equivalents at beginning of year	**555,782**	614,034
Cash and cash equivalents at end of year	**$ 680,222**	$ 555,782
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 412,022**	$ 390,975
Adjustments:		
Depreciation and amortization	**363,534**	361,889
Recognition of deferred costs and revenues, net	**44,792**	6,856
Other nonoperating income, net	**2,035**	1,073
Changes in noncash assets and noncash liabilities:		
Accounts receivable	**(2,403)**	26,486
Accounts receivable, restricted	**8**	16
Inventories	**6,215**	46,419
Other assets	**2,418**	(2,612)
Accounts and accrued expenses payable	**(22,743)**	979
Current liabilities payable from restricted assets	**(5,299)**	(49,998)
Other noncurrent liabilities and deferred inflows	**(31,249)**	(15,147)
Net cash provided by operating activities	**$ 769,330**	$ 766,936
Noncash activity		
Contribution of capital assets from developers	**$ 68,188**	$ 54,114
Unrealized gains (losses) on fair value of investments, net	**$ 13,314**	$ (3,386)

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies and Practices

(a) Reporting Entity

JEA is currently organized into three enterprise funds – Electric Enterprise, Water and Sewer, and District Energy System (DES). Electric Enterprise is comprised of the Electric System; the Bulk Power Supply System (Scherer), which consists of Scherer Unit 4, a coal-fired, 846-megawatt generating unit operated by Georgia Power Company (Georgia Power) and owned by JEA (23.64% ownership interest) and Florida Power & Light Company (FPL) (76.36% ownership interest); and St. Johns River Power Park System (SJRPP), which is jointly owned and operated by JEA (80% ownership interest) and FPL (20% ownership interest). Water and Sewer consists of water and sewer system activities. DES consists of chilled water activities. Separate accounting records are currently maintained for each system. These financial statements include JEA's ownership interest in Scherer. The following information relates to JEA's ownership interest in Scherer as of September 30, 2019 and 2018:

	2019	2018
Inventories	**$ 4,753**	$ 7,463
Costs to be recovered from future revenues	**3,970**	6,155
Capital assets, net	**127,207**	135,595
Unrealized asset retirement obligations	**32,282**	-
Current portion of asset retirement obligations	**837**	-
Debt due within one year	**6,150**	5,710
Asset retirement obligations	**31,445**	-
Long-term debt	**88,403**	94,602
Revenues to be used for future costs	**33,682**	37,560

The funds are governed by the JEA Board of Directors (Board). The Board is responsible for setting rates based on operating and maintenance expenses and depreciation of the operations. The operations of Scherer and SJRPP are subject to joint ownership agreements and rates are established on a cost-of-service basis, including operating and maintenance expenses and debt service. See note 1(t), Setting of rates.

At the July 23, 2019 board meeting, the JEA board authorized JEA's senior leadership team to explore four different forms of ownership: 1) community ownership, 2) initial public offering, 3) private placement offering equity shares, or 4) a conversion to a corporation with controlling interest purchased by a tech-focused company, oil and gas-focused company, or utility company. On August 2, 2019, as part of this process, JEA issued an invitation to negotiate (ITN) for strategic alternatives. Negotiations are ongoing with the nine respondents that have been moved to the negotiation phase. The impact to JEA's financial reporting of the results of the ITN process is unknown at this time.

1. Summary of Significant Accounting Policies and Practices (continued)

(b) Basis of Accounting

JEA is presenting financial statements combined for the Electric Enterprise Fund, the Water and Sewer Fund, and the District Energy System. JEA uses the accrual basis of accounting for its operations and the uniform system of accounts prescribed by the Federal Energy Regulatory Commission for the Electric Enterprise Fund and the National Association of Regulatory Utility Commissioners for the Water and Sewer Fund.

The financial statements have been prepared in conformity with the Governmental Accounting Standards Board (GASB) codification, which defines JEA as a component unit of the City of Jacksonville, Florida (City). Accordingly, the financial statements of JEA are included in the Comprehensive Annual Financial Report of the City.

JEA presents its financial statements in accordance with the GASB pronouncements that establish standards for external financial reporting for all state and local governmental entities that include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets and increased/reduced by costs to be recovered from future revenues or revenues to be used for future costs.

- Restricted consists of assets that have constraints placed upon their use through external constraints imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

- Unrestricted consists of net position that does not meet the definition of restricted or net investment in capital assets.

JEA's bond resolutions specify the flow of funds from revenues and specify the requirements for the use of certain restricted and unrestricted assets.

(c) Revenues

Operating revenues are defined as revenues generated from the sale of primary products or services through normal business operations. Nonoperating revenues include investment income and earnings from investments recorded on the equity method.

1. Summary of Significant Accounting Policies and Practices (continued)

Operating revenues reported in the accompanying statements of revenues, expenses, and changes in net position are shown net of discounts, estimated allowances for bad debts, and amounts transferred to stabilization funds. Discounts and allowances totaled $34,996 in fiscal year 2019 and $32,441 in 2018. JEA withdrew the net amount of $36,713 in fiscal year 2019 and $15,813 in 2018 from stabilization funds. Electric Enterprise and Water and Sewer Fund revenues are recorded as earned. JEA earned 0.1% of its electric revenue from billings to FPL in fiscal year 2019 and 2.4% in 2018. Operating revenues include amounts estimated for unbilled services provided during the reporting period of $78,973 in 2019 and $82,576 in 2018.

(d) Capital Assets

Utility plant represents four classes of capital assets – real property, tangible property, tangible personal property, and intangible property. All capital assets are recorded at historical cost and must have a useful life greater than one year. The costs of capital asset additions and replacements are capitalized. The costs of capital projects include direct labor and benefits of JEA employees working on capital projects and an allocation of overhead from certain JEA departments. Maintenance and replacements of minor items are charged to operating expenses. The cost of depreciable plant retired is removed from the capital asset accounts and such cost plus removal expense less salvage value is charged to accumulated depreciation.

SJRPP and Scherer are required by its bond resolutions to deposit certain amounts in a renewal and replacement fund. These amounts are then required to be expended on capital expenditures to maintain and improve the system or applied to other designated uses as specifically allowed under the bond resolutions. The Electric Fund records the amounts deposited in the fund as a purchased power expense when deposited. The purchase of capital assets funded from the renewal and replacement fund is not capitalized by SJRPP or Scherer.

(e) Allowance for Funds Used During Construction

An allowance for funds used during construction (AFUDC) is included in construction work-in-progress and as a reduction of interest expense. JEA capitalizes interest on construction projects financed with revenue bonds and renewal and replacement funds. The average AFUDC rate for the debt of each system is listed in the table below.

Average AFUDC Rate (%)	**2019**	**2018**
Electric Enterprise Fund	**4.4%**	4.3%
Water and Sewer Fund	**4.3%**	4.3%
District Energy System	**3.8%**	3.7%

The amount capitalized is the interest cost of the debt less any interest earned on investment of debt proceeds from the date of the borrowing until the assets are placed in service. Total interest incurred was $175,046 for fiscal year 2019 and $166,508 for 2018, of which $14,099 was capitalized in fiscal year 2019 and $11,764 in 2018. Investment income on bond proceeds was $186,189 in fiscal year 2019 and $0 in 2018.

1. Summary of Significant Accounting Policies and Practices (continued)

(f) Depreciation

Depreciation of capital assets is computed on a straight-line basis at rates based upon the estimated service lives of the various property classes. Depreciation begins on the date the assets are placed in service. Generally, recurring renewal and replacement capital additions are placed in service at the end of each fiscal year. The depreciation rates are based on depreciation studies performed by an outside consultant that are updated periodically. The latest depreciation study was completed during fiscal year 2019 and the rates for that study become effective in fiscal year 2020. The effective rate of depreciation based upon the average depreciable plant in service balance was 3.18% and 3.24% for fiscal years 2019 and 2018, respectively. The average depreciable life in years of the depreciable capital assets for each system is listed in the table below.

Average Depreciable Life *(Years)*	**2019**	**2018**
Electric Enterprise Fund	**23.7**	23.9
Water and Sewer Fund	**27.4**	27.6
District Energy System	**23.7**	23.7

(g) Amortization

Amortization of bond discounts and premiums is computed on a straight-line basis, which approximates the effective-interest method over the remaining term of the outstanding bonds.

(h) Losses on Refundings

Losses on refundings of JEA revenue bonds are deferred and amortized as a component of interest on debt using the straight-line method over the remaining life of the old debt or the new debt, whichever is shorter. Unamortized deferred losses on refundings are reported as deferred outflows of resources on the accompanying statements of net position. Whereas JEA has incurred accounting losses on refundings, calculated as the difference between the net carrying value of the refunded and the refunding bonds, JEA has over time realized economic gains calculated as the present value difference in the future debt service on the refunded and refunding bonds.

(i) Investments

Investments are presented at fair value or cost, which is further explained in note 14, *Fair Value Measurements*. Realized and unrealized gains and losses for all investments are included in investment income on the statements of revenues, expenses, and changes in net position. The investment in The Energy Authority (TEA) is recorded on the equity method (see note 7, Investment in The Energy Authority, for additional information).

1. Summary of Significant Accounting Policies and Practices (continued)

(j) Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, bank demand accounts, money market mutual funds, and short-term liquid investments purchased with an original maturity of 90 days or less.

(k) Interest Rate Swap Agreements

JEA's risk management policies allow for the use of interest rate swaps to manage financial exposures, but prohibit the use of these instruments for speculative or trading purposes. JEA utilizes interest rate swaps to manage the interest rate risk associated with various assets and liabilities. Interest rate swaps are used in the area of debt management to take advantage of favorable market interest rates. Interest rate swaps are authorized under the policy to be used in the area of investment management to increase the yield on revolving short-term investments.

JEA applies GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), where applicable for effective hedging instruments. For effective hedging instruments, the changes in fair value are recorded on the statements of net position as deferred outflows and inflows of resources. For ineffective hedging instruments or investment derivatives, the changes in fair value are recorded on the statements of revenues, expenses, and changes in net position as an adjustment to investment income.

Under JEA's interest rate swap programs, JEA either pays a variable rate of interest, which is based on various indices, and receives a fixed rate of interest for a specified period of time (unless earlier terminated) or JEA pays a fixed rate of interest and receives a variable rate of interest, which is based on various indices for a specified period of time (unless earlier terminated). These indices are affected by changes in the market. The net amounts received or paid under the swap agreements are recorded as either an adjustment to investment income (asset management) or interest on debt (debt management) in the statements of revenues, expenses, and changes in net position. No money is initially exchanged when JEA enters into a new interest rate swap transaction.

During fiscal years 2019 and 2018, JEA did not have any interest rate swaps outstanding under JEA's asset management interest rate swap program. See the Debt Management Strategy section in note 8, Long-Term Debt, for more information on JEA's debt management interest rate swap program.

(l) Inventory

Inventories are maintained for fuel and materials and supplies. Fuel inventories are maintained at levels sufficient to meet generation requirements. Inventories are valued at average cost, with obsolete items being expensed when identified.

1. Summary of Significant Accounting Policies and Practices (continued)

(m) Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred outflow of resources or a deferred inflow of resources until such time that the transactions end. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position.

(n) Capital Contributions

Capital contributions represent contributions of cash and capital assets from the City, developers, customers, and other third parties. Capital contributions are recorded in the accompanying statement of revenues, expenses, and changes in net position at the time of receipt. Assets received are recorded as contributions from developers and others at acquisition cost. Corresponding expenses of $68,188 and $54,114 were recorded in fiscal years 2019 and 2018 to recognize the costs of the assets since it will not be included in revenue requirements charged to customers in the future.

(o) Pension

For purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and fiduciary net position; JEA's portion of the City's General Employees' Retirement Plan (GERP) and St. Johns River Power Park System Employees' Retirement Plan (SJRPP Plan) have been determined on the same basis as reported in the GERP and SJRPP Plan financial statements. Employer contributions made subsequent to the measurement date and before the fiscal year end are recorded as a deferred outflow of resources.

Basis of Accounting – The pension trust financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contribution, benefit payments and refunds are recognized when due and payable in accordance with the terms of the plans. Florida law and the Florida Division of Retirement require plan contributions be made annually in amounts determined by an actuarial valuation stated as a percent of covered payroll or in dollars. The Florida Division of Retirement reviews and approves the GERP actuarial report to ensure compliance with actuarial standards. The SJRPP Plan is governed by a three-member Pension Committee to ensure compliance with actuarial standards.

1. Summary of Significant Accounting Policies and Practices (continued)

Method Used to Value Investments – Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments in GERP is based on independent appraisals or estimates of fair value as provided by third-party fund managers. Investments that do not have an established market are reported at estimated fair value as provided by third-party fund managers. Investments are managed by third-party money managers while cash and securities are generally held by the independent custodians.

(p) Compensated Absences

JEA employees accumulate earned personal leave benefits (compensated absences) at various rates within limits specified in collective bargaining agreements and other employment plans. Accrued leave may be taken at any time when authorized. In addition, employees may elect to sell back any leave accrued during the fiscal year. Leave accrued over the maximum allowed leave balances is paid to the employee after the end of the fiscal year.

Upon termination from employment, employees are paid for their unused leave balances. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16), the amount reflected as the current portion is estimated based upon historical trends of retirements and attrition.

This liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB 16.

Compensated absences liabilities are accrued when incurred in the financial statements in conformity with generally accepted accounting principles (GAAP). The compensated absences liability is determined based on current rates of pay.

The compensated absence liability as of September 30, 2019 was $32,094. Of this amount, $2,660 was included in compensation and benefits payable on the accompanying statements of net position. The remaining balance of $29,434 was included in other liabilities on the accompanying statements of net position. During fiscal year 2019, annual leave earned totaled $22,794 and annual leave taken totaled $21,583. The compensated absence liability as of September 30, 2018, was $30,854. Of this amount, $1,423 was included in compensation and benefits payable on the accompanying statements of net position. The remaining balance of $29,431 was included in other liabilities on the accompanying statements of net position. During fiscal year 2018, annual leave earned totaled $21,983 and annual leave taken totaled $22,788.

(q) Pollution Remediation Obligations

JEA applies GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. See note 15, Commitments and Contingent Liabilities, for further discussion.

1. Summary of Significant Accounting Policies and Practices (continued)

(r) Asset Retirement Obligations

JEA applies GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). See note 3, Asset Retirement Obligations, for further discussion.

(s) Costs to Be Recovered from Future Revenues/Revenues to Be Used for Future Costs

JEA records certain assets and liabilities (or deferred inflows) that result from the effects of the ratemaking process that would not be recorded under GAAP for nonregulated entities. Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its customers. If cost-based regulation were to be discontinued in the electric industry for any reason, market prices for electricity could be reduced or increased and utilities might be required to reduce their statements of net position amounts to reflect market conditions.

Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets and liabilities. Management cannot predict the potential impact, if any, of the change in the regulatory environment on JEA's future financial position and results of operations.

(t) Setting of Rates

The setting of rates is the responsibility of the Board. Base rate changes are implemented after a public rate hearing and Board approval. Fuel rate changes are implemented solely with Board approval.

JEA has an ongoing plan to review, update and, where possible, expand its rate options to provide customers more rate choices for their utility services. As part of this initiative, the Board approved, at its March 2019 meeting, the following two changes to the electric tariff:

- Residential Demand Rate Pilot modifications to continue evaluating a pricing platform that may provide revenue stability, deliver positive customer impact, and promote efficient system utilization and
- removal of the expiration date of the JEA SolarMax Rider to continue to provide large commercial customers a choice to have up to 100 percent of their business's energy needs met by solar power.

(u) Reclassifications

Certain 2018 amounts have been reclassified to conform to the 2019 presentation.

1. Summary of Significant Accounting Policies and Practices (continued)

(v) Pervasiveness of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(w) Newly Adopted Standards for Fiscal Year 2019

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. See note 8, Long-Term Debt, for the additional disclosures.

(x) Recently Issued Accounting Pronouncements Not Yet Effective

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for JEA in fiscal year 2020. The impact on JEA's financial reporting will be the reporting of its pension and other postemployment benefit plans in fiduciary fund financial statements.

1. Summary of Significant Accounting Policies and Practices (continued)

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for JEA in fiscal year 2021. The impact on JEA's financial reporting has not been determined.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. However, GASB allows those entities meeting the criteria for regulated operations, and electing to apply the related provisions of Statement 62, to continue to capitalize qualifying interest cost as a regulatory asset. This statement is effective for JEA in fiscal year 2021. The impact on JEA's financial reporting has not been determined.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for JEA in fiscal year 2020. The implementation of this statement is not expected to have an impact on JEA's financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for JEA in fiscal year 2022. The implementation of this statement is not expected to have an impact on JEA's financial statements.

2. Regulatory Deferrals

Based on regulatory action taken by the Board and in accordance with the Regulated Operations section within GASB Statement 62, JEA has recorded the following regulatory assets and liabilities that will be included in the ratemaking process and recognized as expenses and revenues, respectively, in future periods. These amounts are shown under costs to be recovered from future revenues or deferred inflows of resources on the accompanying statements of net position.

Regulatory Assets

The following is a summary of JEA's regulatory assets at September 30:

Regulatory Asset	2019	2018
Unfunded pension costs	**$ 485,698**	$ 433,583
SJRPP and Bulk Power cost to be recovered	**248,343**	264,526
Environmental projects	**74,129**	59,859
Unfunded OPEB costs	**20,405**	23,469
Storm costs to be recovered	**15,683**	18,966
Debt issue cost	**6,788**	7,693
Total regulatory assets	**$ 851,046**	$ 808,096

Unfunded Pension Costs – Accrued pension represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation. In fiscal year 2019, the balance includes amounts attributable to JEA's portion of the GERP and amounts related to the SJRPP Plan. In fiscal year 2018, the asset consisted of amounts attributable to JEA's portion of the GERP. For the SJRPP pension plan, JEA made excess contributions during fiscal year 2018 that resulted in a regulatory liability. See excess pension contributions in the Regulatory Liabilities section of this footnote. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

2. Regulatory Deferrals (continued)

SJRPP and Bulk Power costs to be recovered – SJRPP deferred debt-related costs of $245,104 at September 30, 2019 and $259,165 at September 30, 2018 are the result of differences between expenses in determining rates and those used in financial reporting. During fiscal year 2018, operations of SJRPP, as generating facility, ceased and the majority of the assets were dismantled. A write down of $451,037 of undepreciated book value of the assets was recognized during fiscal year 2018 and $128,280 of bonds were defeased as a result of the shutdown of SJRPP. As of September 30, 2019, SJRPP has remaining plant in service assets of $9,734 and outstanding debt of $278,885. The details relating to the shutdown of SJRPP are further discussed in the St. Johns River Power Park section of note 3, Asset Retirement Obligations. The JEA board approved the deferral of this regulatory asset. SJRPP has a contract with the JEA Electric System to recover these costs from future revenues that will coincide with retirement of long-term debt. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation and results in recognition of deferred costs on the accompanying statements of revenues, expenses, and changes in net position. The Bulk Power Supply System deferred debt-related costs were $3,239 at September 30, 2019 and $5,361 at September 30, 2018. The amount recovered each year will be the difference between debt principal maturities (adjusted for the effects of premiums, discounts, and amortization of gains and losses) and straight-line depreciation. The Bulk Power Supply System will recover these costs from future revenues that will coincide with the retirement of long-term debt.

Environmental Projects – The Board approved the recovery of previously approved water environmental capital projects that had not been collected through the environmental surcharge over a ten-year period beginning October 1, 2015. The amount approved for recovery and transferred out of capital assets was $101,277 of which $51,307 and $59,859 remained unrecovered as of September 30, 2019 and 2018, respectively. This deferral is being amortized over ten years. The Board also approved the recovery of previously approved electric environmental capital projects that had not been collected through the environmental surcharge over a five-year period beginning October 1, 2018. The amount approved for recovery and transferred out of capital assets was $28,527 of which $22,822 remained unrecovered as of September 30, 2019. This deferral is being amortized over five years.

Unfunded OPEB Costs – Accrued OPEB represents a regulatory asset related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to JEA's other postemployment benefit plan. The regulatory asset is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for OPEB. The Board approved the recovery of the unfunded amounts in future revenue requirements with the adoption of GASB 75 in fiscal year 2018. In addition, the Board approved the deferral of the difference between the annual contributions (funding) and OPEB expense.

Storm costs to be recovered – This amount represents storm costs that are expected to be recovered from insurance and the Federal Emergency Management Agency (FEMA). See note 16, Storm Costs, for further details.

Debt issue costs – With the application of regulatory accounting in fiscal year 2015, the Board approved deferral of the issue costs on all new debt issues with the amounts being amortized over the life of the bonds, as they are included in revenue requirements. These costs are incurred in connection with the issuance of debt obligations and are mainly underwriter fees and legal costs.

2. Regulatory Deferrals (continued)

Regulatory Liabilities

The following is a summary of JEA's regulatory liabilities at September 30:

Regulatory Liabilities	2019	2018
Fuel stabilization	**$ 47,153**	$ 74,376
Environmental	**41,319**	55,077
Nonfuel purchase power	**56,870**	53,493
Debt management stabilization	**44,093**	44,093
Bulk Power revenues to be used for future costs	**33,682**	37,560
Excess pension contributions	**–**	10,624
Self-insurance medical reserve	**11,210**	8,139
Customer benefit stabilization	**4,363**	3,470
Total regulatory liabilities	**$ 238,690**	$ 286,832

Fuel stabilization – This account represents the difference between the fuel costs incurred and fuel charge revenues collected from customers, inclusive of accrued utility revenue and fuel costs. Net expense incurred in excess of the revenue collected and recognized as a reduction of the regulatory liability during fiscal years 2019 and 2018 was $27,223 and $57,339, respectively.

Environmental – The Board has authorized an environmental surcharge that is applied to all electric customer kilowatt-hour and water customer kilogallon sales. Electric costs included in the surcharge include all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Water costs included in the surcharge include operating and capital costs of environmentally driven or regulatory required projects approved by the Board to be included in the surcharge. Any amounts under or over-collected are recorded as a regulatory asset or liability. During fiscal year 2019, $32,678 was collected through the surcharge with $14,257 of recovery of previously approved environmental capital projects, $26,827 of capital projects, and $5,352 of operations and maintenance costs being incurred with the remaining $13,758 recognized as a reduction of the regulatory liability. During fiscal year 2018, $31,401 was collected through the surcharge with $8,551 of recovery of previously approved environmental capital projects, $6,169 of capital projects, and $3,234 of operations and maintenance costs being incurred with the remaining $13,447 recognized as an addition to the regulatory liability.

Nonfuel purchased power – JEA entered into a power purchase agreement related to the Alvin W. Vogtle Nuclear Plant in Burke County, Georgia (Plant Vogtle). This agreement is discussed in further detail in note 10, Fuel Purchase and Purchased Power Commitments. Related to that agreement, the JEA Board approved a nonfuel purchased power stabilization fund to balance the timing of the payments for Plant Vogtle's debt service with the anticipated in service date. It may be used for other purposes with the Board's approval. The amounts included in the fund are to be used for Plant Vogtle or refunded to customers if not needed. Deposits made to the stabilization fund were $17,566 and $40,000 for fiscal years 2019 and 2018, respectively.

2. Regulatory Deferrals (continued)

Debt management stabilization – The Board has authorized the use of a debt management stabilization fund. Amounts are included in the fund based on differences between budgeted and actual debt cost up to an established maximum reserve fund. At the September 2019 board meeting, the Board approved the elimination of the debt management stabilization fund and the use of the corresponding funds to execute Phase 2 of the Strategic and Timely Asset Realignment (STAR) plan. See note 18, Subsequent Events, for more information.

Bulk Power revenues to be used for future costs – This amount represents Bulk Power Supply System early debt principal paid in excess of straight-line depreciation.

Excess pension contributions – Excess pensions contributions represents a regulatory liability related to unrecognized actuarial gains and losses, unrecognized prior service cost, and unrecognized transition obligation attributable to the SJRPP Plan. The regulatory liability is amortized with the recognition of actuarial gains and losses, prior service cost, and transition obligations to net periodic benefit costs for pension.

Self-insurance medical reserve – The Board has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program over medical and prescription benefits. The Board, as part of the budget process, will approve amounts to be collected in rates that include both the current anticipated cost less approved amounts to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Under the self-insurance program, JEA is liable for all claims. JEA retains an additional stop-loss policy for claims in excess of $250 per employee. There have been no significant reductions in coverage from the prior year. The health insurance benefits program is administered through a third-party insurance company and, as such, the administrator is responsible for processing the claims in accordance with the benefit specifications with JEA reimbursing the insurance company for its payouts. Liabilities associated with the health care program are determined based on an actuarial study and include claims that have been incurred but not reported.

The changes in the self-insurance medical reserve for the years ended September 30, 2019 and 2018 are as follows:

	2019	2018
Beginning balance	**$ 8,139**	$ 9,214
Contributions	**32,116**	29,561
Incurred claims	**(29,045)**	(30,636)
Ending balance	**$ 11,210**	$ 8,139

Customer benefit stabilization – The pricing policy adopted by the Board includes a demand side management surcharge. The costs approved for recovery through the surcharge included programs for the electrification, direct load control, demand side management, residential low-income efficiency programs, and customer utility optimization education programs.

3. Asset Retirement Obligations

Scherer

As part of JEA's ownership of Scherer, it has a proportionate ownership interest in associated common facilities (Common Facilities) of 5.91% (23.64% divided by 4, as there are 4 units in total). There is no majority owner of the Common Facilities. Georgia Power is the nongovernmental minority owner that has operational responsibility of the Common Facilities and, as such, is responsible for calculating any associated asset retirement obligations (AROs). The AROs at Scherer are primarily related to the ash pond.

In accordance with GASB 83, JEA's minority share of the AROs is reported using the measurement produced by Georgia Power, who is registered with the Securities and Exchange Commission and is subject to accounting rules set by the Financial Accounting Standards Board.

At September 30, 2019, the total amount of the AROs at Scherer are $546,227, with JEA's minority share being $32,282. Of the total liability, $837 is recorded in current portion of asset retirement obligations and $31,445 in asset retirement obligations in noncurrent liabilities on the statement of net position. These amounts are offset by $32,282, which is recorded in the separate line item, unrealized asset retirement obligation, in deferred outflows of resources.

There are no legally required funding or assurance provisions associated with JEA's minority share of the AROs and JEA has not restricted any of its assets for payment of this liability.

St. Johns River Power Park

JEA and FPL entered into an Agreement for Joint Ownership, Construction and Operation of SJRPP Coal Units #1 and #2 (JOA) dated as of April 2, 1982. JEA owns 80% and FPL owns 20% of SJRPP. A Purchased Power Agreement (PPA) in the JOA assigned 37.5% of JEA's 80% generation to FPL, which effectively provided 50% of the generation to both owners of SJRPP. The JOA ends on April 2, 2022. JEA and FPL reached an agreement to close SJRPP, including early termination of the PPA. On May 16, 2017, JEA's board of directors approved the Asset Transfer and Contract Termination Agreement, which outlined the terms of the retirement, decommissioning, and dismantling of the plant. The week following, FPL approved the contract and filed a petition with the Florida Public Service Commission (FPSC) for approval to shut down SJRPP. The final order was approved by FPSC in October 2017.

Shutdown occurred on January 5, 2018. On that date, FPL paid JEA $90,400, made up of FPL's cash reserves at SJRPP and a shutdown cash payment of $51,869 as a result of the early termination of the PPA. The payment was recorded as other operating revenue and the expenses related to the shutdown were charged to maintenance and other operating expenses on the statement of revenues, expenses, and changes in net position. In addition, on that date, FPL paid JEA the FPL Debt Service Reserves, which JEA then paid to an escrow account to consummate the bond defeasance of $128,280 of Issue Two debt. On January 5, 2018, JEA defeased all of the SJRPP System Revenue Issue Two debt and, on March 21, 2018, JEA satisfied and discharged the First Power Park Resolution.

3. Asset Retirement Obligations (continued)

As part of the agreement, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited into the SJRPP Pension Fund. JEA paid a total of $8,974 in separation benefits for SJRPP employees in fiscal year 2018.

FPL conveyed their 20% interest in SJRPP's fuel inventory to JEA. The fuel inventory received, totaling $4,595, was recorded at fair value. The remaining coal at SJRPP was transferred and consumed at JEA Northside Units 1 and 2. These transactions were recorded at the book value of the coal as the coal was transferred. Based on a physical inventory, the book balance of coal inventory at September 30, 2018 was written down by $11,484 to reflect the remaining coal at SJRPP of $1,015. As of September 30, 2019, all of the SJRPP coal has been consumed.

FPL received a credit for their estimated share of the material and supplies inventory balance at shutdown, pending sale of the inventory. After the sales period passed, FPL paid a shutdown payment adjustment for their share of 20% of the loss on the remaining materials and supplies inventory. JEA is in the process of liquidating the material and supplies inventory. The remaining materials and supplies was written down to fair value in fiscal year 2018 with the recording of an adjustment of $22,444. The value remaining is $106 and $665 at September 30, 2019 and 2018, respectively.

As part of the agreement, the parties agreed that all operation of SJRPP as a generating facility would cease at shutdown. As such, the majority of the plant assets were dismantled. Because of the shutdown of SJRPP and in accordance with GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets*, an impairment loss of $451,037 was recorded, as a special item, on the un-depreciated book value of the assets that are being dismantled in fiscal year 2018. In conjunction with the recording of the impairment loss related to SJRPP decommissioning, it was determined that there were certain items included in the regulatory asset balance that were no longer going to be recovered through the ratemaking process, primarily those costs deferred related to debt issues that were defeased. As a result, an additional adjustment of $45,099 to regulatory balances was included in the statement of revenues, expenses and changes in net position in the current period, as a special item in fiscal year 2018. The remaining regulatory balance will be amortized over the life of the remaining debt outstanding related to Issue Three debt. See note 2, Regulatory Deferrals, for additional information related to SJRPP's regulatory deferrals.

FPL conveyed their 20% undivided ownership of plant in service assets to JEA. The retained plant in service assets were recorded at fair value. In addition, FPL will convey their 20% undivided ownership interest in the SJRPP site to JEA upon completion of dismantlement and environmental remediation. Under a service management agreement, FPL will pay 20% of the dismantlement and remediation costs incurred. Dismantlement and remediation is expected to be complete by July 2020. Monitoring of the site will continue for thirty years subsequent to the completion date. JEA's share of the estimated cost for dismantlement and remediation is approximately $42,400. The remaining liability, $18,047, is recorded in current portion of asset retirement obligations and is offset by the separate line item, unrealized asset retirement obligation, in the statement of net position. Currently, JEA does not possess sufficient information to reasonably estimate the amounts of additional liabilities, if any, on the site until completion of future environmental studies. In addition, conditions that are currently unknown could result in additional exposure, the amount and materiality of which cannot presently be reasonably estimated. Based upon information currently available, however, JEA believes its ARO accurately reflects the estimated cost of remedial actions currently required.

4. Restricted Assets

Restricted assets were held in the following funds at September 30, 2019 and 2018:

	September 30, 2019				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	**$ 83,017**	**$ 46,955**	**$ 48,803**	**$ 4,398**	**$ 183,173**
Sinking Fund	**153,650**	**19,635**	**80,775**	**2,356**	**256,416**
Debt Service Reserve Fund	**65,433**	**10,984**	**63,441**	**–**	**139,858**
Revenue Fund	**–**	**28,079**	**–**	**–**	**28,079**
Adjustment to fair value of investments	**4,388**	**107**	**4,225**	**–**	**8,720**
Environmental Fund	**–**	**–**	**1,891**	**–**	**1,891**
Construction Fund	**–**	**–**	**28,968**	**–**	**28,968**
Total	**$ 306,488**	**$ 105,760**	**$ 228,103**	**$ 6,754**	**$ 647,105**

	September 30, 2018				
	Electric	SJRPP	Water and Sewer	DES	Total
Renewal and Replacement Fund	$ 189,929	$ 52,610	$ 141,423	$ 1,078	$ 385,040
Sinking Fund	167,483	7,446	81,242	2,340	258,511
Debt Service Reserve Fund	65,433	11,354	102,850	–	179,637
Revenue Fund	–	26,014	–	–	26,014
Adjustment to fair value of investments	(3,302)	66	(1,347)	–	(4,583)
Environmental Fund	–	–	1,159	–	1,159
Construction Fund	203	–	284	–	487
Total	$ 419,746	$ 97,490	$ 325,611	$ 3,418	$ 846,265

The Electric System, SJRPP System, Bulk Power Supply, Water and Sewer System, and DES are permitted to invest restricted funds in specified types of investments in accordance with their bond resolutions and the investment policy.

4. Restricted Assets (continued)

The requirements of the respective bond resolutions for contributions to the respective systems' renewal and replacement funds are as follows:

Electric System:	An amount equal to the greater of 10% of the prior year defined net revenues or 5% of the prior year defined gross revenues.
SJRPP System:	An amount equal to 12.5% of aggregate debt service, as defined, on bonds issued under the First SJRPP Bond Resolution. An amount equal to 12.5% of aggregate debt service, as defined, on bonds issued under the Second SJRPP Bond Resolution. However, no such deposit is required under the Second SJRPP Bond Resolution as long as the First SJRPP Bond Resolution has not been discharged. On January 5, 2018, JEA defeased all the SJRPP System Revenue Issue Two bonds in their entirety and on March 21, 2018, JEA satisfied and discharged the First Power Park Resolution; therefore, the deposits required under the Second SJRPP Bond Resolution began in fiscal year 2018.
Bulk Power Supply System:	An amount equal to 12.5% of aggregate debt service, as defined.
Water and Sewer System:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues.
DES:	An amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined revenues.

5. Cash and Investments

JEA maintains cash and investment pools that are utilized by all funds except for the bond funds. Included in the JEA cash balances are amounts on deposit with JEA's commercial bank, as well as amounts held in various money market funds as authorized in the JEA Investment Policy. The commercial bank balances are covered by federal depository insurance or collateralized subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes. Amounts subject to Chapter 280, Florida Statutes, are collateralized by securities deposited by JEA's commercial bank under certain pledging formulas with the State Treasurer or other qualified custodians.

JEA follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying value of investments to fair value to be presented as a component of investment income. Investments are presented at fair value or cost, which is further explained in note 14, Fair Value Measurements.

5. Cash and Investments (continued)

At September 30, 2019 and 2018, the fair value of all securities, regardless of statement of net position classification as cash equivalent or investment, was as follows:

	2019	2018
Securities:		
U.S. Treasury and government agency securities	**$ 184,525**	$ 462,897
State and local government securities	**183,116**	223,845
Local government investment pool	**188,130**	194,786
Commercial paper	**44,266**	133,074
Money market mutual funds	**126,452**	23,208
Total securities, at fair value	**$ 726,489**	$ 1,037,810

These securities are held in the following accounts:

	2019	2018
Current assets:		
Cash and cash equivalents	**$ 414,438**	$ 441,206
Investments	**2,399**	85,310
Restricted assets:		
Cash and cash equivalents	**265,784**	114,576
Investments	**380,250**	731,627
Total cash and investments	**1,062,871**	1,372,719
Plus: interest due on securities	**1,838**	2,878
Less: cash on deposit	**(338,220)**	(337,787)
Total securities, at fair value	**$ 726,489**	$ 1,037,810

JEA is authorized to invest in securities as described in its investment policy and in each bond resolution. As of September 30, 2019, JEA's investments in securities and their maturities are categorized below in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. It is assumed that callable investments will not be called. Puttable securities are presented as investments with a maturity of less than one year.

5. Cash and Investments (continued)

The maturity distribution of the investments held at September 30, 2019 is listed below.

Type of Investments	Less than One Year	One to Five Years	Five to Ten Years	Ten to Twenty Years	Total
U.S. Treasury and government agency securities	$ 30,085	$ 140,128	$ 5,144	$ 9,168	$ 184,525
State and local government securities	44,301	44,897	26,489	67,429	183,116
Local government investment pools	188,130	–	–	–	188,130
Commercial paper	44,266	–	–	–	44,266
Money market mutual funds	126,452	–	–	–	126,452
Total securities, at fair value	$ 433,234	$ 185,025	$ 31,633	$ 76,597	$ 726,489

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, JEA's investment policy requires the investment portfolio to be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities are matched with known cash needs and anticipated cash flow requirements. Additionally, maturity limitations for investments related to the issuance of debt are outlined in the bond resolution relating to those bond issues. JEA's investment policy also limits investments in commercial paper to maturities of less than nine months.

Credit Risk – JEA's investment policy is consistent with the requirements for investments of state and local governments contained in the Florida Statutes and its objectives are to seek reasonable income, preserve capital, and avoid speculative investments. Consistent with JEA's investment policy and bond resolutions: (1) the U.S. government agency securities held in the portfolio are issued or guaranteed by agencies created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; (2) the state and local government securities are rated by two nationally recognized rating agencies and are rated at least AA- by Standard & Poor's, Aa3 by Moody's Investors Services, or AA- by Fitch Ratings; and (3) the money market mutual funds are rated AAA by Standard & Poor's or Aaa by Moody's Investors Services. JEA's investment policy limits investments in commercial paper to the highest whole rating category issued by at least two nationally recognized rating agencies, and the issuer must be a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S., or the governments of Canada or Canadian provinces and the ratings outlook must be positive or stable at the time of the investment. As of September 30, 2019, JEA's investments in commercial paper are rated at least A-1 by Standard & Poor's and P-1 by Moody's Investors Services. In addition, JEA's investment policy limits the commercial paper investment in any one issuer to $12,500. Additionally, JEA's investment policy limits investments in commercial paper to 25% of the total cash and investment portfolio regardless of statement of net position classification as cash equivalent or investment. As of September 30, 2019, JEA had 6.1% of its investments in commercial paper.

5. Cash and Investments (continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JEA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of JEA's investments are held by JEA or by an agent in JEA's name.

Concentration of Credit Risk – As of September 30, 2019, investments in any one issuer representing 5% or more of JEA's investments included $148,467 (20.4%) invested in issues of the Federal Home Loan Bank. JEA's investment policy limits the maximum holding of any one U.S. government agency issuer to 35% of total cash and investments regardless of statement of net position classification as cash equivalent or investment. Other than investments in U.S. Treasury securities or U.S. Treasury money market funds, JEA's investment policy limits the percentage of the total cash and investment portfolio (regardless of statement of net position classification as cash equivalent or investment) that may be held in various security types. As of September 30, 2019, investments in all security types were within the allowable policy limits.

6. Capital Assets

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance September 30, 2018	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2019
Electric Enterprise Fund:					
Generation assets	$ 3,699,914	$ –	$ (2,114)	$ 100,217	$ 3,798,017
Transmission assets	593,858	–	(3,853)	3,906	593,911
Distribution assets	2,000,076	–	(16,326)	66,556	2,050,306
Other assets	448,877	–	(5,558)	29,079	472,398
Total capital assets	6,742,725	–	(27,851)	199,758	6,914,632
Less: accumulated depreciation and amortization	(4,385,170)	(208,287)	27,851	–	(4,565,606)
Land	130,286	–	(3)	834	131,117
Construction work-in-process	174,527	276,978	–	(247,604)	203,901
Net capital assets	2,662,368	68,691	(3)	(47,012)	2,684,044
Water and Sewer Fund:					
Pumping assets	525,648	–	(2,320)	38,547	561,875
Treatment assets	646,269	–	(1,746)	36,778	681,301
Transmission and distribution assets	1,206,880	–	(1,226)	48,374	1,254,028
Collection assets	1,508,598	–	(52)	23,737	1,532,283
Reclaimed water assets	137,534	–	–	1,309	138,843
General and other assets	407,065	–	(3,768)	20,464	423,761
Total capital assets	4,431,994	–	(9,112)	169,209	4,592,091
Less: accumulated depreciation	(2,108,027)	(148,250)	9,111	4,189	(2,242,977)
Land	61,215	–	(11)	89	61,293
Construction work-in-process	297,682	209,331	–	(169,297)	337,716
Net capital assets	2,682,864	61,081	(12)	4,190	2,748,123
District Energy System:					
Chilled water plant assets	56,376	–	(261)	1,035	57,150
Total capital assets	56,376	–	(261)	1,035	57,150
Less: accumulated depreciation	(25,554)	(2,429)	255	–	(27,728)
Land	3,051	–	–	–	3,051
Construction work-in process	1,154	679	–	(1,029)	804
Net capital assets	35,027	(1,750)	(6)	6	33,277
Total	$ 5,380,259	$ 128,022	$ (21)	$ (42,816)	$ 5,465,444

6. Capital Assets (continued)

Capital asset activity for the year ended September 30, 2018 is as follows:

	Balance September 30, 2017	Additions	Retirements	Transfers/ Adjustments	Balance September 30, 2018
Electric Enterprise Fund:					
Generation assets	$ 3,685,363	$ –	$ (5,686)	$ 20,237	$ 3,699,914
Transmission assets	571,810	–	(175)	22,223	593,858
Distribution assets	1,927,058	–	(5,881)	78,899	2,000,076
Other assets	459,240	–	(1,754)	(8,609)	448,877
Total capital assets	6,643,471	–	(13,496)	112,750	6,742,725
Less: accumulated depreciation and amortization	(3,718,060)	(680,606)	13,496	–	(4,385,170)
Land	130,246	–	(197)	237	130,286
Construction work-in-process	106,012	183,278	–	(114,763)	174,527
Net capital assets	3,161,669	(497,328)	(197)	(1,776)	2,662,368
Water and Sewer Fund:					
Pumping assets	509,490	–	(9,533)	25,691	525,648
Treatment assets	627,165	–	(7,037)	26,141	646,269
Transmission and distribution assets	1,182,420	–	(312)	24,772	1,206,880
Collection assets	1,485,168	–	(427)	23,857	1,508,598
Reclaimed water assets	138,535	–	(730)	(271)	137,534
General and other assets	397,765	–	(1,512)	10,812	407,065
Total capital assets	4,340,543	–	(19,551)	111,002	4,431,994
Less: accumulated depreciation	(1,991,742)	(140,025)	19,551	4,189	(2,108,027)
Land	61,259	–	(11)	(33)	61,215
Construction work-in-process	205,890	202,761	–	(110,969)	297,682
Net capital assets	2,615,950	62,736	(11)	4,189	2,682,864
District Energy System:					
Chilled water plant assets	55,240	–	(940)	2,076	56,376
Total capital assets	55,240	–	(940)	2,076	56,376
Less: accumulated depreciation	(24,091)	(2,403)	940	–	(25,554)
Land	3,051	–	–	–	3,051
Construction work-in process	1,980	1,250	–	(2,076)	1,154
Net capital assets	36,180	(1,153)	–	–	35,027
Total	$ 5,813,799	$ (435,745)	$ (208)	$ 2,413	$ 5,380,259

7. Investment in The Energy Authority

JEA is a member of TEA, a municipal power marketing and risk management joint venture, headquartered in Jacksonville, Florida. TEA currently has eight members, and JEA's ownership interest in TEA is 17.6%. TEA provides wholesale power marketing and resource management services to members (including JEA) and nonmembers and allocates transaction savings and operating expenses pursuant to a settlement agreement. TEA also assists members (including JEA) and nonmembers with natural gas procurement and related gas hedging activities. JEA's earnings from TEA were $2,412 in fiscal year 2019 and $4,074 in 2018 for all power marketing activities. JEA's distributions from TEA were $2,443 in fiscal year 2019 and $3,513 in 2018. The investment in TEA was $6,999 at September 30, 2019 and $7,030 at September 30, 2018 and is included in noncurrent assets on the accompanying statement of net position.

The following is a summary of the unaudited financial information of TEA for the nine months ended September 30, 2019 and 2018. TEA issues separate audited financial statements on a calendar-year basis.

	Unaudited	
	2019	**2018**
Condensed statement of net position:		
Current assets	**$ 167,808**	$ 165,904
Noncurrent assets	**23,666**	21,510
Total assets	**$ 191,474**	$ 187,414
Current liabilities	**$ 151,620**	$ 146,768
Noncurrent liabilities	**50**	15
Members' capital	**39,804**	40,631
Total liabilities and members' capital	**$ 191,474**	$ 187,414
Condensed statement of operations:		
Operating revenues	**$ 1,279,819**	$ 1,334,738
Operating expenses	**1,217,046**	1,252,868
Operating income	**$ 62,773**	$ 81,870
Net income	**$ 61,568**	$ 81,975

As of September 30, 2019, JEA is obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to $28,929 and TEA's natural gas procurement and trading activities up to $34,600, in either case, plus attorney's fees that any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. JEA has approved up to $60,000 (plus attorney fees) for TEA's natural gas procurement and trading activities.

7. Investment in The Energy Authority (continued)

Generally, JEA's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission that was delivered or made available, or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract. Generally, JEA's guaranty obligations for natural gas procurement and trading would arise if TEA did not make the contractually required payment for natural gas or transportation that was delivered or purchased or if TEA failed to deliver natural gas or transportation as required under a contract.

Upon JEA's making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's equity ownership interest in TEA. Upon JEA's making any payments under its natural gas guaranty, it has certain contribution rights with the other members of TEA in order that payments under the TEA member guaranties would be equalized ratably in proportion to their respective amounts of guaranties, as adjusted by the actual natural gas member volumes and prices for the calendar year. After such contributions have been effected, JEA would only have recourse against TEA to recover amounts paid under the guaranty.

The term of these guaranties is generally indefinite, but JEA has the ability to terminate its guaranty obligations by causing to be provided advance notice to the beneficiaries thereof. Such termination of its guaranty obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. Such termination would be because of JEA's withdrawal from membership in TEA, or such termination could cause JEA's membership in TEA to be terminated.

Under a separate agreement, TEA contracted with Southern Power Company ("Southern"), on JEA's behalf, for the purchase and sale of capacity and energy from Southern's Wansley plant located in Heard County, GA, covering the term from January 1, 2018 to December 31, 2019. In turn, JEA has guaranteed the payment obligations in the agreement up to $9,000 as well as all reasonable fees and expenses of Southern's counsel in any way relating to the enforcement of Southern's rights under the agreement.

8. Long-Term Debt

The Electric System, Bulk Power Supply System, SJRPP System, Water and Sewer System, and DES revenue bonds (JEA Revenue Bonds) are each governed by one or more bond resolutions. The Electric System bonds are governed by both a senior and a subordinated bond resolution; the Bulk Power Supply System bonds are governed by a single bond resolution; the Water and Sewer System bonds are governed by both a senior and a subordinated bond resolution; the SJRPP System bonds are governed by the Second Power Park Resolutions; and the DES bonds are governed by a single bond resolution. In accordance with the bond resolutions of each system, principal and interest on the bonds are payable from and secured by a pledge of the net revenues of the respective system. In general, the bond resolutions require JEA to make monthly deposits into the separate debt service sinking funds for each System in an amount equal to approximately one-twelfth of the aggregate amount of principal and interest due and payable on the bonds within the bond year. Interest on the fixed rate bonds is payable semiannually on April 1 and October 1, and principal is payable on October 1.

The various bond resolutions provide for certain other covenants, the most significant of which (1) requires JEA to establish rates for each system such that net revenues with respect to that system are sufficient to exceed (by a certain percentage) the debt service for that system during the fiscal year and any additional amount required to make all reserve or other payments required to be made in such fiscal year by the resolution of that system and (2) restricts JEA from issuing additional parity bonds unless certain conditions are met.

8. Long-Term Debt (continued)

Below is the schedule of outstanding indebtedness for the fiscal years 2019 and 2018.

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Electric System Senior Revenue Bonds:				
Series Three 2004A	5.000%	2039	**$ 5**	$ 5
Series Three 2005B	4.750%	2033	**100**	100
Series Three 2008A[2]	Variable	2027-2036	**51,680**	51,680
Series Three 2008B-1[3]	Variable	2019-2040	**59,620**	60,020
Series Three 2008B-2[2]	Variable	2025-2040	**41,900**	41,900
Series Three 2008B-3[2]	Variable	2024-2036	**37,000**	37,000
Series Three 2008B-4[3]	Variable	2019-2036	**49,010**	49,410
Series Three 2008C-1[2]	Variable	2024-2034	**44,145**	44,145
Series Three 2008C-2[2]	Variable	2024-2034	**43,900**	43,900
Series Three 2008C-3[2]	Variable	2030-2038	**25,000**	25,000
Series Three 2008D-1[3]	Variable	2019-2036	**106,275**	108,900
Series Three 2009D[4]	6.056%	2033-2044	**45,955**	45,955
Series Three 2010A	4.000%	2019	**5,070**	10,065
Series Three 2010C	4.500%	2031	**1,290**	1,950
Series Three 2010D	4.250-5.000%	2020-2038	**1,205**	7,210
Series Three 2010E[4]	5.350-5.482%	2028-2040	**34,255**	34,255
Series Three 2012A	4.000-4.500%	2027-2033	**16,210**	16,995
Series Three 2012B	2.000-5.000%	2019-2039	**85,615**	85,615
Series Three 2013A	3.000-5.000%	2019-2026	**49,050**	74,865
Series Three 2013B	3.000-5.000%	2026-2038	**7,500**	7,500
Series Three 2013C	4.600-5.000%	2019-2030	**10,555**	19,335
Series Three 2014A	3.500-5.000%	2019-2034	**9,350**	12,870
Series Three 2015A	3.000-5.000%	2019-2041	**59,005**	69,975
Series Three 2015B	3.375-5.000%	2019-2031	**17,225**	23,900
Series Three 2017A	5.000%	2019	**18,670**	18,670
Series Three 2017B	3.375 - 5.000%	2026-2039	**198,095**	198,095
Total Electric System Senior Revenue Bonds			**1,017,685**	1,089,315

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Electric System Subordinated Revenue Bonds:				
2000 Series A[2]	Variable	2021-2035	**$ 30,965**	$ 30,965
2000 Series F-1[2]	Variable	2026-2030	**37,200**	37,200
2000 Series F-2[2]	Variable	2026-2030	**24,800**	24,800
2008 Series D[2]	Variable	2024-2038	**39,455**	39,455
2009 Series D	N/A	N/A	**–**	11,660
2009 Series E	N/A	N/A	**–**	295
2009 Series F[4]	4.900-6.406%	2019-2034	**62,155**	63,670
2009 Series G	4.000-5.000%	2019	**14,665**	16,090
2010 Series B	4.000-5.000%	2019-2020	**3,115**	4,605
2010 Series D[4]	4.150-5.582%	2019-2027	**42,050**	44,125
2012 Series A	3.250-5.000%	2019-2033	**55,515**	62,440
2012 Series B	3.250-5.000%	2019-2037	**50,030**	52,995
2013 Series A	3.000-5.000%	2019-2030	**37,330**	44,585
2013 Series B	3.000-5.000%	2019-2026	**17,165**	21,275
2013 Series C	1.375-5.000%	2019-2038	**74,750**	78,330
2013 Series D	4.375-5.250%	2019-2035	**50,115**	88,660
2014 Series A	4.000-5.000%	2019-2039	**94,265**	121,320
2017 Series A	3.000%	2019	**1,290**	31,790
2017 Series B	3.375-5.000%	2019-2034	**171,700**	185,745
Total Electric System Subordinated Revenue Bonds			**806,565**	960,005
Bulk Power Supply System Revenue Bonds:				
Series 2010A[4]	4.800-5.920%	2019-2030	**$ 34,355**	$ 37,400
Series 2014A	2.000-4.125%	2019-2038	**60,655**	63,320
Total Bulk Power System Revenue Bonds			**95,010**	100,720
SJRPP System Revenue Bonds:				
Issue Three, Series One	4.500%	2037	**100**	100
Issue Three, Series Two	5.000%	2034-2037	**29,370**	29,370
Issue Three, Series Four[4]	4.700-5.450%	2019-2028	**20,690**	22,410
Issue Three, Series Six	2.375-5.000%	2019-2037	**91,330**	91,330
Issue Three, Series Seven	2.000-5.000%	2019-2033	**79,500**	79,500
Issue Three, Series Eight	2.000-5.000%	2019-2039	**57,895**	57,895
Total SJRPP System Revenue Bonds			**278,885**	280,605

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Water and Sewer System Senior Revenue Bonds:				
2006 Series B[5]	Variable	2019-2022	**$ 24,850**	$ 30,370
2008 Series A-2[2]	Variable	2028-2042	**51,820**	51,820
2008 Series B[2]	Variable	2023-2041	**85,290**	85,290
2009 Series B	3.750%	2019	**8,915**	18,295
2010 Series A[4]	6.210-6.310%	2026-2044	**83,115**	83,115
2010 Series B	5.200-5.700%	2019-2025	**12,110**	13,840
2010 Series C	N/A	N/A	**–**	3,000
2010 Series D	4.000-5.000%	2019-2039	**24,125**	42,525
2010 Series E	4.000-5.000%	2023-2039	**8,570**	11,865
2010 Series F[4]	3.900-5.887%	2019-2040	**42,095**	44,275
2012 Series A	3.000-5.000%	2019-2041	**153,175**	162,430
2012 Series B	2.250-5.000%	2019-2037	**73,270**	76,380
2013 Series A	4.500-5.000%	2019-2027	**17,575**	63,660
2014 Series A	2.000-5.000%	2019-2040	**212,960**	217,790
2017 Series A	3.125-5.000%	2022-2041	**360,775**	378,220
Total Water and Sewer System Senior Revenue Bonds			**1,158,645**	1,282,875
Water and Sewer System Subordinated Revenue Bonds:				
Subordinated 2008 Series A-1[2]	Variable	2019-2038	**48,850**	50,950
Subordinated 2008 Series A-2[2]	Variable	2030-2038	**25,600**	25,600
Subordinated 2008 Series B-1[2]	Variable	2030-2036	**30,885**	30,885
Subordinated 2010 Series A	5.000%	2019	**2,790**	8,275
Subordinated 2010 Series B	4.000-5.000%	2023-2025	**2,060**	3,255
Subordinated 2012 Series A	N/A	N/A	**–**	1,440
Subordinated 2012 Series B	3.250-5.000%	2030-2043	**29,685**	29,685
Subordinated 2013 Series A	2.125-5.000%	2019-2029	**25,210**	37,435
Subordinated 2017 Series A	2.750-5.000%	2021-2034	**58,940**	58,940
Total Water and Sewer System Subordinated Revenue Bonds			**224,020**	246,465

8. Long-Term Debt (continued)

Long-Term Debt	Interest Rates[1]	Payment Dates	September 30 2019	2018
Water and Sewer System Other Subordinated Debt:				
Revolving Credit Agreement[6]	Variable	2021	**$ 5,000**	$ 3,000
Total Water and Sewer System Other Subordinated Debt			**5,000**	3,000
District Energy System:				
2013 Series A	2.065-4.538%	2019-2034	**34,825**	36,485
Total District Energy System			**34,825**	36,485
Total Debt Principal Outstanding			**3,620,635**	3,999,470
Less: Debt Due Within One Year			**(192,555)**	(185,790)
Total Long-Term Debt			**$ 3,428,080**	$ 3,813,680

(1) Interest rates apply only to bonds outstanding at September 30, 2019. Interest on the outstanding variable rate debt is based on either the daily mode, weekly mode, or the flexible mode, which resets in time increments ranging from 1 to 270 days. In addition, JEA has executed fixed-payer weekly mode interest rate swaps to effectively fix a portion of its net payments relative to certain variable rate bonds. The terms of the interest rate swaps are approximately equal to that of the fixed-payer bonds. See the Debt Management Strategy section of this note for more information related to the interest rate swap agreements outstanding at September 30, 2019 and 2018.

(2) Variable rate demand obligations – interest rates ranged from 1.40% to 1.79% at September 30, 2019.

(3) Variable rate direct purchased bonds indexed to SIFMA – interest rates were 2.08% at September 30, 2019.

(4) Federally Taxable – Issuer Subsidy – Build America Bonds where JEA expects to receive a cash subsidy payment from the United States Department of the Treasury for an amount up to 35% of the related interest.

(5) Variable rate bonds indexed to the Consumer Price Index (CPI bonds) – interest rates ranged from 2.51% to 2.55% at September 30, 2019.

(6) Revolving Credit Agreement – interest rate was 3.19% at September 30, 2019.

8. Long-Term Debt (continued)

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2019 was as follows:

System	Debt Payable September 30, 2018	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2019	Current Portion of Debt Payable September 30, 2019
Electric:						
Revenue	$ 1,830,990	$ –	$ (100,090)	$ (121,555)	$ 1,609,345	$ 112,635
Direct purchase	218,330	–	–	(3,425)	214,905	3,595
Total electric	2,049,320	–	(100,090)	(124,980)	1,824,250	116,230
Bulk Power Supply	100,720	–	–	(5,710)	95,010	6,150
SJRPP	280,605	–	–	(1,720)	278,885	13,780
Water and Sewer	1,529,340	–	(94,955)	(51,720)	1,382,665	54,705
DES	36,485	–	–	(1,660)	34,825	1,690
Total	$ 3,996,470	$ –	$ (195,045)	$ (185,790)	$ 3,615,635	$ 192,555

Long-term debt activity (excluding the revolving credit agreement) for the year ended September 30, 2018 was as follows:

System	Debt Payable September 30, 2017	Par Amount of Debt Issued	Par Amount of Debt Refunded or Defeased	Scheduled Debt Principal Payments	Debt Payable September 30, 2018	Current Portion of Debt Payable September 30, 2018
Electric:						
Revenue	$ 1,978,860	$ 383,840	$ (405,105)	$ (126,605)	$ 1,830,990	$ 121,555
Direct purchase	221,625	–	–	(3,295)	218,330	3,425
Total electric	2,200,485	383,840	(405,105)	(129,900)	2,049,320	124,980
Bulk Power Supply	105,925	–	–	(5,205)	100,720	5,710
SJRPP	450,215	–	(128,280)	(41,330)	280,605	1,720
Water and Sewer	1,603,505	437,160	(460,305)	(51,020)	1,529,340	51,720
DES	38,125	–	–	(1,640)	36,485	1,660
Total	$ 4,398,255	$ 821,000	$ (993,690)	$ (229,095)	$ 3,996,470	$ 185,790

8. Long-Term Debt (continued)

The debt service to maturity on the outstanding debt (excluding the revolving credit agreement) as of September 30, 2019 is summarized below, representing debt service accrued from October 1 through September 30 of the corresponding fiscal year, except for fiscal year 2019, which excludes payments made during the fiscal year.

Fiscal Year Ending	Electric System Revenue		Electric System Direct Purchase		Bulk Power Supply System	
September 30	Principal	Interest[1]	Principal	Interest[1]	Principal	Interest[1]
2019	$ 112,635	$ 28,978	$ 3,595	$ 312	$ 6,150	$ 1,980
2020	54,285	57,650	6,505	23,333	6,975	3,716
2021	50,545	54,944	8,595	22,995	7,080	3,498
2022	46,570	52,536	8,925	22,448	7,270	3,274
2023	8,830	50,315	7,950	21,910	7,485	3,003
2024–2028	342,455	230,769	63,300	94,522	22,515	11,565
2029–2033	467,715	153,665	69,910	50,733	20,260	5,681
2034–2038	440,690	64,927	40,805	17,429	17,275	2,271
2039–2043	80,925	8,747	5,320	346	–	–
2044–2048	4,695	284	–	–	–	–
Total	$ 1,609,345	$ 702,815	$ 214,905	$ 254,028	$ 95,010	$ 34,988

Fiscal Year Ending	SJRPP		Water and Sewer System		District Energy System		Total Debt
September 30	Principal	Interest[1]	Principal	Interest[1]	Principal	Interest	Service
2019	$ 13,780	$ 5,564	$ 54,705	$ 26,069	$ 1,690	$ 665	$ 256,123
2020	13,340	10,444	19,870	52,787	1,725	1,296	251,926
2021	14,175	9,894	22,250	52,369	1,770	1,254	249,369
2022	15,285	9,310	37,765	51,690	1,815	1,206	258,094
2023	15,865	8,693	59,310	50,210	1,870	1,152	236,593
2024–2028	87,755	33,978	291,820	211,579	10,370	4,738	1,405,366
2029–2033	68,100	18,403	302,410	145,382	12,695	2,412	1,317,366
2034–2038	46,730	6,651	367,740	82,687	2,890	131	1,090,226
2039–2043	3,855	154	220,670	19,979	–	–	339,996
2044–2048	–	–	6,125	386	–	–	11,490
Total	$ 278,885	$ 103,091	$ 1,382,665	$ 693,138	$ 34,825	$ 12,854	$ 5,416,549

[1] The interest requirement for the variable rate debt was determined by using the interest rates that were in effect at the financial statement date of September 30, 2019 and reflects gross interest, prior to any 35% cash subsidy payments, on the Federally Taxable – Issuer Subsidy – Build America Bonds.

8. Long-Term Debt (continued)

JEA, at its option, may redeem specific outstanding fixed rate JEA Revenue Bonds prior to maturity, as discussed in the official statements covering their issuance. A summary of the redemption provisions is as follows:

	Electric System	Bulk Power Supply System	SJRPP	Water and Sewer System	District Energy System
Earliest fiscal year for redemption	2020	2020	2020	2020	2023
Redemption price	100%	100%	100%	100%	100%

There was no JEA debt issued during fiscal year 2019.

The JEA Board has authorized the issuance of additional refunding bonds within certain parameters for the Electric System, Bulk Power Supply System, SJRPP, and Water and Sewer System. The following table summarizes the maximum amounts that could be issued:

System	Authorization		Expiration
	Senior	Subordinated	
Electric	$ 629,000	$ 263,000	December 31, 2020
Bulk Power Supply System	60,000	N/A	December 31, 2020
SJRPP Issue Three	250,000	N/A	December 31, 2020
Water and Sewer	313,000	151,000	December 31, 2020

Variable Rate Demand Obligations (VRDOs) – Liquidity Support

For the Electric System and the Water and Sewer System VRDOs appearing in the schedule of outstanding indebtedness, and except for the obligations noted in the following paragraphs, liquidity support is provided in connection with tenders for purchase with various liquidity providers pursuant to standby bond purchase agreements (SBPA) relating to that series of obligation. The purchase price of the obligations tendered or deemed tendered for purchase is payable from the proceeds of the remarketing thereof and moneys drawn under the applicable SBPA. At September 30, 2019, there were no outstanding draws under the SBPA. In the event of the expiration or termination of the SBPA that results in a mandatory tender of the VRDOs and the purchase of the obligations by the bank, then beginning on April 1 or October 1, whichever date is at least six months subsequent to the purchase of the obligations, JEA shall begin to make equal semiannual installments over an approximate five-year period. Commitment fees range from 0.38% to 0.55% with stated termination dates ranging from May 8, 2020 to August 22, 2022, unless otherwise extended.

8. Long-Term Debt (continued)

JEA entered into irrevocable direct-pay letter of credit and reimbursement agreement to support the payment of principal and interest on the Water and Sewer System 2008 Series A-2 VRDOs. The letter of credit agreement constitutes both a credit facility and a liquidity facility. As of September 30, 2019, there were no draws outstanding under the letter of credit agreement. Repayment of any draws outstanding at the expiration date are payable in equal semiannual installments over an approximate five-year period. The commitment fee is 0.42% with a stated expiration date of December 1, 2023, unless otherwise extended.

JEA has entered into continuing covenant agreements for the Variable Rate Electric System Revenue Bonds, Series Three 2008B-1, Series Three 2008B-4, and Series Three 2008D-1 (collectively, the Direct Purchase Bonds). Except as described below, the bank does not have the option to tender the respective Direct Purchase Bonds for purchase for a period specified in the respective continuing covenant agreements, which period would be subject to renewal under certain conditions. Any Direct Purchase Bonds that were not purchased on the scheduled 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 the scheduled mandatory tender date. The continuing covenant agreements specify certain events of default that require immediate repayment of outstanding amounts and other events of default that require repayment of outstanding amounts if the event of default continues from 7 days to 180 days. During the years ended September 30, 2019 and 2018, JEA did not default on any terms of the continuing covenant agreements. The current expiration date of the continuing covenant agreements is December 10, 2021, unless otherwise extended. The interest rate is variable and set weekly based upon SIFMA plus 50 basis points.

Revolving Credit Agreement

JEA has a revolving credit agreement with a commercial bank for an unsecured amount of $500,000. The revolving credit agreement may be used with respect to the Electric System, the Bulk Power Supply System, the SJRPP System, the Water and Sewer System, or the DES for operating or capital expenditures. The revolving credit agreement specifies events of default that require immediate repayment of outstanding amounts. During the years ended September 30, 2019 and 2018, JEA did not default on any terms of the revolving credit agreement. During fiscal year 2019, the revolving credit agreement was drawn upon by the Water and Sewer System for $2,000, increasing the outstanding balance to $5,000 as of September 30, 2019, with $495,000 available to be drawn. The revolving credit agreement is scheduled to expire on May 24, 2021.

Debt Management Strategy

JEA has entered into various interest rate swap agreements, executed in conjunction with debt financings for initial terms up to 35 years (unless earlier terminated). JEA utilizes floating to fixed interest rate swaps as part of its debt management strategy. For purposes of this note, the term floating to fixed interest rate swaps refers to swaps in which JEA receives a floating rate and pays a fixed rate.

8. Long-Term Debt (continued)

The fair value of the interest rate swap agreements and related hedging instruments is reported in the long-term debt section in the accompanying statements of net position; however, the notional amounts of the interest rate swaps are not reflected in the accompanying financial statements. JEA follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; therefore, hedge accounting is applied where fair market value changes are recorded in the accompanying statements of net position as either deferred outflow or deferred inflow resources.

The earnings from the debt management strategy interest rate swaps are recorded to interest on debt in the accompanying statements of revenues, expenses, and changes in net position.

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2019, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	$ 174,000	$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	85,200	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	24,850	4.0-4.1%	Oct 2006	Oct 2019-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	$ 516,550				

JEA entered into all outstanding floating to fixed interest rate swap agreements during prior fiscal years. The terms of the floating to fixed interest rate swap agreements outstanding at September 30, 2018, are as follows:

System	Hedged Bonds	Initial Notional Amount	Notional Amount Outstanding	Fixed Rate of Interest	Effective Date	Termination Date	Variable Rate Index
Electric	Series Three 2008C	$ 174,000	$ 84,800	3.7%	Sep 2003	Sep 2033	68% of one month LIBOR
Electric	Series Three 2008B	117,825	82,575	4.4%	Aug 2008	Oct 2039	SIFMA
Electric	Series Three 2008B	116,425	85,600	3.7%	Sep 2008	Oct 2035	68% of one month LIBOR
Electric	2008 Series D	40,875	39,175	3.7%	Mar 2009	Oct 2037	68% of one month LIBOR
Electric	Series Three 2008D-1	98,375	62,980	3.9%	May 2008	Oct 2031	SIFMA
Electric	Series Three 2008A	100,000	51,680	3.8%	Jan 2008	Oct 2036	SIFMA
Water and Sewer	2006 Series B	38,730	30,370	4.0-4.1%	Oct 2006	Oct 2018-2022	CPI
Water and Sewer	2008 Series B	85,290	85,290	3.9%	Mar 2007	Oct 2041	SIFMA
		$ 771,520	$ 522,470				

8. Long-Term Debt (continued)

The following table includes fiscal year 2019 and 2018 summary information for JEA's effective cash flow hedges related to the outstanding floating to fixed interest rate swap agreements.

	Changes in Fair Value		Fair Value at September 30, 2019		
System	Classification	Amount	Classification	Amount[1]	Notional
Electric	Deferred outflows	$ 48,518	Fair value of debt management strategy instruments	$ (118,621)	$ 406,410
Water and Sewer	Deferred outflows	15,013	Fair value of debt management strategy instruments	(31,266)	110,140
Total		$ 63,531		$ (149,887)	$ 516,550

	Changes in Fair Value		Fair Value at September 30, 2018		
System	Classification	Amount	Classification	Amount[1]	Notional
Electric	Deferred outflows	$ (31,247)	Fair value of debt management strategy instruments	$ (70,103)	$ 406,810
Water and Sewer	Deferred outflows	(7,666)	Fair value of debt management strategy instruments	(16,253)	115,660
Total		$ (38,913)		$ (86,356)	$ 522,470

[1] Fair value amounts were calculated using market rates and standard cash flow present valuing techniques.

For fiscal years ended September 30, 2019 and 2018, the weighted-average rates of interest for each index type of floating to fixed interest rate swap agreement and the total net swap earnings were as follows:

	2019	2018
68% of LIBOR Index:		
Notional amount outstanding	$ 209,175	$ 209,575
Variable rate received (weighted average)	1.62%	1.17%
Fixed rate paid (weighted average)	3.69%	3.69%
SIFMA Index (formerly BMA Index):		
Notional amount outstanding	$ 282,525	$ 282,525
Variable rate received (weighted average)	1.56%	1.27%
Fixed rate paid (weighted average)	4.02%	4.02%
CPI Index:		
Notional amount outstanding	$ 24,850	$ 30,370
Variable rate received (weighted average)	3.23%	2.87%
Fixed rate paid (weighted average)	4.04%	4.02%
Net debt management swap loss	$ (11,445)	$ (13,395)

8. Long-Term Debt (continued)

The following two tables summarize the anticipated net cash flows of JEA's outstanding hedged variable rate debt and related floating to fixed interest rate swap agreements at September 30, 2019:

Electric System[1]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2019	$ 425	$ 505	$ 839	$ 1,769
2020	3,200	5,669	10,055	18,924
2021	3,275	5,618	9,982	18,875
2022	3,375	5,566	9,908	18,849
2023	5,400	5,512	9,831	20,743
2024–2028	120,815	24,232	43,970	189,017
2029–2033	163,070	13,353	24,633	201,056
2034–2038	97,675	4,887	8,986	111,548
2039–2042	9,175	147	272	9,594
Total	$ 406,410	$ 65,489	$ 118,476	$ 590,375

Water and Sewer System[1]

Bond Year Ending October 1	Principal	Interest	Net Swap Interest	Total
2019	$ 5,740	$ 410	$ 366	$ 6,516
2020	9,195	1,678	2,424	13,297
2021	4,860	1,445	2,285	8,590
2022	5,055	1,322	2,212	8,589
2023	4,035	1,194	2,136	7,365
2024–2028	13,560	5,122	9,160	27,842
2029–2033	7,055	4,615	8,253	19,923
2034–2038	28,710	3,655	6,539	38,904
2039–2042	31,930	906	1,622	34,458
Total	$ 110,140	$ 20,347	$ 34,997	$ 165,484

(1) Interest requirement for the variable rate debt and the variable portion of the interest rate swaps was determined by using the interest rates that were in effect at the financial statement date of September 30, 2019. The fixed portion of the interest rate swaps was determined based on the actual fixed rates of the outstanding interest rate swaps at September 30, 2019.

8. Long-Term Debt (continued)

Credit Risk – JEA is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, the Board has established limits on the notional amount of JEA's interest rate swap transactions and standards for the qualification of financial institutions with which JEA may enter into interest rate swap transactions. The counterparties with which 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, each swap agreement will require the counterparty to enter into a collateral agreement to provide collateral when the ratings of such counterparty (or its guarantor) fall below "AA-"/"Aa3" and a payment is 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. All outstanding interest rate swaps at September 30, 2019, were in a liability position. Therefore, if counterparties failed to perform as contracted, JEA would not be subject to any credit risk exposure at September 30, 2019.

JEA's floating to fixed interest rate swap counterparty credit ratings at September 30, 2019, are as follows:

Counterparty	Counterparty Credit Ratings S&P/Moody's/Fitch	Outstanding Notional Amount
Morgan Stanley Capital Service Inc.	BBB+/A3/A	$ 170,405,000
Goldman Sachs Mitsui Marine Derivative Products L.P.	AA-/Aa2/not rated	136,480,000
JPMorgan Chase Bank, N.A.	A+/Aa2/AA	124,375,000
Merrill Lynch Derivative Products AG	A-/A2/A+	85,290,000
Total		$ 516,550,000

Interest Rate Risk – JEA is exposed to interest rate risk where changes in interest rates could affect the related net cash flows and fair values of outstanding interest rate swaps. On a pay-fixed, receive-variable interest rate swap, as the floating swap index decreases, JEA's net payment on the swap increases, and as the fixed rate swap market declines as compared to the fixed rate on the swap, the fair value declines.

Basis Risk – JEA is exposed to basis risk on certain pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received on certain hedging derivative instruments are based on a rate or index other than interest rates that JEA pays on its hedged variable-rate debt, which is reset every one or seven days. As of September 30, 2019, the weighted-average interest rate on JEA's hedged variable-rate debt (excluding variable rate CPI bonds) is 1.77%, while the SIFMA swap index rate is 1.58% and 68% of LIBOR is 1.43%.

8. Long-Term Debt (continued)

Termination Risk – JEA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument were in a liability position, JEA would be liable to the counterparty for a payment equal to the liability.

Market Access Risk – JEA is exposed to market access risk due to potential market disruptions in the municipal credit markets that could inhibit the issuing or remarketing of bonds and related hedging instruments. JEA maintains strong credit ratings (see Debt Administration section of the Management Discussion and Analysis) and, to date, has not encountered any barriers to the credit markets.

9. Transactions with City of Jacksonville

Utility and Administrative Services

JEA is a separately governed authority and considered a discretely presented component unit of the City. JEA provides electric, water, and sewer service to the City and its agencies and bills for such service using established rate schedules. JEA utilizes various services provided by departments of the City including insurance, legal, and motor pool. JEA is billed on a proportionate cost basis with other user departments and agencies. The revenues for services provided and expenses for services received by JEA for these related-party transactions with the City were as follows:

	2019	2018
Revenues	**$ 27,494**	$ 26,513
Expenses	**$ 5,393**	$ 6,031

City Contribution

On March 22, 2016, the City and JEA entered into a five-year agreement, which established the contribution formula for the fiscal years 2017 through 2021. On February 28, 2019, the agreement was amended to extend its expiration date to September 30, 2023 and to make an additional contribution to the City of $15,155.

Although the calculation for the annual transfer of available revenue from JEA to the City is based upon formulas that are applied specifically to each utility system operated by JEA, JEA, at its sole discretion, may utilize any of its available revenues, regardless of source, to satisfy its total annual obligation to the City.

9. Transactions with City of Jacksonville (continued)

The contributions from the JEA Electric Enterprise Fund and JEA Water and Sewer Fund for fiscal years 2019 and 2018 were as follows:

	2019	2018
Electric	**$ 92,952**	$ 91,472
Water and Sewer	**$ 39,850**	$ 25,148

The JEA Electric Enterprise Fund is required to contribute annually to the General Fund of the City an amount equal to 7.468 mills per kilowatt hour delivered by JEA to retail users 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 SJRPP System. The JEA Water and Sewer Fund is required to contribute annually to the General Fund of the City an amount equal to 389.2 mills per thousand gallons of potable water and sewer service provided, excluding reclaimed water service. These calculations are subject to a minimum increase of 1% per year through 2021, using 2016 as the base year for the combined assessment for the Electric Enterprise Fund and Water and Sewer Fund. There is no maximum annual assessment.

Franchise Fees

In 2008, the City enacted a 3.0% franchise fee from designated revenues of the Electric and Water and Sewer systems. The ordinance authorizes JEA to pass through these fees to its electric and water and sewer funds. These amounts are included in operating revenues and expenses and were as follows:

	2019	2018
Electric	**$ 29,110**	$ 28,496
Water and Sewer	**$ 10,802**	$ 10,476

Insurance Risk Pool

JEA is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, and natural disasters. In addition, JEA is exposed to risks of loss due to injuries and illness of its employees. These risks are managed through the Risk Management Division of the City, which administers the public liability (general liability and automobile liability) and workers' compensation self-insurance program covering the activities of the City general government, JEA, Jacksonville Housing Authority, Jacksonville Port Authority, and the Jacksonville Aviation Authority. The general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program.

9. Transactions with City of Jacksonville (continued)

JEA has excess coverage for individual workers' compensation claims above $1,200. Liability for claims incurred is the responsibility of, and is recorded in, the City's self-insurance plan. The premiums are calculated on a retrospective or prospective basis, depending on the claims experience of JEA and other participants in the City's self-insurance program. The liabilities are based on the estimated ultimate cost of settling the claim including the effects of inflation and other societal and economic factors. The JEA workers' compensation expense is the premium charged by the City's self-insurance plan. JEA is also a participant in the City's general liability insurance program. As part of JEA's risk management program, certain commercial insurance policies are purchased to cover designated exposures and potential loss programs. These amounts are included in operating expenses and were as follows:

	2019	2018
General liability	**$ 2,042**	$ 2,240
Workers' compensation	**$ 1,212**	$ 1,613

The following table shows the estimated workers' compensation and general liability loss accruals for the City and JEA's portion for the fiscal years ended September 30, 2019 and 2018. The amounts are recorded by the City at present value using a 4% discount rate for the fiscal years ended September 30, 2019 and September 30, 2018.

	Workers' Compensation		General Liability	
	City of Jacksonville	JEA Portion	City of Jacksonville	JEA Portion
Beginning balance	$ 99,151	$ 2,592	$ 15,300	$ 2,556
Change in provision	29,726	947	7,660	1,055
Payments	(26,119)	(675)	(6,415)	(950)
Ending balance	$ 102,758	$ 2,864	$ 16,545	$ 2,661

10. Fuel Purchase and Purchased Power Commitments

JEA has made long-term commitments to purchase 1,170,000 tons of coal for Scherer Unit 4 between October 2019 and December 2022. Additionally, in September 2019, JEA has committed to purchase approximately 70,000 and 120,000 tons of coal and pet coke, respectively, for Northside. Contract terms specify minimum annual purchase commitments at fixed prices or at prices that are subject to market adjustments. JEA has remarketing rights under the coal contracts. The majority of JEA's coal and petroleum coke supply is purchased with transportation included.

In addition, JEA participates in Georgia Power agreements with rail carriers for the delivery of coal to Scherer Unit 4. Georgia Power Company, acting for itself and as agent for JEA and the other Scherer co-owners, has entered into an agreement with Burlington Northern Santa Fe Railway Company (BNSF) that extends the rail contract through calendar year 2028. Georgia Power has also entered into an agreement with the Norfolk Southern Railway Company (NS) that extends through December 31, 2019.

10. Fuel Purchase and Purchased Power Commitments (continued)

JEA has commitments to purchase natural gas delivered to Jacksonville under a long-term contract with Shell Energy North America L.P. (Shell Energy) that expire in 2021. In October 2019, the JEA Board approved a 10-year extension of the agreement with Shell Energy. Contract terms for the natural gas supply specify minimum annual purchase commitments at market prices. JEA has the option to remarket any excess natural gas purchases. In addition to the gas delivered by Shell Energy, JEA has long-term contracts with Peoples Gas system, Florida Gas Transmission, Southern Natural Gas and SeaCoast Gas Transmission for firm gas transportation to allow the delivery of natural gas through those pipeline systems. There is no purchase commitment of natural gas associated with those transportation contracts.

In the unlikely event that JEA would not be in a position to fulfill its obligations to receive fuel and purchased power under the terms of its existing fuel and purchased power contracts, JEA would nonetheless be obligated to make certain future payments. If the conditions necessitating the future payments occurred, JEA would mitigate the financial impact of those conditions by remarketing the fuel and purchased power at then-current market prices. The aggregate amount of future payments that JEA does not expect to be able to mitigate appears in the table below:

Fiscal Year Ending	Coal and Pet Coke Fuel	Coal and Pet Coke Transportation	Natural Gas Transportation	Electric Generating Capacity / Energy	Transmission	Total
2020	$ 2,360	$ 2,748	$ 7,256	$ 2,050	$ 6,495	$ 20,909
2021	810	–	7,024	–	6,772	14,606
2022	504	–	6,606	–	7,030	14,140
2023	118	–	6,606	–	7,403	14,127
2024	–	–	6,624	–	7,780	14,404
2025-2042	–	–	44,053	–	173,961	218,014
Total	$ 3,792	$ 2,748	$ 78,169	$ 2,050	$ 209,441	$ 296,200

Vogtle Units Purchased Power Agreement

Overview

As a result of an earlier 2008 Board policy establishing a 10% 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 megawatts (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), Oglethorpe Power Corporation, 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% of JEA's total energy requirements in the year 2023.

10. Fuel Purchase and Purchased Power Commitments (continued)

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, 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, see the *Litigation and Regulatory Proceedings* section in this note.

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% 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 $6,375,400, 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 $6,851,600. 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 $2,691,200 and (ii) the portion of additional in-service costs relating to reserve funds and other fund deposits is approximately $204,200 resulting in total capital requirements of approximately $2,895,400.

10. Fuel Purchase and Purchased Power Commitments (continued)

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 $1,248,435 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 $1,224,265 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% 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% became effective on October 1, 2019. MEAG issued $185,180 of additional Project J tax-exempt bonds on September 9, 2015. In addition, MEAG issued $570,925 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% 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 $575,738, 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 $414,700. On March 22, 2019, MEAG announced that it had closed on the additional DOE loan guarantees in the aggregate amount of $414,700. The Project J Entity's portion of the $414,700 in additional loan guarantees is $111,547 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.

10. Fuel Purchase and Purchased Power Commitments (continued)

Summary of financing associated with Project J:

Long-term bonds	
2010A Build America bonds	1,224,265
2010B tax-exempt bonds	24,170
2015A tax-exempt bonds	185,180
2019A tax-exempt bonds	570,925
Remaining financing requirement	20,646
Total long-term bonds	2,025,186
DOE advances[1]	
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 capital requirements[2]	$ 2,895,400

(1) Includes advances and related capitalized interest accretion.

(2) Represents estimated total construction costs and required reserve deposits, net of payments received.

10. Fuel Purchase and Purchased Power Commitments (continued)

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	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	129,410	157,634	(26,466)	(7,124)	124,044
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	39,944	113,836	153,780	(22,847)	–	130,933
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	9,912	91,039	100,951	(17,553)	–	83,398
2042	5,515	45,877	51,392	(9,217)	–	42,175
2043	770	6,113	6,883	(1,249)	–	5,634
Total	$ 676,938	$ 2,583,902	$ 3,260,840	$ (519,970)	$ (270,144)	$ 2,470,726

10. Fuel Purchase and Purchased Power Commitments (continued)

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% 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 $1,400,000 to the current estimate of approximately $2,895,400. 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 Vogtle 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.

10. Fuel Purchase and Purchased Power Commitments (continued)

Litigation and Regulatory Proceedings

Litigation – As noted in the *Overview* section and under this section 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 Fourth Judicial Circuit Court of 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.

10. Fuel Purchase and Purchased Power Commitments (continued)

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.

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 5% and not more than 20% of the proposed two-unit nuclear station currently known as William States Lee III Nuclear Station, Units 1 and 2 to be constructed at a site in Cherokee County, South Carolina (the Lee Project). The Lee Project 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 $7,500, with $3,750 paid in both fiscal year 2011 and 2012, respectively. JEA obtained this option in furtherance of its 2010 policy target to acquire up to 30% 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 exercising the option. The option exercise period will be opened by Duke Carolinas after it (i) receives NRC approval of the COL for the Lee Project and (ii) executes an engineering, procurement, and construction agreement for the Lee Project. The Lee Project COL was received from the NRC in December 2016. 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.

Once the exercise period is opened, JEA will have 90 days within which to exercise the option, and, if it does exercise the option, it must specify the percentage undivided ownership interest in the Lee Project that it will acquire.

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 optional portion of the projected Lee Project capacity.

10. Fuel Purchase and Purchased Power Commitments (continued)

Such alternative resources are to be available to JEA within two years of the projected online date for the Lee Project, once such date is set. No alternative resource for the Lee Project has yet been proposed by Duke Carolinas.

Solar Projects

In 2009, JEA entered into a 30-year purchased power agreement with Jacksonville Solar, LLC for the produced energy, as well as the associated environmental attributes from a solar farm, Jacksonville Solar, which has been constructed in JEA's service territory. The facility, which consists of 200,000 photovoltaic panels on a JEA-leased 100-acre site, is owned by PSEG Solar Source, LLC and generated approximately 18,018 MWh of electricity in 2019 and 18,391 MWh of electricity in 2018. JEA pays only for the energy produced. Purchases of energy were $3,619 for fiscal year 2019 and $3,592 in 2018.

As part of JEA's continued commitment to the environment, and to increase JEA's level of carbon-free renewable energy generation, in December 2014, the Board established a solar policy to add up to 38 MWac of solar photovoltaic capacity. To support this policy, JEA issued Requests for Proposals for Power Purchase Agreements (PPAs) in December 2014 and April 2015. Seven PPAs, representing 27 MWac, have been finalized. The solar PPAs are distributed around JEA's service territory.

The projects for this 2014 initiative are scheduled for completion in 2019. As of the end of fiscal year 2019, six of the seven projects had been completed: NW Jacksonville Solar, Old Plank Road Solar, Starratt Solar, Simmons Solar, Blair Road Solar, and Old Kings Solar. JEA entered into 20-25 year purchased power agreements for the energy and the associate environmental attributes from each solar farm. The solar facilities generated approximately 41,932 MWh in 2019 and 36,755 MWh in 2018. JEA pays only for the energy produced. Purchases of energy were $3,133 for fiscal year 2019 and $2,703 in 2018.

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. EDF-DS was selected as the vendor for the sites and contract were executed in January 2019. Preliminary site work is underway. It is expected the facilities will be phased into service with all sites completed by 2022.

Trail Ridge Landfill

JEA purchases energy from two landfill gas-to-energy facilities through PPA agreements with Landfill Energy Systems (LES). Each agreement is for 9.6 MWs. Currently, JEA purchases 9.6 MW from Trail Ridge Landfill in Jacksonville, FL and 6.4 MW from Sarasota Landfill in Sarasota, FL. LES can supply the remaining 3.2 MW from Sarasota if it is expanded and becomes available. JEA pays only for the energy produced. LES pays all transmission and ancillary charges associated with transmitting the energy from Sarasota to Jacksonville, which came online in January 2015. Purchases of landfill energy were 87,864 MWh for $5,813 in fiscal year 2019 and 89,682 MWh for $4,554 in 2018.

11. Energy Market Risk Management Program

The energy market risk management program is intended to help manage the risk of changes in the market prices of fuel consumed by JEA for electric generation. JEA entered into financial swaps that locked in the monthly commodity price of natural gas for calendar year 2018 and February 2019 through December 2022, covering approximately 40% in calendar year 2018 and approximately 44% in calendar years 2019 through 2022 of its expected annual natural gas requirements.

JEA executes over-the-counter forward purchase and sale contracts and swaps. For effective derivative transactions, hedge accounting is applied in accordance with GASB Statement No. 53 and the fair market value changes are recorded on the accompanying statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. At September 30, 2019, deferred charges of $11,598 were included in accumulated decrease in fair value of hedging derivatives and, at September 30, 2018, deferred credits of $2,536 were included in accumulated increase in fair value of hedging derivatives on the statements of net position. The related settled gains and losses from these transactions are recognized as fuel expenses on the accompanying statements of revenues, expenses, and changes in net position. There were realized gains offsetting fuel expense of $789 in fiscal year 2019 and $4,191 in 2018.

12. Pension Plans

Substantially all employees of the Electric System and Water and Sewer System participate in and contribute to the GERP, as amended. The GERP is a cost-sharing, multiple-employer contributory defined benefit pension plan with a defined contribution alternative. GERP, based on laws outlined in the City's Ordinance Code and applicable Florida statutes, provides for retirement, survivor, death, and disability benefits. Its latest financial statements and required supplementary information are included in the 2018 Comprehensive Annual Financial Report of the City. This report may be obtained at: http://www.coj.net/departments/finance/docs/budget/city-of-jacksonville-2018-cafr-sec.aspx or by writing to the City of Jacksonville, Florida, Accounting Division, City Hall at St. James Building, 117 West Duval Street, Suite 375, Jacksonville, Florida 32202-5725.

The first phase of pension reform was approved by the City in April 2017. The reform provides for a dedicated funding source for the GERP, Corrections Officers Plan, and Police and Fire Pension Plan through the extension of the Better Jacksonville Plan half-cent sales tax. The surtax will remain in effect until the earlier of December 31, 2060 or when it is determined by the actuarial report to the Florida Department of Management Services that the funding level of each of the City's three defined benefit retirement plans, which are funded by surtax, is expected to reach or exceed 100%.

In order for the plan to benefit from the sales tax revenue, the defined benefit pension plan portion of the GERP was closed to new members and employees as of September 30, 2017.

12. Pension Plans (continued)

Plan Benefits Provided – Participation in the GERP is mandatory for all full-time employees of JEA, Jacksonville Housing Authority, North Florida Transportation Planning Authority, and the City, other than police officers and firefighters. Appointed officials and permanent employees not in the civil service system may opt to become members of GERP. Elected officials are members of the Florida Retirement System Elected Officer Class. Members of the GERP are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member is entitled to a retirement benefit of 2.5% of final average compensation, multiplied by the number of years of credited service, up to a maximum benefit of 80% of final monthly compensation. A time service retirement benefit is payable bi-weekly, to commence upon the first payday coincident with or next payday following the member's actual retirement, and will continue until death.

Each member and survivor is entitled to a cost of living adjustment (COLA). The COLA consists of a 3% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences in the first full pay period of April occurring at least 4.5 years (and no more than 5.5 years) after retirement. In addition, there is a supplemental benefit. The supplemental benefit is equal to five dollars ($5) multiplied by the number of years of credited service. This benefit may not exceed $150 per month.

Contributions – Florida law requires plan contributions be made annually in amounts determined by an actuarial valuation in either dollars or as a percentage of payroll. The Florida Division of Retirement reviews and approves the City's actuarial report to ensure compliance with actuarial standards and appropriateness for funding purposes. In fiscal years 2019 and 2018, JEA plan members were required to contribute 10% of their annual covered salary. JEA's contribution of the covered payroll for the JEA plan members was $34,345 (25.62%) in fiscal year 2019 and $35,459 (26.36%) in 2018. Contributions were made in accordance with contribution requirements determined through an actuarial valuation.

Defined Contribution Plan

The City has, by ordinance, a defined contribution (DC) plan within the Jacksonville Retirement System for GERP participants as an employee choice alternative to the defined benefit (DB) plans. Beginning in fiscal year 2011, employees had the option to participate in a DC plan. Employees vest in the employer contributions to the plan at 25% after two years, and 25% per year thereafter until fully vested after five years of service. Employees hired prior to September 30, 2017 can electively change from the DC plan to the DB plan, or vice versa, up to three times within their first five years of participation. All employees hired after September 30, 2017 now enter this plan.

In fiscal years 2019 and 2018, JEA plan members of the defined contribution plan were required to contribute 8% of their annual covered salary. JEA's contribution for the members of the defined contribution plan was $2,783 (11.25%) in fiscal year 2019 and $1,886 (11.31%) in 2018. Any contribution forfeitures were used to offset plan expenses.

12. Pension Plans (continued)

Disability Program Fund

All contributions for both the defined contribution and defined benefit plans of the City were separated between the pension contribution and a disability program fund. However, beginning with the October 1, 2018 valuation, the assets and liabilities associated with the fund were transferred back to the GERP to consolidate the administration of the disability benefits within the pension.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflow of Resources Related to Pensions

Net Pension Liability – JEA's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively. JEA's allocated share of the net pension liability is $562,371 (50.59%) as of September 30, 2019, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2018. JEA's allocated share of the net pension liability is $527,680 (51.68%) as of September 30, 2018, based on an allocation proportional to the actual contributions paid during the year ended September 30, 2017.

For the year ended September 30, 2019 and 2018, JEA's recognized pension expense is $80,303 and $77,111, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

JEA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30	
	2019	**2018**
Deferred outflows of resources		
Changes in assumptions	**$ 64,906**	$ 59,741
Contributions subsequent to the measurement date	**34,345**	35,459
Differences between expected and actual experience	**17,176**	25,477
Changes in proportion	**11,588**	16,452
Total	**$ 128,015**	$ 137,129
Deferred inflows of resources		
Net difference between projected and actual earnings on pension investments	**$ (31,964)**	$ (37,760)
Changes in proportion	**$ (7,680)**	$ –
Changes in assumptions	**(1,826)**	(3,730)
Differences between expected and actual experience	**(3,244)**	(1,543)
Total	**$ (44,714)**	$ (43,033)

12. Pension Plans (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2020	$ 65,231
2021	14,954
2022	3,413
2023	(297)
Total	$ 83,301

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of September 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases assumption	3.00%-7.50%, of which 2.50% is the Plan's long-term payroll inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Healthy pre-retirement mortality rates	50% RP2000 Combined Healthy White Collar and 50% RP2000 Combined Healthy Blue Collar, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 Combined Healthy White Collar, set forward 2.5 years, projected generationally with Scale BB for females.
Healthy post-retirement mortality rates	50% RP2000 White Collar Annuitant and 50% RP2000 Blue Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for males; RP2000 White Collar Annuitant, set forward 2.5 years, projected generationally with Scale BB for females.
Disabled mortality rates	RP-2000 Disabled Retiree Mortality Table, setback four years for males and set forward two years for females

The actuarial assumptions used in the valuations were based on the results of an experience study for the period October 1, 2012 to September 30, 2017. Data from the experience study is reviewed in conjunction with each annual valuation and updates to the mortality improvement scale and discount rate have been made as of September 30, 2018.

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table. The long-term expected real rates of return are based on 20-year projections of capital market assumptions provided by Segal Marco Advisors.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	30.0%	6.41%
Fixed income	20.0%	1.96%
International equity	20.0%	6.96%
Real estate	15.0%	4.76%
Alternatives	7.5%	3.83%
Private equity	7.5%	10.41%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions would be made at their applicable contribution rates and that City contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability. Cash flow projections were run for a 120-year period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Jacksonville GERP, calculated using the discount rate of 7.00% for 2019 and 7.20% for 2018, as well as what the Jacksonville GERP's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate used:

	Net Pension Liability	
	2019	2018
1% decrease	**$ 756,293**	$ 713,777
Current discount	**562,371**	527,680
1% increase	**400,894**	372,518

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is included in the 2018 Comprehensive Annual Financial Report of the City.

12. Pension Plans (continued)

St. Johns River Power Park Plan Description

Plan Description – The SJRPP Plan is a single employer contributory defined benefit plan that covers former employees of SJRPP. The SJRPP Plan provides for pension, death, and disability benefits. Participation in the SJRPP Plan was required as a condition of employment. The SJRPP Plan is subject to provisions of Chapter 112 of the State of Florida Statutes and the oversight of the Florida Division of Retirement. The SJRPP Plan is governed by a three-member pension committee (Pension Committee). As part of the Asset Transfer Agreement with FPL related to the shutdown of SJRPP, JEA assumed all payment obligations and other liabilities related to separation benefits for the qualifying SJRPP employees and any amounts required to be deposited in SJRPP Pension Fund.

The SJRPP Plan periodically issues stand-alone financial statements, with the most recent report issued for the year ended September 30, 2018. This report may be obtained at https://www.jea.com/About/Investor_Relations/Financial_Reports/SJRPP_Pension.

Pursuant to the February 25, 2013 amendment, the SJRPP Plan consists of two tiers: Tier One is the Defined Benefits Tier and Tier Two is the Cash Balance Tier. Tier One participants will remain in the traditional defined benefit plan and Tier Two employees (defined as employees with less than 20 years of experience) will participate 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. Participants hired after February 25, 2013 are only eligible to accrue Tier Two benefits.

Plan Benefits Provided – Members of the SJRPP Plan are eligible to retire with a normal pension benefit upon achieving one of the following: (a) completing 30 years of credited service, regardless of age; (b) attaining age 55 with 20 years of credited service; or (c) attaining age 65 with five years of credited service. There is no mandatory retirement age.

Upon reaching one of the three conditions for retirement described above, a member in Tier One is entitled to a retirement benefit of:

- 2.0% of final average earnings (FAE) multiplied by the number of years of credited service, not to exceed 15 years
- plus 2.4% of FAE multiplied by the number of years of credited service in excess of 15 years, but not to exceed 30 years
- plus .65% of the excess FAE over the Social Security Average Wages multiplied by years of credited service, not to exceed 35 years

FAE is the annual average of a participant's earnings over the highest 36 consecutive complete months out of the last 120 months of participation immediately preceding retirement or termination. Retirement benefits are payable bi-weekly beginning on the first day of the month following or coincident with the participant's Earliest Retirement Age.

12. Pension Plans (continued)

As of February 25, 2013, the accrued benefits in Tier One of newly classified Tier Two participants were frozen. Distribution of frozen Tier One Benefits is governed by the provisions applicable to Tier One. Tier Two Benefits employees receive annual pay credits to their Cash Balance accounts in the amount of 6.0% of earnings between February 25, 2013 and September 30, 2015 and 8.5% of earnings on or after October 1, 2015. Cash Balance Accounts are credited with interest at the rate of 4% per year. Benefits may be distributed as a lump sum, by rollover in accordance with the Internal Revenue Service Code or as an annuity, at the election of the participant.

For participants retired on or after October 1, 2003, each member and survivor of Tier One is entitled to a COLA. The COLA consists of a 1% increase of the retiree's or survivor's pension benefits, which compounds annually. The COLA commences each October 1 following the fifth anniversary of payment commencement.

Employees Covered by Benefit Terms – At September 30, 2019 and September 30, 2018, the following employees were covered by the benefit terms:

	2019	2018
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	**379**	309
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	**85**	54
Active Plan Members	**5**	159
Total Plan Members	**469**	522

Contributions – The SJRPP Plan's funding policy provides for biweekly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. In fiscal years 2019 and 2018, SJRPP plan members were required to contribute 4% of their annual covered salary. SJRPP did not make any employer contributions in fiscal year 2019. In fiscal year 2018, SJRPP employer's contribution to the SJRPP Plan was $26,409 (454.62%).

Net Pension Liability – SJRPP's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively.

12. Pension Plans (continued)

Actuarial Assumptions –The total pension liability in the October 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	October 1, 2018
Measurement Date:	September 30, 2018
Methods and Assumptions Used to Determine Net Pension Liability:	
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary increases	2.5%–12.5% per year, including inflation
Investment rate of return	6.00% per year compounded annually, net of investment expenses
Retirement Age	Experience-based table of rates based on year of eligibility. Rates of termination and retirement for 9/30/2017 measurement date were modified to reflect retirements and separation upon the SJRPP plant closure.
Mortality rates	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Other Information:	
Changes in Assumptions	Long term Expected Rate of Return was changed to 6% per year for the 9/30/2018 measurement date from 7% per year used for 9/30/2017 measurement date.

The actuarial assumptions used in the October 1, 2018 valuation were based on the demographic experience from 2008 through 2013 and economic forecasts available at the time the report was issued. Mortality rates were developed by the Florida Retirement System in a recent experience study and are mandated by the State Statutes for funding valuations.

12. Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation at the measurement date of September 30, 2018, are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	47%	7.35%
Fixed income	45%	2.50%
International equity	8%	6.00%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability is 6.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at their applicable contribution rates and that the employer's contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of SJRPP, calculated using a discount rate of 6.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	2019	2018
1% decrease	**$ 22,759**	$ 33,976
Current discount rate	**4,001**	16,523
1% increase	**(11,781)**	1,896

12. Pension Plans (continued)

Changes in the net pension liability are detailed below.

	2018	2017
Total pension liability		
Beginning balance	**$ 169,321**	$ 158,926
Service cost	**112**	1,032
Interest on the total pension liability	**11,163**	10,768
Difference between expected and actual experience	**(1,784)**	10,826
Changes in assumptions	**15,782**	26
Benefit payments	**(19,928)**	(12,257)
Ending balance	**174,666**	169,321
Plan fiduciary net postion		
Beginning balance	**152,798**	142,286
Employer contributions	**26,409**	8,039
Employee contributions	**232**	625
Pension plan net investment income (loss)	**11,499**	14,571
Benefit payments	**(19,928)**	(12,257)
Administrative expense	**(345)**	(466)
Ending balance	**170,665**	152,798
Net pension liability	**$ 4,001**	$ 16,523

Plan Assets – Cash balances are amounts on deposit with the SJRPP Plan's trust bank, as well as amounts held in various money market funds as authorized in the Investment Policy Statement (Policy). All investments shall comply with the Policy as approved by the Pension Committee, and with the fiduciary standards set forth by the Employee Retirement Income Security Act and requirements set forth by the Florida Statutes. The trust bank balances are collateralized and subject to the Florida Security for Public Deposits Act of Chapter 280, Florida Statutes.

The Plan follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are presented at fair value, which is based on available or equivalent market values. The money market mutual fund is a 2a-7 fund registered with the SEC and, therefore is presented at actual pooled share price, which approximates fair value.

12. Pension Plans (continued)

At September 30, 2018, the SJRPP Plan's cash and cash equivalents consist of the following:

Cash on hand	$	7
Cash equivalents:		
Wells Fargo Treasury Plus Money Market Account		10,785
Total cash and cash equivalents	$	10,792

The Policy specifies investment objectives and guidelines for the SJRPP Plan's investment portfolio and provides asset allocation targets for various asset classes.

At September 30, 2018, investments controlled by the SJRPP Plan that represent 5% or more of the SJRPP Plan's net position were the Alliance Domestic Passive Collective Trust with a basis of $16,670 and a fair market value of $49,516. This investment represent 29% of the fiduciary net position available for benefits.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the SJRPP Plan's fixed income portfolio manager monitors the duration of the fixed maturity securities portfolio as part of the strategy to manage interest rate risk. As of September 30, 2018, the average modified duration of the managed fixed securities portfolio was 4.5 years.

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The SJRPP Plan's rated debt instruments as of September 30, 2018 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization.

The fixed income managers limit their investments to securities with an investment grade rating (BBB or equivalent) and the overall weighted average composite quality rating of the managed fixed income portfolio was Aa3.

12. Pension Plans (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the SJRPP Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All the SJRPP Plan's investments are held by the SJRPP Plan's directed trustee and custodian in the SJRPP Plan's name, or by an agent in the SJRPP Plan's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. The Policy specifies an overall target allocation of 55% equities and 45% fixed income, including cash. The Policy further specifies target allocations for the equity investments among several asset classes.

The fair value of the asset classes and portfolio as of September 30, 2018, and specific target allocations are as follows:

	Fair Value	Actual Percent	Target Percent
U.S. Government Securities and Agencies	$ 30,002	18%	N/A
Corporate bonds – non-convertible	29,498	17%	N/A
Money Market/Cash	10,792	6%	N/A
Total fixed income	70,292	41%	45%
S&P 500 Index Fund	49,516	29%	28%
S&P 400 Mid-Cap Index Fund	20,967	13%	11%
Small and Mid-Cap Value Fund	15,256	9%	8%
International equities	14,273	8%	8%
Total equities	$ 100,012	59%	55%
Total	$ 170,304		

The Policy allows the percentage allocation to each asset class to vary by plus or minus 5% depending upon market conditions.

For the year ended September 30, 2018, the annual money-weighted rate of return on pension plan investments was 7.37%. This reflects the changing amounts actually invested.

12. Pension Plans (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair market value of the investment or a deposit. The Plan is exposed to foreign currency risk through its investments in an international equity mutual fund. Investments in international equities are limited by the Policy's target asset allocation for that asset class. The target for international equities is 8% of the total portfolio. The international fund comprised 8% of total investments as of September 30, 2018.

Fair Value Disclosures

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The SJRPP Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that are accessible at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

The table below summarizes the SJRPP Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices.

	Level 1	Level 2	Total
U.S. Government Securities and Agencies	$ 18,173	$ 11,829	$ 30,002
Corporate bonds - non-convertible	–	29,498	29,498
Money Market/Cash	10,792	–	10,792
Total fixed income	28,965	41,327	70,292
S&P 500 Index Fund	49,516	–	49,516
S&P 400 Mid-Cap Index Fund	20,103	864	20,967
Small and Mid-Cap Value Fund	13,281	1,975	15,256
International equities	–	14,273	14,273
Total equities	82,900	17,112	100,012
Total	$ 111,865	$ 58,439	$ 170,304

12. Pension Plans (continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued SJRPP Pension Plan financial report.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension

Net Pension Liability – SJRPP's net pension liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of September 30, 2018 and September 30, 2017, respectively. SJRPP's net pension liability is $4,001 as of September 30, 2019 and $16,523 as of September 30, 2018. As discussed in note 3, St. Johns River Power Park, during fiscal year 2018, JEA assumed FPL's portion of the pension obligation in accordance with the shutdown agreement.

For the year ended September 30, 2019 and 2018, SJRPP recognized pension expense is $17,020 and $14,408, respectively. As JEA has implemented regulatory accounting for pensions, the difference between the recognized pension expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

SJRPP Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	September 30	
	2019	**2018**
Deferred outflows of resources		
Contributions subsequent to the measurement date	**$ –**	$ 26,641
Net difference between projected and actual earnings on pension plan investments	**2,045**	4,091
Differences between expected and actual experience	**1,192**	2,451
Changes in assumptions	**302**	1,055
Total	**$ 3,539**	$ 34,238
Deferred inflows of resources		
Net difference between projected and actual earnings on pension plan investments	**$ (6,166)**	$ (7,091)
Total	**$ (6,166)**	$ (7,091)

12. Pension Plans (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Recognition of Deferred Outflows (Inflows)
2020	$ 1,251
2021	(2,071)
2022	(1,379)
2023	(428)
Total	$ (2,627)

13. Other Postemployment Benefits

Plan Description

Plan administration – JEA maintains a medical benefits plan (OPEB Plan) that it makes available to its retirees. The medical plan is a single-employer, experience rated insurance contract plan that provides medical benefits to employees and eligible retirees and their beneficiaries.

JEA currently determines the eligibility, benefit provisions, and changes to those provisions applicable to eligible retirees. The OPEB Plan does not issue separate financial statements.

13. Other Postemployment Benefits (continued)

Plan membership – As of September 30, 2018 (the actuarial valuation date), the OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	490
Active plan members	1,891
Total	2,381

Benefits provided – The postretirement benefit portion of the JEA benefits plan (OPEB Plan) refers to the benefits applicable to current and future retirees and their beneficiaries. These benefits consist of continued access to medical, dental, and vision benefits as well as life insurance coverage upon retirement through the plan sponsored by JEA. Premiums for the first $5,000 of coverage are being subsidized by JEA and, as such, are considered as other postemployment benefits for purposes of GASB Statement No. 75.

Contributions – Retired members pay the full premium associated with the health coverage elected. There is no direct JEA subsidy currently applicable; however, there is an implicit cost. Spouses and other dependents are also eligible for coverage and the member is responsible for payment of the applicable premiums.

Florida law prohibits JEA from separately rating retirees and active employees. Therefore, JEA assigns to both groups blended-rate premiums.

In 2008, JEA began to advance-fund the OPEB obligation. This was accomplished by establishing a separate trust into which JEA makes periodic deposits and withdrawals to reimburse operations for costs incurred on a pay-as-you-go basis.

13. Other Postemployment Benefits (continued)

Actuarial assumptions – The total OPEB liability actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	September 30, 2018
Measurement Date	September 30, 2018
Methods and Assumptions Used to Determine Net OPEB Liability:	
Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	6.00%, the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2018 at 6.00% and the long-term municipal bond rate as of September 28, 2018 at 3.83%
Salary increases	2.5% to 12.5%, including inflation; varies by years of service
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Mortality tables used for Regular Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.57% (including the impact of the excise tax).
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, Administrative expenses related to the operation of the health plan are included in the premium costs.
Other Information:	
Notes	The following changes in assumptions are reflected in the schedule of changes in TOL: - Long Term Rate of Return was reduced from 7% to 6% - First year trend on premiums was reduced from 6.75% to 6.58% - Initial cost of coverage was increased from previously projected $1,045 per subscriber per month to assumed $1,077 per subscriber per month, partially offset by an increase in the first year average premium to $656 per month from expected $641 per month Health-related assumptions are based on experience over the plan year ending December 31, 2018.

13. Other Postemployment Benefits (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation at the measurement date of September 30, 2018 and September 30, 2017, are summarized in the following table.

	2018		2017	
Asset Class	Target Allocation	Long-term Expected Nominal Rate of Return	Target Allocation	Long-term Expected Nominal Rate of Return
Large cap domestic equity	**34%**	**8.1%**	34%	8.0%
Global fixed income	**15%**	**4.5%**	18%	4.6%
International equity	**15%**	**8.5%**	15%	8.5%
Domestic fixed income	**15%**	**4.3%**	12%	4.3%
Small cap domestic equity	**11%**	**8.5%**	11%	8.5%
Real estate	**10%**	**7.3%**	10%	7.4%
Total	**100%**		100%	

Discount Rate – GASB Statement No. 75 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total OPEB Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As the assets are projected to be sufficient to meet benefit payments, the assumed valuation discount rate of 6.00% was used.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability, calculated using a discount rate of 6.00%, as well as what the net OPEB liability would be if it were calculated using a rate that is 1% lower or 1% higher than the current rate:

	2019	2018
1% decrease	**$ 23,663**	$ 23,779
Current discount rate	**18,256**	18,835
1% increase	**13,708**	14,662

Healthcare Cost Trend Rate – JEA followed the Getzen model with trend rates for costs and premiums declining from 6.75% assumed for the year 2018 to the ultimate level of 4.57%.

13. Other Postemployment Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the net OPEB liability, calculated using a healthcare cost trend rate of 6.75% down to 4.57%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the current trend rate:

	2019	2018
1% decrease	**$ 13,443**	$ 14,401
Current healthcare cost trend rate	**18,256**	18,835
1% increase	**23,977**	24,098

Changes in the net OPEB liability are detailed below.

	2019	2018
Total OPEB liability		
Beginning balance	**$ 44,547**	$ 60,949
Service cost	**499**	811
Interest on the total OPEB liability	**3,044**	4,253
Changes in benefit terms	**–**	(11,556)
Difference between expected and actual experience	**(4,057)**	(7,891)
Change of assumptions	**5,794**	–
Benefit payments	**(3,122)**	(2,019)
Ending balance	**46,705**	44,547
Plan fiduciary net postion		
Beginning balance	**25,712**	21,441
Employer contributions	**4,078**	5,240
Net investment income	**1,989**	2,942
Reimbursements to employer	**(3,308)**	(3,911)
OPEB plan administrative expense	**(22)**	–
Ending balance	**28,449**	25,712
Net OPEB liability	**$ 18,256**	$ 18,835
Plan fiduciary net position as a percentage of the total OPEB liability	**60.91%**	57.72%
Covered payroll	**$156,042**	$155,326
Net OPEB liability as a percentage of covered payroll	**11.70%**	12.13%

13. Other Postemployment Benefits (continued)

Plan Assets – The assets of the plan consist of shares held in the Florida Municipal Investment Trust (FMIT), which is administered by the Florida League of Cities. The FMIT is an interlocal governmental entity created under the laws of the State of Florida and an Authorized Investment under Sec. 163.01 Florida Statutes. It is considered an external investment pool for reporting purposes. JEA owns shares in the OPEB Fund A as directed in the Master Trust Agreement. OPEB Fund A target asset allocation is 60% equities, 30% fixed income, and 10% real estate.

At September 30, 2018 and September 30, 2017, the OPEB Plan's cash and money market balance within the OPEB Fund A was $171 and $309, respectively.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them (see discussion in the following paragraphs).

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally speaking, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The table below details the interest rate risk in years for investments in the trust.

	September 30, 2018		September 30, 2017	
Fixed Income Fund	Modified Duration	Weighted Average Maturity	Modified Duration	Weighted Average Maturity
FMIT Broad Market High Quality Bond Fund	**5.00**	**6.40**	4.74	6.10
FMIT Core Plus Fixed Income Fund	**2.13**	**7.00**	2.24	7.40

Credit risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to real or perceived changes in the ability of the issuer to repay its debt. The FMIT Broad Market High Quality Bond Fund was rated by Fitch as AAf/S4 as of September 30, 2018 and September 30, 2017. The remaining funds of the trust are unrated.

Money-Weighted rates of return

The money-weighted rates of return for the fiscal years ended September 30, 2018 and September 30, 2017 were 7.54% and 13.35%, respectively.

13. Other Postemployment Benefits (continued)

Fair Value Disclosures

The table below summarizes the OPEB Plan's investments. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. JEA's investment is in shares of the FMIT OPEB Fund A. The disclosure below is based on the asset allocation provided by the FMIT of those investments held by OPEB Fund A.

	September 30, 2018			September 30, 2017		
	Level 2	Level 3	Total	Level 2	Level 3	Total
FMIT Core Plus Fixed Income Fund	**$ –**	**$ 4,780**	**$ 4,780**	$ –	$ 5,785	$ 5,785
FMIT Broad Market High Quality Bond Fund	**4,523**	**–**	**4,523**	3,831	–	3,831
Total fixed income	**4,523**	**4,780**	**9,303**	3,831	5,785	9,616
FMIT Russell 1000 Enhanced Index Portfolio	**–**	**–**	**–**	5,991	–	5,991
FMIT Large Cap Diversified Value Portfolio	**8,962**	**–**	**8,962**	2,160	–	2,160
FMIT International Equity Portfolio	**4,125**	**–**	**4,125**	2,674	–	2,674
FMIT Diversified Small to Mid Cap Equity Portfolio	**3,243**	**–**	**3,243**	2,905	–	2,905
FMIT Core Real Estate Portfolio	**–**	**2,646**	**2,646**	–	–	–
FMIT High Quality Growth Portfolio	**–**	**–**	**–**	2,057	–	2,057
Total equities	**16,330**	**2,646**	**18,976**	15,787	–	15,787
Total	**$ 20,853**	**$ 7,426**	**$ 28,279**	$ 19,618	$ 5,785	$ 25,403

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the OPEB

Net OPEB Liability – JEA's net OPEB liability at September 30, 2019 and September 30, 2018 was measured based on an actuarial valuation as of and with the measurement dates of September 30, 2018 and September 30, 2017, respectively. JEA's net OPEB liability is $18,256 as of September 30, 2019 and $18,835 as of September 30, 2018.

For the year ended September 30, 2019 and 2018, JEA recognized OPEB expense is $652 and ($9,272), respectively. As JEA has implemented regulatory accounting for OPEB, the difference between the recognized OPEB expense and the cash contributions paid has been deferred as a regulatory asset. See note 2, Regulatory Deferrals, for additional details.

13. Other Postemployment Benefits (continued)

The JEA Plan recorded deferred outflows of resources and deferred inflows of resources related to OPEB as detailed in the table below.

	September 30	
	2019	**2018**
Deferred outflows of resources		
Change of assumptions	**$ 5,197**	$ –
Contributions subsequent to the measurement date	**3,903**	4,078
Total	**$ 9,100**	$ 4,078
Deferred inflows of resources		
Differences between expected and actual experience	**$ (9,952)**	$ (7,102)
Net difference between projected and actual earnings on pension plan investments	**(1,297)**	(1,610)
Total	**$ (11,249)**	$ (8,712)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30	**Recognition of Deferred Outflows (Inflows)**
2020	$ 2,816
2021	(1,086)
2022	(921)
2023	(643)
2024	(610)
Thereafter	(1,705)
Total	$ (2,149)

14. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. For JEA, this statement applies to certain investments, interest rate swap agreements, and natural gas cash flow hedges.

JEA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability.

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – Inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

Investments

JEA's investments are summarized in the table below. Level 1 investments are valued using prices quoted in active markets for those securities. Level 2 investments are valued using direct market observations combined with quantitative pricing models to generate prices. Money market mutual funds are managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended, and are recorded at net asset value (NAV). The local government investment pools transact with participants at a stable NAV and are recorded at NAV. Certain U.S. Treasury and government agency securities and commercial paper are measured at cost.

	2019		
	Total	**Level 1**	**Level 2**
Investments by fair value level			
U.S. Treasury and government agency securities	**$ 184,525**	**$ 2,006**	**$ 182,519**
State and local government securities	**183,116**	**–**	**183,116**
Total investments by fair value level	**367,641**	**2,006**	**365,635**
Investments measured at NAV			
Local government investment pools	**188,130**		
Money market mutual funds	**126,452**		
Total investments measured at NAV	**314,582**		
Investments measured at cost			
Commercial paper	**44,266**		
Total investments measured at cost	**44,266**		
Total investments per statement of net position	**$ 726,489**		

14. Fair Value Measurements (continued)

	2018		
	Total	**Level 1**	**Level 2**
Investments by fair value level			
U.S. Treasury and government agency securities	**$ 453,060**	**$ 453,060**	**$ –**
State and local government securities	**223,845**	**–**	**223,845**
Total investments by fair value level	**676,905**	**453,060**	**223,845**
Investments measured at NAV			
Local government investment pools	**194,786**		
Money market mutual funds	**23,208**		
Total investments measured at NAV	**217,994**		
Investments measured at cost			
Commercial paper	**133,074**		
U.S. Treasury and government agency securities	**9,837**		
Total investments measured at cost	**142,911**		
Total investments per statement of net position	**$ 1,037,810**		

Interest Rate Swap Agreements

JEA's interest rate swap agreements are valued using market rates as of September 30, 2019 and 2018 and standard cash flow present valuing techniques, which places them at Level 2 in the fair value hierarchy. The agreements are recorded at fair value as part of long-term debt in the statements of net position. The fair value of the interest rate swap agreements is detailed below.

	2019	**2018**
Electric	**$ (118,621)**	$ (70,103)
Water and Sewer	**(31,266)**	(16,253)
Total	**$ (149,887)**	$ (86,356)

Natural Gas Cash Flow Hedges

JEA's natural gas cash flow hedges consisted of swap agreements for either a 3-month or 12-month period, covering calendar years 2018 through December 2022. These hedges were valued using prices observed on commodities exchanges and/or using industry-standard valuation techniques, such as option modeling or discounted cash flows techniques, incorporating both observable and unobservable valuation inputs, which placed them at Level 3 in the fair value hierarchy. The fair market value changes in the hedges were recorded on a net basis in the statements of net position as either a deferred charge or a deferred credit until such time that the transactions end. At September 30, 2019, deferred charges of $11,598 were included in deferred outflows of resources and, at September 30, 2018, deferred credits of $2,536 were included in deferred inflows of resources on the statements of net position.

15. Commitments and Contingent Liabilities

Grants

JEA participates in various federal and state assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of JEA. It is management's opinion that the results of these audits will have no material adverse effect on JEA's financial position or results of operations.

Regulatory Initiatives

The electric industry and water and wastewater industry have been and will continue to be affected by a number of legislative and regulatory initiatives. The following summarizes the key regulations affecting JEA:

Electric Enterprise System – On August 3, 2015, the Environmental Protection Agency (EPA) issued concurrently three separate rules pertaining to emissions of carbon dioxide (CO2) fossil fuel-fired electric generating units (EGUs):

- The Final Clean Power Plan (CPP), 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 United States Supreme Court (SCOTUS) issued an order staying implementation of the CPP. The SCOTUS granted the applications of numerous parties to stay the CPP pending judicial review of the rule. On March 28, 2017, President Trump issued an Executive Order establishing a national policy "in favor of energy independence, economic growth, and the rule of law". The President has directed agencies to review existing regulations that potentially burden the development of domestic energy resources, and appropriately suspend, revise, or rescind regulations that unduly burden the development of U.S. energy resources beyond what is necessary to protect the public interest or otherwise comply with the law. The Executive Order specifically directed EPA to review and, if appropriate, initiate reconsideration proceedings to suspend, revise or rescind the new EPA Final Rules pertaining to CO^2 emissions. EPA initially obtained temporary court orders to hold the court challenge of the CPP and the CPS in abeyance, pending the completion of EPA's review of the rules. EPA subsequently petitioned the court to pause the litigation indefinitely while EPA promulgates new rules.

15. Commitments and Contingent Liabilities (continued)

On August 30, 2018, EPA a proposed rule to replace the CPP. The proposed rule is titled the Affordable and Clean Energy (ACE) Rule. ACE proposes new Existing Source Performance Standards (ESPS) to regulate CO2 emissions from fossil-fueled boilers. The ACE standards are significantly less stringent than the CPP standards. ACE also proposes to simplify and remove considerable ambiguity from EPA's New Source Review (NSR) rules applicable to major improvements to generating units. EPA has also promulgated but not issued proposed New Source Performance Standards (NSPS) for fossil-fueled units. Provisions of ACE are anticipated to be complied with without significant capital expenditure and do not represent significant cost exposure for JEA. Similarly, since JEA is not presently anticipating construction of any electric generation units that would be impacted by a new NSPS, the pending rule likewise does not represent significant cost exposure for JEA. Because these rules are either proposed or pending issuance, it is difficult to know when or if the rules will become "final" and enforceable. For this reason, JEA is unable, at this time, to definitively ascertain the impact to JEA to come from prospective regulation of CO2 emissions.

On July 6, 2011, the EPA released the Cross-State Air Pollution Rule (CSAPR), which is intended as a substitute for the invalidated Clean Air Interstate Rule (CAIR). In the CSAPR, the EPA determined that 27 states in the eastern United States are in violation of the Clean Air Act, because they significantly contribute to nonattainment or interference with the maintenance of attainment of three National Ambient Air Quality Standards (NAAQS) in one or more downwind states. The three air quality standards addressed in the CSAPR are the 1997 and 2006 fine particulate matter ($PM_{2.5}$), NAAQS, and the 1997 ozone NAAQS. To address these violations, the CSAPR imposes Federal Implementation Plans (FIPs) that establish state budgets for SO2 and NOx emissions from EGUs. The EPA targeted these two pollutants, because they are precursors to the formation of $PM_{2.5}$ and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances and the CSAPR permits limited interstate emissions trading and unlimited intrastate emissions trading as a means of compliance. States became subject to the emission budgets in 2012 with more stringent limits taking effect in 2014. In April 2014, the SCOTUS upheld the rule, but remanded back certain legal issues to the DCA to address. On July 28, 2015, the DCA issued an order and opinion remanding, without vacatur, certain state budgets under the CSAPR for reconsideration by the EPA, including the ozone-season NOx emissions budget for Florida. On September 7, 2016, the EPA issued a final updated CSAPR rule that removed Florida and two other eastern states from the rule. However, the EPA has made known that it is in the early stages of developing a supplemental rule (CSAPR Update II) to address the 2015 ozone and $PM_{2.5}$ NAAQS. It is possible that the CSAPR Update II may mandate deeper emission reductions and an expansion of the geographic area for regulation, possibly to again include Florida. The EPA has not established a rulemaking schedule for the CSAPR Update II. Consequently, JEA is not able to estimate any impacts from the CSAPR Update II.

On December 21, 2011, the EPA issued its Mercury and Air Toxics Standards (MATS) rule, setting forth maximum achievable control technology (MACT) standards for coal and oil generating stations. The new standards regulate four categories of hazardous air pollutants (HAPS) emitted by coal- or oil-fired EGUs, namely mercury, HAP metals, acid gases, and organic HAP.

The compliance deadline for affected sources to have all necessary pollution controls installed was April 2015. JEA's units that are regulated under MATS comply with all rule requirements.

15. Commitments and Contingent Liabilities (continued)

In April 2015, the EPA finalized rules 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 the EPA, is enforced only by citizen-initiated lawsuits, rather than by the EPA. However, with passage of the WIIN Act in 2016, the rule can now be reformed to provide the following: 1) conversion from a "self-implementing" program to a permit program the states or EPA would have primary responsibility to administer and enforce; and, 2) flexibility for state programs to adjust and tailor federal CCR requirements to meet local, case-specific situations, so long as they are adequately protective of federal CCR requirements. Multiple federal rulemaking proceedings are underway, many of which are subject to litigation. The state has started the process to incorporate the rule and regulations, which ultimately may constitute a permitting or tailored program.

The rule applies to CCR management practices at SJRPP and Scherer. The rule does not apply to management of byproducts at Northside Generating Station (NGS) as long as it continues to burn a fuel mix with less than 50% coal. The currently operating cell within Area B of SJRPP does not have to be lined, but must comply with the operating and monitoring requirements of the rule even after the plant was decommissioned in 2018. SJRPP's two closed byproduct storage areas (Areas I and II) are not affected by this rule. SJRPP has no regulated surface impoundments. Existing surface impoundments, like that at Scherer, are required to meet increased and more restrictive technical and operating criteria or close. Georgia Power has decided to close the surface impoundment at Scherer instead of pursuing a retrofit and the timeline for closure activities is currently projected to run through 2030.

The EPA left in place the Bevill exemption for beneficial uses of CCRs in which CCRs are recycled as components of products instead of placed in impoundments or landfills. Large quantities of CCRs are used today in concrete, cement, wallboard, and other contained applications that should not involve any exposure by the public to unsafe contaminants.

On November 22, 2010, the EPA entered into a settlement agreement with Riverkeeper, Inc. regarding rule-making dates for the EPA 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. The EPA announced proposed standards for cooling water intake systems on March 28, 2011. Under the proposal, existing facilities 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.

15. Commitments and Contingent Liabilities (continued)

With few changes to the proposed rule, the EPA published the final rule in the Federal Register in August 2015. The new standards will not affect any JEA facilities other than NGS. NGS 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. The new standards will likely require upgrades to the system, varying from establishment of existing facilities as the Best Technology Available (BTA) to improvements to the existing screening facilities or installation of cooling towers. A full two-year biological study is required to evaluate site-specific conditions and form a basis for assessing BTA and was initiated in 2018. Estimated final compliance deadlines are not expected until after 2025 and will depend on the level of upgrade ultimately required. Accordingly, costs of compliance have not been determined for NGS and are not included in JEA's capital program for the Electric System.

On September 30, 2016, the EPA issued the Effluent Limitation Guidelines for Steam Electric Power Plants. In setting the new and more stringent standards, the EPA evaluated the technologies and costs to remove metals and other parameters from individual wastewater streams generated by steam electric power plants and identify the BAT to affect their control. The new requirements for existing power plants must be phased in as soon as possible on or after November 1, 2018, but no later than December 31, 2023. The costs of compliance at NGS and Scherer have been evaluated and are anticipated in operating budgets and in JEA's five-year capital program for the Electric System.

Water Supply System Regulatory Initiatives – JEA was issued a 20-year Consumptive Use Permit (CUP) in May 2011 from the St. Johns River Water Management District (SJRWMD), which allows for aquifer withdrawals sufficient to completely satisfy customer demands until 2031 if certain permit conditions are met. JEA evaluates its total water management plan annually to continuously understand changes in demand and how to balance investments in a three-part program: (1) continued expansion of the reuse system, (2) measured conservation program and (3) 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. In North Florida, the Suwannee River Water Management District (SRWMD), Florida Department of Environmental Protection (FDEP), and the SJRWMD have set or are setting/revising Minimum Flows and Levels (MFLs) for water bodies in the region. MFLs are intended to assess the potential for ecological resource risks from water withdrawals and ensure sustainable supplies. In 2015, MFLs were adopted in the SRWMD and a determination required a recovery strategy. By permit, JEA will participate to the extent of its proportionate impact in prevention and recovery strategies that may be developed to ensure the groundwater resource remains sustainable.

15. Commitments and Contingent Liabilities (continued)

Wastewater Treatment System Regulatory Initiatives – The Sewer System is regulated by the EPA under provisions of the Federal Clean Water Act and the Federal Water Pollution Act. In Florida, the EPA has delegated the wastewater regulatory program to FDEP. The FDEP has implemented a Total Maximum Daily Load regulation (TMDL) defining the mass of nitrogen and phosphorus that can be assimilated by the St. Johns River, to which 8 of JEA's 11 wastewater treatment plants discharge. This state rule limits the amount of nitrogen and phosphorus that these eight wastewater treatment facilities are allowed to discharge by permit. JEA is meeting these limits as the result of past capital improvements to its wastewater facilities, expansion of the reclaimed water system, and phase-out of smaller old technology wastewater facilities. By virtue of exceeding its own regulatory obligation, JEA has generated nutrient reduction credits and has assisted the City in meeting a portion of their Municipal Separate Storm System nutrient requirements by transferring 33.44 short tons per year. This was recognized in JEA's annual contribution agreement negotiated in 2016. In 2013, both the FDEP and EPA reaffirmed the site-specific nutrient standard that is codified in the Lower St. Johns River TMDL.

Pollution Remediation Obligations

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 an analysis of the cost of cleanup and other identified environmental contingencies, JEA has accrued a liability associated with the remediation efforts. In accordance with GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, based on project estimates and probabilities, the liability is estimated to be $26,123 at September 30, 2019. The accrual is related to the following environmental matters: Kennedy Generating Station RCRA Corrective Action for former wood preserving site; SJRPP Area B Landfill; Sans Souci Substation remedial activities; Pearl Street Electric Shop remedial activities; WSSC PCB Issue, Northside Generating Station RCRA Corrective Action program; and remediation at a number of miscellaneous petroleum sites. Of the $26,123 that JEA has accrued as environmental liabilities, approximately $15,795 is associated with the expected cost of remediating the former wood preserving facility at the Kennedy Generating Facility. Following are other environmental matters that 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: Pickettville Road Landfill CERCLA site post-closure activities and the Ellis Road CERCLA site. Although uncertainties associated with these recognized environmental liabilities remain, JEA believes that the current provision for such costs is adequate and additional costs, if any, will not have a material adverse effect upon its financial position, results of operations, or liquidity. Costs associated with these obligations that were expensed prior to the approval of regulatory accounting for environmental projects are recorded in other noncurrent liabilities and total $16,568. The remaining liability is recognized as part of revenues to be used for future costs.

15. Commitments and Contingent Liabilities (continued)

Northside Generating Station Byproduct

JEA Northside Generating Station (NGS) Units 1 and 2 produce byproducts that consist of fly ash and bed ash. JEA has obtained a permit from FDEP to beneficially use the processed byproduct material in the State of Florida, subject to certain restrictions. These ash products are processed into materials marketed as EZBase and EZSorb. The expansion of rail capacity, the ability to load rail cars directly from the storage silos, and direct leasing of railcars has enabled JEA to become a full-service marketer, delivering products by truck or rail. EZSorb is currently being transported by truck and rail to leachate solidification and environmental remediation/stabilization projects in several southeastern states.

The Byproducts Storage Area is an FDEP permitted, Class I lined storage facility at NGS. JEA received a new 20-year permit effective May 4, 2015.

A case is pending in the Second Judicial Circuit in Harrison County, Mississippi. Plaintiff is suing multiple defendants seeking damages allegedly resulting from construction defects at The Promenade, a retail shopping mall in D'Iberville, Mississippi. Plaintiff amended the complaint in April 2010 to add JEA as a defendant on various product liability theories, claiming that JEA's ash byproduct was allegedly incorporated as a component of the product of another party defendant and used by other party defendants at the subject project. Plaintiff seeks injunctive relief, to remediate the site, and damages. Multiple third party claims and cross claims were raised and remain pending. JEA believes it has good and meritorious defenses in this action and will vigorously defend the case. The plaintiff is seeking approximately $75,000; however, the trial court ruled that JEA is entitled to a sovereign immunity cap of $500. The issue was argued in the Mississippi Supreme Court in January 2019. In June 2019, the U.S. Supreme Court reversed a long-standing precedent with respect to the ability of one state's courts to exercise jurisdiction over another state. The same week, the Mississippi Supreme Court dismissed Promenade's damages cap appeal and remanded the case to the trial court for consideration of JEA's jurisdiction defense in light of the U.S. Supreme Court's 2019 decision. The trial court is expected to rule on whether it has any jurisdiction over JEA late this year.

New Headquarters Building Lease

On July 11, 2019, JEA signed a 15-year building lease for a new headquarters building with the option to renew the lease for three consecutive renewal terms of 5 years each. The groundbreaking is expected to take place in the first quarter of calendar year 2020 and work is expected to continue through fall 2021, barring any delays due to inclement weather or other unforeseen factors. The costs to finance and build the new building will be paid for by the lessor and the lease term will commence once construction is complete. The annual lease payment for the initial year is estimated to be approximately $6,527 and will increase by 2.50% each year thereafter.

In additional to the annual rent, JEA will also pay an additional rental related to operating expenses for operation, maintenance, management, and repair of the building. This amount will vary each year, but will be no more than 105% of the preceding year's operating expenses. The initial year's estimate of additional rental is $1,829.

15. Commitments and Contingent Liabilities (continued)

General Litigation

JEA is party to various pending or threatened legal actions in connection with its normal operations. In the opinion of management, any ultimate liabilities that may arise from these actions are not expected to materially affect JEA's financial position, results of operations, or liquidity.

16. Storm Costs

Hurricane Matthew tracked parallel along the coast of Florida on October 7, 2016 and Hurricane Irma passed to the west of Jacksonville as a tropical storm on September 11, 2017, causing extensive damage within the JEA service territory. Damage to JEA property was primarily to the transmission and distribution systems. Because of the extensive damage, Jacksonville was declared a federal major disaster area, making JEA eligible to receive reimbursement from FEMA. Requests for Public Assistance for both declared disasters were filed and accepted.

JEA is in the midst of the cost reimbursement process through FEMA, which allows cost share of 87.5% of eligible cost (75.0% from FEMA and 12.5% from the State of Florida) of those costs not covered by insurance. As a result, $41,233 of the eligible costs were deferred as costs to be recovered from future revenues in the statement of net position with the 12.5%, or $4,000, being recognized in the maintenance and other operating expenses financial statement line item in the statement of revenues, expenses and changes in net position in fiscal year 2017. Through September 30, 2019, JEA has received $25,550, which reduced the deferred costs to be recovered from future revenues. Of the $25,550 received, $18,500 was from insurance and $7,050 from FEMA. JEA believes it is probable that reimbursement from FEMA will be received for the eligible cost incurred that is remaining.

17. Segment Information

The financial statements of JEA contain four segments, as the Electric System and Bulk Power Supply System, the SJRPP System, the Water and Sewer System, and DES represent separate identifiable activities. These systems have debt outstanding with a revenue stream pledged in support of the debt. In addition, the activities are required to be accounted for separately. JEA's Electric System and Bulk Power Supply System segment consists of an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity primarily in Northeast Florida. JEA's SJRPP System segment consists of a generation facility that is 80% owned by JEA, which is currently in the process of being decommissioned as discussed in note 2, St. Johns River Power Park. JEA's Water and Sewer System segment consists of water collection, distribution, and wastewater treatment in Northeast Florida. The DES consists of chilled water activities.

17. Segment Information (continued)

Intercompany billing is employed between the Electric System, the Water and Sewer System, and DES and includes purchases of electricity, water, sewer, and chilled water services and the rental of inventory and buildings. The utility charges between entities are based on a commercial customer rate. All intercompany billings are eliminated in the financial statements. See intercompany charges detailed below.

	2019			2018		
	Electric	**W&S**	**DES**	Electric	W&S	DES
Electricity services	**N/A**	**$ 13,368**	**$ 3,324**	N/A	$ 13,422	$ 3,282
Water and sewer services	**382**	**N/A**	**143**	505	N/A	136
Chilled water services	**–**	**387**	**N/A**	–	408	N/A

The Electric System shares certain administrative functions with the Water and Sewer System. Generally, these costs are charged to the Electric System and the costs of these functions are allocated to the Water and Sewer System based on the benefits provided. Operating expense allocated to the Water and Sewer System was $49,238 for fiscal year 2019 and $45,869 for 2018.

In September 1999, the Water and Sewer System purchased the inventory owned by the Electric System for $32,929. This was initiated to increase the utilization of its assets between the Electric System and the Water and Sewer System. A monthly inventory carrying charge is paid by the Electric System based on the value of the inventory multiplied by one-twelfth of the prior year's Water and Sewer average cost of debt. Inventory carrying charges were $1,266 for fiscal year 2019 and $784 for 2018.

In July 1999 and July 2004, the Electric System transferred several buildings to the Water and Sewer System in the amounts of $22,940 and $6,284, respectively, an amount equal to the net book value of the assets. Monthly, the Electric System reimburses the Water and Sewer System for their equitable allocation. Annual rent paid by the Electric System to the Water and Sewer System for use of these buildings was $2,089 for fiscal year 2019 and $2,030 for 2018.

To utilize the efficiencies in the Customer Account Information billing system and reduce the administrative efforts in recording deposits, customer deposits are recorded to one Service Agreement per account. Deposits are allocated to the Electric System or Water and Sewer System based on revenues. When the deposits are credited to customer accounts, they are allocated between the service agreements.

17. Segment Information (continued)

Segment information for these activities for the fiscal years ended September 30, 2019 and 2018 was as follows:

	Electric System and Bulk Power Supply System		SJRPP System		Water and Sewer		DES	
	2019	2018	2019	2018	2019	2018	2019	2018
Condensed statements of net position								
Total current assets	**$ 505,398**	$ 603,965	**$ 79,029**	$ 70,352	**$ 180,121**	$ 196,938	**$ 1,727**	$ 4,396
Total noncurrent assets	**666,020**	740,394	**359,376**	358,767	**484,893**	574,441	**6,788**	3,445
Net capital assets	**2,674,310**	2,652,224	**9,734**	10,144	**2,748,123**	2,682,864	**33,277**	35,027
Deferred outflows of resources	**307,914**	241,405	**25,088**	67,596	**128,159**	125,501	**182**	194
Total assets and deferred outflows of resources	**$ 4,153,642**	$ 4,237,988	**$ 473,227**	$ 506,859	**$ 3,541,296**	$ 3,579,744	**$ 41,974**	$ 43,062
Total current liabilities	**$ 143,254**	$ 163,168	**$ 22,301**	$ 7,668	**$ 38,330**	$ 37,101	**$ 189**	$ 103
Total current liabilities payable from restricted assets	**179,078**	184,899	**70,158**	63,435	**122,622**	117,447	**2,517**	2,601
Total noncurrent liabilities	**437,000**	373,718	**10,224**	39,049	**234,883**	221,990	**29**	34
Total long-term debt	**1,972,276**	2,166,201	**266,538**	281,359	**1,424,172**	1,570,576	**33,106**	34,791
Total liabilities	**2,731,608**	2,887,986	**369,221**	391,511	**1,820,007**	1,947,114	**35,841**	37,529
Deferred inflows of resources	**242,932**	283,185	**6,166**	17,715	**51,721**	47,304	**–**	–
Net investment in (divestment of) capital assets	**773,119**	530,479	**(12,879)**	2,138	**1,490,121**	1,325,600	**(1,498)**	(1,492)
Restricted net position	**208,946**	316,700	**42,257**	26,164	**139,648**	195,319	**6,088**	2,738
Unrestricted net position	**197,037**	219,638	**68,552**	69,331	**39,799**	64,407	**1,543**	4,287
Total net position	**1,179,102**	1,066,817	**97,930**	97,633	**1,669,568**	1,585,326	**6,133**	5,533
Total liabilities, deferred inflows of resources, and net position	**$ 4,153,642**	$ 4,237,988	**$ 473,317**	$ 506,859	**$ 3,541,296**	$ 3,579,744	**$ 41,974**	$ 43,062
Condensed statements of revenues, expenses, and changes in net position information								
Total operating revenues	**$ 1,298,085**	$ 1,275,255	**$ 28,618**	$ 147,838	**$ 463,817**	$ 435,682	**$ 8,895**	$ 8,756
Depreciation	**207,427**	203,075	**410**	10,987	**152,047**	144,144	**2,429**	2,403
Other operating expenses	**816,619**	829,441	**21,628**	115,612	**182,130**	166,291	**4,703**	4,603
Operating income	**274,039**	242,739	**6,580**	21,239	**129,640**	125,247	**1,763**	1,750
Total nonoperating expenses, net	**(68,802)**	(67,484)	**(6,283)**	(18,028)	**(35,086)**	(44,079)	**(1,163)**	(1,221)
Total contributions, net	**(92,952)**	(91,472)	**–**	–	**(10,312)**	2,895	**–**	–
Total special items	**–**	–	**–**	(45,099)	**–**	–	**–**	–
Changes in net position	**112,285**	83,783	**297**	(41,888)	**84,242**	84,063	**600**	529
Net position, beginning of year	**1,066,817**	983,034	**97,633**	139,521	**1,585,326**	1,501,263	**5,533**	5,004
Net position, end of year	**$ 1,179,102**	$ 1,066,817	**$ 97,930**	$ 97,633	**$ 1,669,568**	$ 1,585,326	**$ 6,133**	$ 5,533
Condensed statements of cash flow information								
Net cash provided by operating activities	**$ 453,417**	$ 448,267	**$ 17,773**	$ 38,185	**$ 293,244**	$ 276,604	**$ 4,896**	$ 3,880
Net cash used in noncapital and related financing activities	**(92,829)**	(91,538)	**–**	–	**(39,878)**	(25,031)	**–**	–
Net cash used in capital and related financing activities	**(586,400)**	(380,568)	**(12,946)**	(193,269)	**(386,589)**	(291,037)	**(3,763)**	(4,064)
Net cash provided by (used in) investing activities	**296,653**	(30,410)	**16,812**	174,010	**163,894**	16,616	**156**	103
Net change in cash and cash equivalents	**70,841**	(54,249)	**21,639**	18,926	**30,671**	(22,848)	**1,289**	(81)
Cash and cash equivalents at beginning of year	**285,814**	340,063	**139,953**	121,027	**123,061**	145,909	**6,954**	7,035
Cash and cash equivalents at end of year	**$ 356,655**	$ 285,814	**$ 161,592**	$ 139,953	**$ 153,732**	$ 123,061	**$ 8,243**	$ 6,954

18. Subsequent Events

On October 11, 2019, JEA defeased $48,070 Electric System Subordinated Revenue Bonds and $45,425 Water and Sewer System Revenue Bonds and Subordinated Revenue Bonds. This defeasance was part of the execution of Phase 2 of the STAR plan, which was approved by the Board in December 2018, to utilize cash from the Operations Fund, Debt Management Stabilization Fund, and Renewal and Replacement Fund to defease debt.

REQUIRED SUPPLEMENTARY INFORMATION

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

City of Jacksonville General Employees Retirement Plan

Schedule of JEA's Proportionate Share of the Net Pension Liability*

Fiscal Year	Proportional Share Percentage	Net Pension Liability	Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	48.85%	$ 386,789	$ 129,922	297.71%	68.64%
2015	48.85%	404,466	128,084	315.78%	69.06%
2016	49.15%	480,353	127,440	376.92%	64.03%
2017	50.37%	541,025	126,808	426.65%	63.00%
2018	51.68%	527,680	134,443	392.49%	63.71%
2019	50.59%	562,371	135,709	414.40%	65.23%

Schedule of JEA Contributions**

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2009	$ 13,280	$ 13,280	–	$ 120,727	11.00%
2010	16,257	16,257	–	125,054	13.00%
2011	17,195	17,195	–	132,269	13.00%
2012	22,301	22,301	–	127,434	17.50%
2013	27,038	27,038	–	129,990	20.80%
2014	34,149	34,149	–	129,922	26.28%
2015	40,179	40,179	–	128,084	31.37%
2016	43,156	43,156	–	127,440	33.86%
2017	48,942	48,942	–	126,808	38.60%
2018	35,459	35,929	(470)	134,443	26.72%

* These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

** All information is on measurement year basis.

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Notes to Schedule of Contributions

Valuation date:	Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level percent of payroll, using 1.50% (2017) and 1.14% (2016) annual increases*
Remaining amortization period	All new bases are amortized over 30 years
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.
Actual assumptions:	
Investment rate of return	7.40% (2017) and 7.50% (2016), net of pension plan investment expense, including inflation
Inflation rate	2.75%*
Projected salary increases	3.00% – 6.00%, of which 2.75% is the Plan's long-term payroll inflation assumption
Cost-of-living adjustments	Plan provisions contain a 3.00% COLA.

* The Fund's payroll inflation assumption is 2.75% as of October 1, 2016. Per Part VII, Chapter 112.64(5)(a) of *Florida Statutes*, the payroll growth assumption for amortization purposes would have decreased from 1.14% to 0.57%. However, pursuant to Chapter 112.64(5)(b), and after adjusting this analysis to account for bargained pay level increases and inclusion of DC plan participants in the total payroll, the assumption was set at 1.50%.

Required Supplementary Information – Pension
(Dollars in Thousands)

SJRPP Plan – Schedule of Changes in Net Pension Liability and Related Ratios*

	2018	2017	2016	2015	2014
Total Pension Liability					
Beginning balance	**$ 169,321**	$ 158,926	$ 155,143	$ 148,508	$ 146,521
Service cost	**112**	1,032	1,210	1,275	1,470
Interest	**11,163**	10,768	10,514	10,271	10,026
Changes in benefit terms	**–**	–	(59)	–	–
Difference between actual and expected experience	**(1,784)**	10,826	714	2,121	–
Changes in assumptions	**15,782**	26	3,730	3,316	–
Benefit payments	**(19,928)**	(12,257)	(12,326)	(10,348)	(9,509)
Total pension liability – ending	**$ 174,666**	$ 169,321	$ 158,926	$ 155,143	$ 148,508
Plan Fiduciary Net Position					
Beginning balance	**$ 152,798**	$ 142,286	$ 138,902	$ 145,425	$ 135,019
Contributions – employer	**26,409**	8,039	2,142	3,509	5,559
Contributions – employee	**232**	625	629	648	655
Net investment income (loss)	**11,499**	14,571	13,379	(266)	13,763
Benefit payments	**(19,928)**	(12,257)	(12,326)	(10,348)	(9,509)
Administrative expense	**(345)**	(466)	(440)	(66)	(62)
Plan fiduciary net position – ending	**$ 170,665**	$ 152,798	$ 142,286	$ 138,902	$ 145,425
Net Pension Liability – Ending	**$ 4,001**	$ 16,523	$ 16,640	$ 16,241	$ 3,083
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**97.71%**	90.24%	89.53%	89.53%	97.92%
Covered Payroll	**$ 5,809**	$ 15,621	$ 15,730	$ 16,665	$ 21,304
Net Pension Liability as a Percentage of Covered Payroll	**68.88%**	105.78%	105.79%	97.46%	14.47%

* These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – Pension
(Dollars in Thousands)

SJRPP Plan – Investment Returns*

Year Ended	Return
2009	7.60%
2010	10.14%
2011	0.41%
2012	17.17%
2013	12.64%
2014	10.32%
2015	-0.19%
2016	9.99%
2017	10.39%
2018	7.37%

SJRPP Plan – Schedule of Contributions*

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	$ 13,453	$ 13,565	$ (112)	$ 19,431	69.81%
2010	13,453	13,565	(112)	19,431	69.81%
2011	8,919	9,028	(109)	19,895	45.38%
2012	7,995	8,005	(10)	19,318	41.44%
2013	11,845	11,885	(40)	17,761	66.92%
2014	5,397	5,559	(162)	21,304	26.09%
2015	3,414	3,509	(95)	16,665	21.06%
2016	2,050	2,142	(92)	15,730	13.62%
2017	7,967	8,039	(72)	15,621	51.46%
2018	7,728	26,409	(18,681)	5,809	454.62%

* All information is on measurement year basis

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Notes to Schedule of Contributions

Valuation date:	Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Closed
Remaining amortization period	1 year
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increases	2.5% - 12.5% per year, including inflation
Investment rate of return	7.00% per year, compounded annually, net of investment expenses.
Retirement age	Experience-based table of rates based on year of eligibility. Rates of termination and retirement for 10/1/2017 valuation were modified to reflect retirements and separations upon the SJRPP plant closure.
Mortality	Mortality tables used for Regular Class and Special Risk Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

OPEB Plan – Schedule of Changes in Net OPEB Liability and Related Ratios*

	2018	2017	2016
Total OPEB Liability			
Beginning balance	**$ 44,547**	$ 60,949	$ 62,554
Service cost	**499**	811	781
Interest on the total OPEB liability	**3,044**	4,253	4,203
Changes in benefit terms	**–**	(11,556)	–
Difference between actual and expected experience	**(4,057)**	(7,891)	–
Change of assumptions	**5,794**	–	–
Benefit payments	**(3,122)**	(2,019)	(6,589)
Total OPEB liability – ending	**$ 46,705**	$ 44,547	$ 60,949
Plan Fiduciary Net Position			
Beginning balance	**$ 25,712**	$ 21,441	$ 18,156
Employer contributions	**4,078**	5,240	5,061
Net investment income	**1,989**	2,942	2,135
Reimbursements to employer	**(3,308)**	(3,911)	(3,911)
OPEB plan administrative expense	**(22)**	–	–
Plan fiduciary net position – ending	**$ 28,449**	$ 25,712	$ 21,441
Net OPEB Liability – Ending	**$ 18,256**	$ 18,835	$ 39,508
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	**60.91%**	57.72%	35.18%
Covered Payroll	**$ 156,042**	$ 155,326	$ 150,073
Net OPEB Liability as a Percentage of Covered Payroll	**11.70%**	12.13%	26.33%

* This schedule is presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

OPEB Plan – Investment Returns*

All information is on a measurement year basis.

Year Ended	Return
2009	1.44%
2010	6.74%
2011	-1.41%
2012	15.84%
2013	11.93%
2014	8.22%
2015	-0.46%
2016	7.90%
2017	13.35%
2018	7.54%

OPEB Plan – Schedule of Contributions**

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	$ 5,779	$ 4,023	$ 1,756	N/A	N/A
2010	5,126	5,236	(110)	138,093	3.79%
2011	5,344	6,601	(1,257)	N/A	N/A
2012	5,211	5,423	(212)	150,714	3.60%
2013	5,433	6,185	(752)	N/A	N/A
2014	4,819	4,382	437	148,617	2.95%
2015	5,011	7,255	(2,244)	N/A	N/A
2016	5,061	7,739	(2,678)	150,073	5.16%
2017	4,138	5,240	(1,102)	155,326	3.37%
2018	3,885	4,078	(193)	161,602	2.52%

* All information is on measurement year basis

** These schedules are presented to illustrate the requirement to share information for ten years. However, until a full ten-year trend is compiled, only available information is shown. All information is on a measurement year basis.

JEA

Required Supplementary Information – OPEB
(Dollars in Thousands)

Notes to Schedule of Contributions

Actuarial valuations are performed as of the beginning of the fiscal year and assumptions below pertain to all years presented unless otherwise noted.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	6 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	2.5% – 12.5% per year, including inflation; varies by years of service
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Mortality tables used for Regular Class members in the July 1, 2017 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare cost trend rates	Based on the Getzen Model, with trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.57% (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death".
Expenses	Investment returns are net of the investment expenses; and, administrative expenses related to operation of the health plan are included in the premium costs.

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 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
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

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 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							
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

JEA

Combining Statement of Net Position
(In Thousands)

September 30, 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	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	$ 285,611	$ 65,840	$ –	$ 351,451	$ 86,219	$ 3,536	$ 441,206
Investments	83,268	2,042	–	85,310	–	–	85,310
Customer accounts receivable, net of allowance ($1,830)	180,731	–	–	180,731	51,267	860	232,858
Inventories:							
Materials and supplies	2,189	665	–	2,854	56,350	–	59,204
Fuel	35,856	1,015	–	36,871	–	–	36,871
Other current assets	16,310	790	(1,912)	15,188	3,102	–	18,290
Total current assets	603,965	70,352	(1,912)	672,405	196,938	4,396	873,739
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	203	74,113	–	74,316	36,842	3,418	114,576
Investments	419,536	23,330	–	442,866	288,761	–	731,627
Accounts and interest receivable	7	47	–	54	8	–	62
Total restricted assets	419,746	97,490	–	517,236	325,611	3,418	846,265
Costs to be recovered from future revenues	301,805	261,277	–	563,082	244,987	27	808,096
Other assets	18,843	–	–	18,843	3,843	–	22,686
Total noncurrent assets	740,394	358,767	–	1,099,161	574,441	3,445	1,677,047
Net capital assets	2,652,224	10,144	–	2,662,368	2,682,864	35,027	5,380,259
Total assets	3,996,583	439,263	(1,912)	4,433,934	3,454,243	42,868	7,931,045
Deferred outflows of resources							
Unrealized pension contributions and losses	83,649	34,238	–	117,887	53,480	–	171,367
Unamortized deferred losses on refundings	85,165	4,185	–	89,350	54,178	194	143,722
Accumulated decrease in fair value of hedging derivatives	70,103	–	–	70,103	16,253	–	86,356
Unrealized asset retirement obligations	–	29,173	–	29,173	–	–	29,173
Unrealized OPEB contributions and losses	2,488	–	–	2,488	1,590	–	4,078
Total deferred outflows of resources	241,405	67,596	–	309,001	125,501	194	434,696
Total assets and deferred outflows of resources	$ 4,237,988	$ 506,859	$ (1,912)	$ 4,742,935	$ 3,579,744	$ 43,062	$ 8,365,741

JEA

Combining Statement of Net Position (continued)

(In Thousands)

September 30, 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	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	$ 69,831	$ 1,021	$ (796)	$ 70,056	$ 11,636	$ 78	$ 81,770
Customer deposits and prepayments	53,738	–	–	53,738	16,475	–	70,213
Billings on behalf of state and local governments	22,295	1	–	22,296	3,674	–	25,970
Current portion of asset retirement obligations	–	6,646	–	6,646	–	–	6,646
Compensation and benefits payable	9,458	–	–	9,458	3,205	25	12,688
City of Jacksonville payable	7,846	–	–	7,846	2,111	–	9,957
Total current liabilities	163,168	7,668	(796)	170,040	37,101	103	207,244
Current liabilities payable from restricted assets:							
Debt due within one year	130,690	1,720	–	132,410	51,720	1,660	185,790
Interest payable	37,613	5,603	–	43,216	29,841	680	73,737
Renewal and replacement reserve	–	54,370	–	54,370	–	–	54,370
Construction contracts and accounts payable	16,596	1,742	(1,116)	17,222	35,886	261	53,369
Total current liabilities payable from restricted assets	184,899	63,435	(1,116)	247,218	117,447	2,601	367,266
Noncurrent liabilities:							
Net pension liability	321,885	16,523	–	338,408	205,795	–	544,203
Asset retirement obligations	–	22,526	–	22,526	–	–	22,526
Net OPEB liability	11,489	–	–	11,489	7,346	–	18,835
Other liabilities	40,344	–	–	40,344	8,849	34	49,227
Total noncurrent liabilities	373,718	39,049	–	412,767	221,990	34	634,791
Long-term debt:							
Debt payable, less current portion	2,019,350	278,885	–	2,298,235	1,480,620	34,825	3,813,680
Unamortized premium (discount), net	76,748	2,474	–	79,222	73,703	(34)	152,891
Fair value of debt management strategy instruments	70,103	–	–	70,103	16,253	–	86,356
Total long-term debt	2,166,201	281,359	–	2,447,560	1,570,576	34,791	4,052,927
Total liabilities	2,887,986	391,511	(1,912)	3,277,585	1,947,114	37,529	5,262,228
Deferred inflows of resources							
Revenues to be used for future costs	249,085	10,624	–	259,709	27,123	–	286,832
Unrealized pension gains	26,250	7,091	–	33,341	16,783	–	50,124
Unrealized OPEB gains	5,314	–	–	5,314	3,398	–	8,712
Accumulated increase in fair value of hedging derivatives	2,536	–	–	2,536	–	–	2,536
Total deferred inflows of resources	283,185	17,715	–	300,900	47,304	–	348,204
Net position							
Net investment in (divestment of) capital assets	530,479	2,138	–	532,617	1,325,600	(1,492)	1,856,725
Restricted							
Capital projects	190,132	(1,760)		188,372	141,707	1,078	331,157
Debt service	129,870	1,843		131,713	53,799	1,660	187,172
Other purposes	(3,302)	26,081	1,116	23,895	(187)	–	23,708
Unrestricted	219,638	69,331	(1,116)	287,853	64,407	4,287	356,547
Total net position	1,066,817	97,633	–	1,164,450	1,585,326	5,533	2,755,309
Total liabilities, deferred inflows of resources, and net position	$ 4,237,988	$ 506,859	$ (1,912)	$ 4,742,935	$ 3,579,744	$ 43,062	$ 8,365,741

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands)

Year Ended September 30, 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	$ 1,274,843	$ 28,159	$ (26,495)	$ 1,276,507	$ –	$ –	$ (16,692)	$ 1,259,815
Water and sewer	–	–	–	–	450,641	–	(525)	450,116
District energy system	–	–	–	–	–	8,891	(387)	8,504
Other	23,242	459	–	23,701	13,176	4	(3,355)	33,526
Total operating revenues	1,298,085	28,618	(26,495)	1,300,208	463,817	8,895	(20,959)	1,751,961
Operating expenses								
Operations and maintenance:								
Fuel	325,659	4,669	–	330,328	–	–	–	330,328
Purchased power	161,740	–	(26,495)	135,245	–	–	–	135,245
Maintenance and other operating expenses	248,379	2,898	–	251,277	160,671	4,703	(20,959)	395,692
Depreciation	207,427	410	–	207,837	152,047	2,429	–	362,313
State utility and franchise taxes	60,767	–	–	60,767	10,802	–	–	71,569
Recognition of deferred costs and revenues, net	20,074	14,061	–	34,135	10,657	–	–	44,792
Total operating expenses	1,024,046	22,038	(26,495)	1,019,589	334,177	7,132	(20,959)	1,339,939
Operating income	274,039	6,580	–	280,619	129,640	1,763	–	412,022
Nonoperating revenues (expenses)								
Interest on debt	(99,654)	(11,311)	–	(110,965)	(62,733)	(1,348)	–	(175,046)
Investment income	21,623	4,684	–	26,307	13,282	156	–	39,745
Allowance for funds used during construction	3,973	–	–	3,973	10,097	29	–	14,099
Other nonoperating income, net	4,392	344	–	4,736	4,346	–	–	9,082
Earnings from The Energy Authority	2,412	–	–	2,412	–	–	–	2,412
Other interest, net	(1,548)	–	–	(1,548)	(78)	–	–	(1,626)
Total nonoperating expenses, net	(68,802)	(6,283)	–	(75,085)	(35,086)	(1,163)	–	(111,334)
Income before contributions	205,237	297	–	205,534	94,554	600	–	300,688
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(92,952)	–	–	(92,952)	(39,850)	–	–	(132,802)
Developers and other	5,431	–	–	5,431	92,295	–	–	97,726
Reduction of plant cost through contributions	(5,431)	–	–	(5,431)	(62,757)	–	–	(68,188)
Total contributions, net	(92,952)	–	–	(92,952)	(10,312)	–	–	(103,264)
Change in net position	112,285	297	–	112,582	84,242	600	–	197,424
Net position, beginning of year	1,066,817	97,633	–	1,164,450	1,585,326	5,533	–	2,755,309
Net position, end of year	1,179,102	97,930	–	1,277,032	1,669,568	6,133	–	2,952,733

JEA

Combining Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands)

Year Ended September 30, 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	$ 1,253,139	$ 87,749	$ (56,982)	$ 1,283,906	$ –	$ –	$ (16,704)	$ 1,267,202
Water and sewer	–	–	–	–	424,121	–	(641)	423,480
District energy system	–	–	–	–	–	8,756	(408)	8,348
Other	22,116	60,089	–	82,205	11,561	–	(2,814)	90,952
Total operating revenues	1,275,255	147,838	(56,982)	1,366,111	435,682	8,756	(20,567)	1,789,982
Operating expenses								
Operations and maintenance:								
Fuel	356,877	64,175	–	421,052	–	–	–	421,052
Purchased power	166,176	–	(56,982)	109,194	–	–	–	109,194
Maintenance and other operating expenses	245,291	52,296	–	297,587	149,646	4,603	(20,567)	431,269
Depreciation	203,075	10,987	–	214,062	144,144	2,403	–	360,609
State utility and franchise taxes	59,551	–	–	59,551	10,476	–	–	70,027
Recognition of deferred costs and revenues, net	1,546	(859)	–	687	6,169	–	–	6,856
Total operating expenses	1,032,516	126,599	(56,982)	1,102,133	310,435	7,006	(20,567)	1,399,007
Operating income	242,739	21,239	–	263,978	125,247	1,750	–	390,975
Nonoperating revenues (expenses)								
Interest on debt	(86,808)	(20,292)	–	(107,100)	(58,034)	(1,374)	–	(166,508)
Investment income	6,910	1,196	–	8,106	3,617	103	–	11,826
Allowance for funds used during construction	3,912	–	–	3,912	7,802	50	–	11,764
Other nonoperating income, net	6,025	1,068	–	7,093	2,764	–	–	9,857
Earnings from The Energy Authority	4,074	–	–	4,074	–	–	–	4,074
Other interest, net	(1,597)	–	–	(1,597)	(228)	–	–	(1,825)
Total nonoperating expenses, net	(67,484)	(18,028)	–	(85,512)	(44,079)	(1,221)	–	(130,812)
Income before contributions	175,255	3,211	–	178,466	81,168	529	–	260,163
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(91,472)	–	–	(91,472)	(25,148)	–	–	(116,620)
Developers and other	1,597	–	–	1,597	80,560	–	–	82,157
Reduction of plant cost through contributions	(1,597)	–	–	(1,597)	(52,517)	–	–	(54,114)
Total contributions, net	(91,472)	–	–	(91,472)	2,895	–	–	(88,577)
Special items	–	(45,099)	–	(45,099)	–	–	–	(45,099)
Change in net position	83,783	(41,888)	–	41,895	84,063	529	–	126,487
Net position, beginning of year	983,034	139,521	–	1,122,555	1,501,263	5,004	–	2,628,822
Net position, end of year	1,066,817	97,633	–	1,164,450	1,585,326	5,533	–	2,755,309

JEA

Combining Statement of Cash Flows

(In Thousands)

Year Ended September 30, 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	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,244,236	$ 22,150	$ (28,693)	$ 1,237,693	$ 449,924	$ 9,514	$ (17,604)	$ 1,679,527
Payments to suppliers	(646,113)	(4,877)	28,693	(622,297)	(104,542)	(4,028)	20,959	(709,908)
Payments to employees	(167,477)	41	–	(167,436)	(65,347)	(594)	–	(233,377)
Other operating activities	22,771	459	–	23,230	13,209	4	(3,355)	33,088
Net cash provided by operating activities	453,417	17,773	–	471,190	293,244	4,896	–	769,330
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(92,829)	–	–	(92,829)	(39,878)	–	–	(132,707)
Net cash used in noncapital and related financing activities	(92,829)	–	–	(92,829)	(39,878)	–	–	(132,707)
Capital and related financing activities								
Defeasance of debt	(100,090)	–	–	(100,090)	(94,955)	–	–	(195,045)
Proceeds from issuance of debt	–	–	–	–	2,000	–	–	2,000
Acquisition and construction of capital assets	(260,413)	–	–	(260,413)	(205,559)	(758)	–	(466,730)
Repayment of debt principal	(130,690)	(1,720)	–	(132,410)	(51,720)	(1,660)	–	(185,790)
Interest paid on debt	(92,619)	(11,167)	–	(103,786)	(64,705)	(1,345)	–	(169,836)
Capital contributions	–	–	–	–	29,538	–	–	29,538
Other capital financing activities	(2,588)	(59)	–	(2,647)	(1,188)	–	–	(3,835)
Net cash used in capital and related financing activities	(586,400)	(12,946)	–	(599,346)	(386,589)	(3,763)	–	(989,698)
Investing activities								
Purchase of investments	(235,745)	(97,635)	–	(333,380)	(82,023)	–	–	(415,403)
Proceeds from sale and maturity of investments	515,390	109,768	–	625,158	237,846	–	–	863,004
Investment income	14,565	4,679	–	19,244	8,071	156	–	27,471
Distributions from The Energy Authority	2,443	–	–	2,443	–	–	–	2,443
Net cash provided by investing activities	296,653	16,812	–	313,465	163,894	156	–	477,515
Net change in cash and cash equivalents	70,841	21,639	–	92,480	30,671	1,289	–	124,440
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 year	$ 356,655	$ 161,592	$ –	$ 518,247	$ 153,732	$ 8,243	$ –	$ 680,222
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 274,039	$ 6,580	$ –	$ 280,619	$ 129,640	$ 1,763	$ –	$ 412,022
Adjustments:								
Depreciation and amortization	207,427	410	–	207,837	153,268	2,429	–	363,534
Recognition of deferred costs and revenues, net	20,074	14,061	–	34,135	10,657	–	–	44,792
Other nonoperating income, net	171	–	–	171	1,864	–	–	2,035
Changes in noncash assets and noncash liabilities:								
Accounts receivable	8,314	(6,009)	–	2,305	(5,330)	622	–	(2,403)
Accounts receivable, restricted	7	–	–	7	1	–	–	8
Inventories	4,928	1,574	–	6,502	(287)	–	–	6,215
Other assets	2,527	–	–	2,527	(109)	–	–	2,418
Accounts and accrued expenses payable	(23,717)	(292)	–	(24,009)	1,179	87	–	(22,743)
Current liabilities payable from restricted assets	–	(5,299)	–	(5,299)	–	–	–	(5,299)
Other noncurrent liabilities and deferred inflows	(40,353)	6,748	–	(33,605)	2,361	(5)	–	(31,249)
Net cash provided by operating activities	$ 453,417	$ 17,773	$ –	$ 471,190	$ 293,244	$ 4,896	$ –	$ 769,330
Non-cash activity								
Contribution of capital assets from developers	$ 5,431	$ –	$ –	$ 5,431	$ 62,757	$ –	$ –	$ 68,188
Unrealized gains on fair value of investments	$ 7,690	$ 52	$ –	$ 7,742	$ 5,572	$ –	$ –	$ 13,314

JEA

Combining Statement of Cash Flows

(In Thousands)

Year Ended September 30, 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	Elimination of intercompany transactions	Total JEA
Operating activities								
Receipts from customers	$ 1,249,048	$ 104,261	$ (34,089)	$ 1,319,220	$ 430,685	$ 8,446	$ (17,753)	$ 1,740,598
Payments to suppliers	(655,986)	(90,429)	34,089	(712,326)	(104,124)	(4,012)	20,567	(799,895)
Payments to employees	(160,943)	(35,736)	–	(196,679)	(61,403)	(554)	–	(258,636)
Other operating activities	16,148	60,089	–	76,237	11,446	–	(2,814)	84,869
Net cash provided by operating activities	448,267	38,185	–	486,452	276,604	3,880	–	766,936
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(91,538)	–	–	(91,538)	(25,031)	–	–	(116,569)
Net cash used in noncapital and related financing activities	(91,538)	–	–	(91,538)	(25,031)	–	–	(116,569)
Capital and related financing activities								
Defeasance of debt	(405,105)	(128,280)	–	(533,385)	(460,305)	–	–	(993,690)
Proceeds from issuance of debt	383,840	–	–	383,840	437,160	–	–	821,000
Acquisition and construction of capital assets	(171,075)	–	–	(171,075)	(203,416)	(1,053)	–	(375,544)
Repayment of debt principal	(135,105)	(41,330)	–	(176,435)	(51,020)	(1,640)	–	(229,095)
Interest paid on debt	(97,134)	(16,685)	–	(113,819)	(67,659)	(1,371)	–	(182,849)
Capital contributions	–	–	–	–	28,043	–	–	28,043
Other capital financing activities	44,011	(6,974)	–	37,037	26,160	–	–	63,197
Net cash used in capital and related financing activities	(380,568)	(193,269)	–	(573,837)	(291,037)	(4,064)	–	(868,938)
Investing activities								
Purchase of investments	(506,359)	(252,593)	–	(758,952)	(279,014)	–	–	(1,037,966)
Proceeds from sale and maturity of investments	462,211	428,653	–	890,864	288,607	–	–	1,179,471
Investment income	10,225	(2,050)	–	8,175	7,023	103	–	15,301
Distributions from The Energy Authority	3,513	–	–	3,513	–	–	–	3,513
Net cash provided by (used in) investing activities	(30,410)	174,010	–	143,600	16,616	103	–	160,319
Net change in cash and cash equivalents	(54,249)	18,926	–	(35,323)	(22,848)	(81)	–	(58,252)
Cash and cash equivalents at beginning of year	340,063	121,027	–	461,090	145,909	7,035	–	614,034
Cash and cash equivalents at end of year	$ 285,814	$ 139,953	$ –	$ 425,767	$ 123,061	$ 6,954	$ –	$ 555,782
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 242,739	$ 21,239	$ –	$ 263,978	$ 125,247	$ 1,750	$ –	$ 390,975
Adjustments:								
Depreciation and amortization	203,075	10,987	–	214,062	145,424	2,403	–	361,889
Recognition of deferred costs and revenues, net	1,546	(859)	–	687	6,169	–	–	6,856
Other nonoperating income, net	103	700	–	803	270	–	–	1,073
Changes in noncash assets and noncash liabilities:								
Accounts receivable	13,184	15,812	–	28,996	(2,200)	(310)	–	26,486
Accounts receivable, restricted	13	–	–	13	3	–	–	16
Inventories	2,136	52,297	–	54,433	(8,014)	–	–	46,419
Other assets	(3,287)	–	–	(3,287)	675	–	–	(2,612)
Accounts and accrued expenses payable	10,076	(10,441)	–	(365)	1,330	14	–	979
Current liabilities payable from restricted assets	–	(49,998)	–	(49,998)	–	–	–	(49,998)
Other noncurrent liabilities and deferred inflows	(21,318)	(1,552)	–	(22,870)	7,700	23	–	(15,147)
Net cash provided by operating activities	$ 448,267	$ 38,185	$ –	$ 486,452	$ 276,604	$ 3,880	$ –	$ 766,936
Non-cash activity								
Contribution of capital assets from developers	$ 1,597	$ –	$ –	$ 1,597	$ 52,517	$ –	$ –	$ 54,114
Unrealized gains (losses) on fair value of investments	$ (4,052)	$ 4,146	$ –	$ 94	$ (3,480)	$ –	$ –	$ (3,386)

Ernst & Young LLP
12926 Gran Bay Parkway West
Suite 500
Jacksonville, FL 32258

Tel: +1 904 358 2000
Fax: +1 904 358 4598
ey.com

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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JEA
Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of JEA, which comprise the statement of net position as of September 30, 2019, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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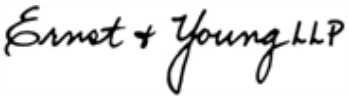
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 9, 2019

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BOND COMPLIANCE INFORMATION

JEA Electric System

Schedule of Debt Service Coverage

(In Thousands)

	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: amounts paid from the rate stabilization fund into the revenue fund	**83,302**	88,415
Less: amounts 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
Maintenance and other operating expenses	**222,515**	204,982
State utility and franchise taxes	**60,767**	59,551
Total operating expenses	**806,031**	837,171
Net revenues	**$ 506,442**	$ 451,783
Debt service	**$ 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	**$ 77,853**	$ 68,933
Senior debt service coverage [5], (min 1.20x)	**6.51 x**	6.55 x
Net revenues (from above)	**$ 506,442**	$ 451,783
Debt service requirement (from above)	**$ 77,853**	$ 68,933
Plus: aggregate subordinated debt service on outstanding subordinated bonds	**104,640**	129,469
Less: Build America Bonds subsidy	**(2,002)**	(2,045)
Total debt service requirement and aggregate subordinated debt service	**$ 180,491**	$ 196,357
Senior and subordinated debt service coverage [6], (min 1.15x)	**2.81 x**	2.30 x

[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 SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

[5] Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

[6] Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x

JEA Bulk Power Supply System

Schedule of Debt Service Coverage
(In Thousands)

	Year ended September 30	
	2019	**2018**
Revenues		
Operating	**$ 73,053**	$ 78,302
Investment income	**190**	162
Total revenues	**73,243**	78,464
Operating expenses [1]		
Fuel	**37,703**	28,717
Maintenance and other operating expenses	**14,812**	17,545
Total operating expenses	**52,515**	46,262
Net revenues	**$ 20,728**	$ 32,202
Aggregate debt service	**$ 10,109**	$ 9,943
Less: Build America Bonds subsidy	**(624)**	(667)
Aggregate debt service	**$ 9,485**	$ 9,276
Debt service coverage [2]	**2.19 x**	3.47 x

[1] Excludes depreciation and recognition of deferred costs and revenues, net.

[2] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA St. Johns River Power Park System, Second Resolution

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30	
	2019	**2018**
Revenues		
Operating	**$ 29,322**	$ 34,196
Investment income	**4,633**	1,339
Total revenues	**33,955**	35,535
Operating expenses [1]	**4,669**	15,389
Net revenues	**$ 29,286**	$ 20,146
Aggregate debt service	**$ 24,908**	$ 12,925
Less: Build America Bonds subsidy	**(344)**	(367)
Aggregate debt service	**$ 24,564**	$ 12,558
Debt service coverage [2]	**1.19 x**	1.60 x

[1] Excludes depreciation and recognition of deferred costs and revenues, net.

[2] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

JEA Water and Sewer System

Schedule of Debt Service Coverage
(In Thousands)

	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	
Operating expenses [2]				
Maintenance and other operating expenses	**160,671**		149,646	
State utility and franchise taxes	**10,802**		10,476	
Total operating expenses	**171,473**		160,122	
Net revenues	**$ 331,306**		$ 310,925	
Aggregate debt service	**$ 94,693**		$ 95,818	
Less: Build America Bonds subsidy	**(2,478)**		(2,495)	
Aggregate debt service	**$ 92,215**		$ 93,323	
Senior debt service coverage [3], (min 1.25x)	**3.59**	**x**	3.33	x
Net revenues (from above)	**$ 331,306**		$ 310,925	
Aggregate debt service (from above)	**$ 92,215**		$ 93,323	
Plus: aggregate subordinated debt service on outstanding subordinated debt	**17,585**		18,084	
Total aggregate debt service and aggregate subordinated debt service	**$ 109,800**		$ 111,407	
Senior and subordinated debt service coverage excluding capacity fees [4]	**2.75**	**x**	2.54	x
Senior and subordinated debt service coverage including capacity fees [4]	**3.02**	**x**	2.79	x

[1] Excludes the Build America Bonds subsidy.

[2] Excludes depreciation and recognition of deferred costs and revenues, net.

[3] Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

[4] Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual 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).

JEA District Energy System

Schedule of Debt Service Coverage
(In Thousands)

	Year Ended September 30			
	2019		**2018**	
Revenues				
Service revenues	**$ 8,891**		$ 8,756	
Investment income	**156**		103	
Plus: amounts paid from the rate stabilization fund into the revenue fund	**2,737**		-	
Total revenues	**11,784**		8,859	
Operating expenses [1]				
Maintenance and other operating expenses	**4,703**		4,603	
Total operating expenses	**4,703**		4,603	
Net revenues	**$ 7,081**		$ 4,256	
Aggregate debt service [2]	**$ 3,020**		$ 3,019	
Debt service coverage [3]**, (min 1.15x)**	**2.34**	**x**	1.41	x

[1] Excludes depreciation.

[2] On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt 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.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE WATER AND SEWER SYSTEM RESOLUTION

The following is a summary of certain provisions of the Water and Sewer System Resolution. Summaries of certain definitions contained in the Water and Sewer System Resolution are set forth below. Other terms defined in the Water and Sewer System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Water and Sewer System Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

The Water and Sewer System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Water and Sewer System Resolution (as so amended) and the First Supplemental Resolution (as defined herein) may be obtained from JEA; provided that a reasonable charge may be imposed for the cost of reproduction. The term "Water and Sewer System Bonds" as used in this summary has the same meaning as the term "Water and Sewer System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definition of Terms

The following are summaries of certain definitions in the Water and Sewer System Resolution:

Accreted Value means, as of any date of computation with respect to any Water and Sewer System Capital Appreciation Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Capital Appreciation Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Accrued Aggregate Debt Service means, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Water and Sewer System Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installments for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month; *provided*, *however*, that (i) there shall be excluded from the calculation of Accrued Aggregate Debt Service any Principal Installments which are Refundable Principal Installments, (ii) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds shall be included in the calculation of Accrued Aggregate Debt Service at the times and in the manner provided in the Water and Sewer System Resolution and (iii) if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account takes into account Accrued

Aggregate Debt Service, then, for purposes of such calculation, Accrued Aggregate Debt Service shall be calculated only with respect to the Water and Sewer System Bonds of the Series secured thereby.

Additionally Secured Series means a Series of Water and Sewer System Bonds for which the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, all or a portion of the Water and Sewer System Bonds of which shall be secured, in addition to the pledge of the Trust Estate created pursuant to the Water and Sewer System Resolution, by amounts on deposit in a separate subaccount to be designated therefor in the Debt Service Reserve Account. For all purposes of the Water and Sewer System Resolution relating to the separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established with respect to all or any portion of the Water and Sewer System Bonds of any such Additionally Secured Series, any reference to such Additionally Secured Series shall be deemed to refer only to the Water and Sewer System Bonds of such maturities (or interest rate(s) within a maturity) of such series that are so secured by amounts on deposit in such separate subaccount.

Adjusted Aggregate Debt Service for any period means, as of any date of calculation, the Aggregate Debt Service for such period except that (a) if any Refundable Principal Installment for any Series of Water and Sewer System Bonds is included in Aggregate Debt Service for such period, Adjusted Aggregate Debt Service shall mean Aggregate Debt Service determined as if each such Refundable Principal Installment had been payable, over a period extending from the due date of such Principal Installment through the later of (x) the 30th anniversary of the issuance of such Series of Water and Sewer System Bonds or (y) the 10th anniversary of the due date of such Refundable Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (b) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds shall be included in the calculation of Adjusted Aggregate Debt Service at the times and in the manner provided in the Water and Sewer System Resolution. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Principal Installment of any Series of Water and Sewer System Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Water and Sewer System Bonds maturing at the times determined in accordance with the provisions of the preceding sentence.

Aggregate Debt Service for any period means, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series; *provided*, *however*, that (a) for purposes of estimating Aggregate Debt Service for any future period (i) any Water and Sewer System Variable Rate Bonds Outstanding during such period shall be assumed to bear interest during such period at the greater of the actual rate of interest then borne by such Water and Sewer System Variable Rate Bonds or (Y) the Certified Interest Rate applicable thereto and (ii) any Water and Sewer System Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds shall be included in the calculation of Aggregate Debt Service at the times and in the manner provided in the Water and Sewer System Resolution; and *provided*, *further*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account takes into account Aggregate Debt Service, then, for purposes of such calculation, Aggregate Debt Service shall be calculated only with respect to the Water and Sewer System Bonds of the Series secured thereby.

Alternate Variable Rate Taxable Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Alternate Variable Rate Tax-Exempt Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Annual Net Revenues means, with respect to any Fiscal Year, the Revenues during such Fiscal Year, determined on an accrual basis, minus the sum of (a) Operation and Maintenance Expenses during such Fiscal Year, determined on an accrual basis, to the extent paid or to be paid from Revenues, (b) the Aggregate Debt Service with respect to such Fiscal Year and (c) debt service payable during such Fiscal Year with respect to all other obligations issued by JEA (including, without limitation, Subordinated Indebtedness) in connection with the System, determined on an accrual basis.

Appreciated Value means, with respect to any Water and Sewer System Deferred Income Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Water and Sewer System Deferred Income Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Deferred Income Bonds set forth in the Supplemental Resolution authorizing such Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Resolution authorizing such Deferred Income Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

BMA Municipal Swap Index means the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Bond Anticipation Notes means notes or other evidences of indebtedness from time to time issued in anticipation of the issuance of Water and Sewer System Bonds, the proceeds of which have been or are required to be applied to one or more of the purposes for which Water and Sewer System Bonds may be issued, the payment of which notes is to be made from the proceeds of the Water and Sewer System Bonds in anticipation of the issuance of which said notes are issued.

Bond Year means the 12 month period commencing on October 1 in any year and ending on September 30 of the following year.

Build America Bonds shall mean any Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

Capacity Charges shall mean water and sewer capacity charges imposed by JEA with respect to the System.

Certified Interest Rate means, as of any date of determination:

(i) with respect to any Water and Sewer System Variable Rate Bonds maturing on a particular date that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by Water and Sewer System Variable Rate Bonds for the 12 months preceding such date of determination; *provided*, *however*, if such Water and Sewer System Variable Rate Bonds are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1);

(ii) with respect to any Water and Sewer System Variable Rate Bonds maturing on a particular date that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Water and Sewer System Variable Rate Bonds, for the 12 months preceding such date of determination; *provided*, *however*, if such Water and Sewer System Variable Rate Bonds are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a); and

(iii) for purposes of calculating the Debt Service Reserve Requirement for any particular subaccount in the Debt Service Reserve Account in the Debt Service Fund and with respect to any Water and Sewer System Variable Rate Bonds maturing on a particular date, the interest rate set forth in a certificate of an Authorized Officer of JEA executed on or prior to the date of the initial issuance of such Water and Sewer System Variable Rate Bonds as determined as follows: a Certified Interest Rate shall be that rate of interest determined by JEA, or a banking or financial institution or financial advisory firm selected by JEA, as the rate of interest such Water and Sewer System Variable Rate Bonds would bear if, assuming the same maturity date, terms and provisions (other than interest rate) as such proposed Water and Sewer System Variable Rate Bonds, and on the basis of JEA's credit ratings with respect to the Water and Sewer System Bonds (other than Bonds for which credit enhancement is provided by a third party), such proposed Water and Sewer System Variable Rate Bonds were issued at a fixed interest rate.

Code means the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Contract Debts means 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.

Costs means the costs, expenses and liabilities paid or incurred or to be paid or incurred by JEA in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, repairing, extending, improving, reconstructing, retiring and disposing of the System or any part thereof and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto (including, for this purpose, any acquisition by JEA of an interest in an existing facility).

Credit Enhancement means, with respect to the Water and Sewer System Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Water and Sewer System Bonds.

Credit Enhancer means any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for any Water and Sewer System Bonds.

Current Interest Commencement Date means, with respect to any particular Water and Sewer System Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bonds (which date must be prior to the maturity date for such Water and Sewer System Deferred Income Bonds) after which interest accruing on such Water and Sewer System Deferred Income Bonds shall be payable periodically on dates specified in such Supplemental Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Debt Service for any period means, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

(i) interest accruing during such period on Water and Sewer System Bonds of such Series, except to the extent that such interest is to be paid from deposits into the Debt Service Account made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of the indebtedness of JEA; provided, that in the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Bonds, for purposes of the definition, the interest on the Bonds of such Series shall be calculated net of the amount of the cash subsidy payments due from the U.S. Treasury. If for whatever reason, JEA no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Bonds of such Series shall be calculated without regard to such subsidy, and

(ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, (x) in the case of Water and Sewer System Bonds other than Reimbursement Obligations, if (1) there shall be no such preceding Principal Installment due date or (2) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the Date of Issuance of the Water and Sewer System Bonds of such Series, whichever date is later, and (y) in the case of Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Resolution authorizing such Reimbursement Obligations), except to the extent that such Principal Installment is paid or to be paid from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA.

Such interest and Principal Installments for such Series shall be calculated on the assumption that (x) no Water and Sewer System Bonds (except for Water and Sewer System Option Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof, (y) the principal amount of Water and Sewer System Option Bonds tendered for payment before the stated maturity thereof and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds shall be included in the calculation of Debt Service at the times and in the manner provided in the Water and Sewer System Resolution; *provided*, *however*, that if the calculation of the Debt Service Reserve Requirement for any separate subaccount in the Debt Service Reserve Account takes into account Debt Service, then, for purposes of such calculation, Debt Service shall be calculated only with respect to the Water and Sewer System Bonds of the Series secured thereby.

Notwithstanding anything to the contrary contained in the Water and Sewer System Resolution, (a) if JEA has in connection with any Water and Sewer System Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Water and Sewer System Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating the Debt Service with respect to such Water and Sewer System Bonds for purposes of the "additional bonds test" and the "rate covenant" contained in clause (7) of subsection 1 of Section 203 and Section 711 of the Water and Sewer System Resolution and, it will be assumed that such Water and Sewer System Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided, however,* if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Water and Sewer System Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Water and Sewer System Variable Rate Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Water and Sewer System Variable Rate Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating the Debt Service Requirement with respect to such Water and Sewer System Variable Rate Bonds for purposes of the "additional bonds test" and the "rate covenant" contained in clause (7) of subsection 1 of Section 203 and Section 711 of the Water and Sewer System Resolution, it will be assumed that such Water and Sewer System Variable Rate Bonds bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Debt Service Reserve Requirement means, with respect to each separate subaccount in the Debt Service Reserve Account, unless otherwise determined in the manner provided in the Water and Sewer System Resolution, as of any date of calculation, an amount equal to the maximum Aggregate Debt Service coming due on the Water and Sewer System Bonds of all Series secured thereby then Outstanding in the then current or any future Bond Year excluding interest on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA.

For the purpose of the calculation of the Debt Service Reserve Requirement in the event that the Bonds of any Series shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Bonds shall be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be permanently reduced, then the amount of such Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Bonds shall cease to be Outstanding or (y) the amount of such Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Bonds that remain Outstanding and the amount (if any) of such reduction in such Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Defeasance Securities shall mean, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds, U.S. Obligations which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof.

Defeased Municipal Obligations shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or U.S. Obligations which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates

specified in the irrevocable instructions referred to in subclause (a) of this definition, as appropriate, (c) as to which the principal of and interest on the U.S. Obligations on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this definition on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this definition, as appropriate and (d) which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's Ratings Group and, if rated by Moody's Investors Service, are rated "Aaa" by such agency.

Designated Swap Obligation means, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Water and Sewer System Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Bonds) and (ii) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Water and Sewer System Bonds with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider means any person with whom JEA enters into a Designated Swap Obligation.

Federal Agency Securities shall mean bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's Ratings Group and "Aaa" by Moody's Investors Service, if rated by both rating agencies, and, if rated by one rating agency, shall have a rating of "AAA" or "Aaa" by Standard & Poor's Ratings Group or Moody's Investors Service, as the case may be.

Investment Securities shall mean and include any other securities, obligations or investments that, at the time, shall be permitted by Florida Law for the investment of JEA's funds.

Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service means, as of any date of calculation, the greatest Adjusted Aggregate Debt Service for the then current or any future Fiscal Year.

Net Revenues means, for any period, the Revenues during such period, determined on an accrual basis, minus Operation and Maintenance Expenses during such period, determined on an accrual basis, to the extent paid or to be paid from Revenues.

One-Month LIBOR Rate means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Operation and Maintenance Expenses means the current expenses, paid or accrued, of operation, maintenance and repair of the System, including administration costs, as calculated in accordance with generally accepted accounting principles, and shall include all Contract Debts. Notwithstanding the foregoing, Operation and Maintenance Expenses shall not include any reserve for renewals or replacements or any allowance for depreciation or amortization and there shall be included in Operation and Maintenance Expenses only that portion of the total administrative, general and other expenses of JEA which are properly allocable to the System.

Principal Installment means, as of any date of calculation and with respect to any Series, so long as any Water and Sewer System Bonds thereof are Outstanding, (i) the principal amount of Water and Sewer System Bonds (including, in the case of any Water and Sewer System Option Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Water and Sewer System Resolution) of any Sinking Fund Installments due on a certain future date for Water and Sewer System Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Water and Sewer System Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Water and Sewer System Bonds of such Series, the sum of such principal amount of Water and Sewer System Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Refundable Principal Installment means any Principal Installment for any Series of Water and Sewer System Bonds which JEA intends to pay with moneys which are not Revenues, if such intent was expressed in the Supplemental Resolution authorizing such Series. Any such Principal Installment will be a Refundable Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such earlier time as JEA no longer intends to pay such Principal Installment with moneys which are not Revenues.

Reimbursement Obligations means all Water and Sewer System Bonds issued to evidence JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with any Credit Enhancement or liquidity support for the Water and Sewer System Bonds of a Series (or a maturity or maturities or interest rate within a maturity thereof).

Renewal and Replacement Requirement means, at any date of calculation, an amount equal to 10 percent of the sum of (a) the aggregate amount of Water and Sewer System Bonds Outstanding under the Water and Sewer System Resolution and (b) the aggregate amount of all other obligations issued by JEA in connection with the System (including, without limitation, Subordinated Indebtedness) outstanding and unpaid (or as to which provision for payment has not been made in accordance with the terms thereof).

Revenues means (i) all revenues, income, rents, service fees and receipts properly allocable to the System resulting from ownership and operation of the System, excluding (a) unless otherwise determined by the Governing Body, Capacity Charges, (b) customer deposits and any other deposits subject to refund unless such deposits have become property of JEA and (c) if and to the extent determined by the JEA Board, special assessments, if any, levied by JEA in connection with any facilities constituting a part of the System, (ii) the proceeds of any insurance covering business interruption loss relating to the System and (iii) interest received or to be received on any moneys or securities held pursuant to the Water and Sewer System Resolution and paid or required to be paid into the Revenue Fund. For any purpose of the Water and Sewer System Resolution that requires the computation of Revenues with respect to any period of time, "Revenues" shall include such amounts resulting, received or to be received, as the case may be, during such period, determined on an accrual basis, plus (x) the amounts, if any, paid from the Rate Stabilization Fund into the Revenue Fund during such period, but only to the extent that such amounts originally were deposited to the Rate Stabilization Fund from Revenues (excluding from (x) amounts included in the Revenues for such period representing interest earnings transferred from the Rate Stabilization Fund to the Revenue Fund pursuant to the Water and Sewer System Resolution) and minus (y) the amounts, if any, paid from the Revenue Fund into the Rate Stabilization Fund during such period. Notwithstanding the foregoing, all cash subsidy payments received by JEA from the U.S. Treasury in respect of interest payable on any Build America Bonds shall not constitute "Revenues" for any purpose of the Resolution.

System or *Water and Sewer System* means each and every part of the water system and sewer system owned and operated by JEA for water supply, transmission, treatment and distribution and for sewage collection, transmission, treatment and disposal or distribution now existing and hereafter acquired by lease, contract, purchase or otherwise or constructed, including any interest or participation of JEA in any facilities in connection with said system, together with all additions, betterments, extensions and improvements to said system or any part thereof hereafter constructed or acquired and together with all lands, easements, licenses and rights of way and all other works, property or structures and contract rights and other tangible and intangible assets now or hereafter owned or used in connection with or related to said System; *provided*, *however*, that upon compliance with certain provisions of the Water and Sewer System Resolution described under "Certain Other Covenants – *Additional Utility Functions*" below, the term System shall be deemed to include other utility functions added to the System such as the acquisition, distribution, and sale of natural gas, the production, distribution and sale of process steam, or other utility functions that are, in accordance with Prudent Utility Practice, reasonably related to the services provided by the System. Notwithstanding the foregoing definition of the term System, such term shall not include the existing electric system owned by JEA or any bulk power supply utilities or systems now owned or hereafter acquired by JEA, nor shall it include any properties or interests in properties of JEA (a) which JEA determines shall not constitute a part of the System for the purpose of the Water and Sewer System Resolution at the time of the acquisition thereof by JEA or (b) as to which there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the exclusion of such properties or interests in properties from the System will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the rate covenant described under "Covenant as to Rates, Fees and Other Charges" below.

Trust Estate means (i) the proceeds of the sale of the Water and Sewer System Bonds, (ii) the Revenues, and (iii) all Funds and Accounts established by the Water and Sewer System Resolution (other than the Debt Service Reserve Account), including the investments and investment income, if any, thereof.

U.S. Obligations shall mean any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including Federal Agency Securities to the extent unconditionally guaranteed by the United States of America.

U.S. Treasury shall mean the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Taxable Index means the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index means the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Water and Sewer System Bond or Bonds means any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Water and Sewer System Resolution but shall not mean Subordinated Indebtedness or Bond Anticipation Notes.

Water and Sewer System Capital Appreciation Bond or Bonds means any Water and Sewer System Bonds issued under the Water and Sewer System Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Water and Sewer System Resolution or the Supplemental Resolution authorizing such Water and Sewer System Capital Appreciation Bonds.

Water and Sewer System Deferred Income Bond or Bonds means any Water and Sewer System Bonds issued under the Water and Sewer System Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bonds and payable only at the maturity, earlier redemption or other payment thereof pursuant to the Water and Sewer System Resolution or the Supplemental Resolution authorizing such Water and Sewer System Deferred Income Bonds.

Water and Sewer System Option Bond or Bonds means any Water and Sewer System Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Water and Sewer System Variable Rate Bond means any Water and Sewer System Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the Series of Water and Sewer System Bonds of which such Water and Sewer System Bond is one.

Pledge

The Water and Sewer System Bonds are special obligations of JEA payable from and secured by the funds pledged therefor. Pursuant to the Water and Sewer System Resolution, there is pledged for the payment of the principal and Redemption Price of, and interest on, the Water and Sewer System Bonds in accordance with their terms and the provisions of the Water and Sewer System Resolution, subject only to the provisions of the Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution, the Trust Estate.

Pursuant to the Water and Sewer System Resolution, there also are pledged, as additional security for the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Water and Sewer System Bonds of each Additionally Secured Series secured thereby, subject only to the provisions of the Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution, amounts on deposit in any separate subaccount established in the Debt Service Reserve Account, including the investments and investment income, if any, thereof.

Application of Revenues

Revenues are pledged by the Water and Sewer System Resolution to payment of principal of and interest and redemption premium on the Water and Sewer System Bonds of all series, subject to the provisions of the Water and Sewer System Resolution permitting application for other purposes. For the application of Revenues, the Water and Sewer System Resolution establishes a Revenue Fund, a Debt Service Fund, a Subordinated Indebtedness Fund, a Rate Stabilization Fund and a Renewal and Replacement Fund, all of which are held by JEA.

Pursuant to the Water and Sewer System Resolution, all Revenues are to be deposited promptly by JEA to the credit of the Revenue Fund. Notwithstanding anything to the contrary contained in the Water and Sewer System Resolution, in the event that any Revenues constitute "impact fees" within the meaning of applicable Florida law, JEA may use and apply such Revenues only in the manner permitted or required by such applicable law, and JEA is to take such measures (including, without limitation, the establishment of such separate accounts or subaccounts or the implementation of such accounting procedures) as an Authorized Officer of JEA may determine are necessary or desirable to effect the foregoing. Each month JEA is to make transfers from the Rate Stabilization Fund to the Revenue Fund, in accordance with the then

current Annual Budget or as otherwise determined by JEA. Each month JEA is to pay from the Revenue Fund amounts necessary to meet Operation and Maintenance Expenses as they become due and payable.

Following the payment of Operation and Maintenance Expenses, the Water and Sewer System Resolution provides that the moneys in the Revenue Fund shall be applied monthly, to the extent available, and subject to the limitation described in the preceding paragraph regarding "impact fees," in the following manner and in the following order of priority:

1. ***To the Debt Service Account and the Debt Service Reserve Account in the Debt Service Fund,*** (a) an amount at least equal to the amount, if any, required so that the balance in the Debt Service Account (excluding capitalized interest on deposit therein in excess of the amount thereof to be applied to pay interest accrued and to accrue on all Water and Sewer System Bonds to the end of the then current calendar month) equals the Accrued Aggregate Debt Service as of the last day of the then current month and (b) the respective amounts, if any, required so that the balance in each separate subaccount in the Debt Service Reserve Account equals the Debt Service Reserve Requirement related thereto.

Amounts in the Debt Service Account are to be applied by JEA to pay the principal or Redemption Price of and interest on the Water and Sewer System Bonds. In addition, JEA may apply such amounts to the purchase or redemption of Water and Sewer System Bonds to satisfy sinking fund requirements.

Amounts in each separate subaccount in the Debt Service Reserve Account are to be applied by JEA to pay the principal or sinking fund Redemption Price of or interest on each Additionally Secured Series of Water and Sewer System Bonds secured thereby, if and to the extent necessary following the application of amounts on deposit in the Debt Service Account in accordance with the terms of the Water and Sewer System Resolution; *provided*, *however*, that the amount payable from the Initial Subaccount with respect to the Water and Sewer System Variable Rate Bonds of a particular series and maturity shall be limited to the amount on deposit therein allocable to the Water and Sewer System Variable Rate Bonds of such series and maturity, based upon the interest rate that such Water and Sewer System Variable Rate Bonds of such series and maturity are deemed to bear for purposes of computing the Debt Service Reserve Requirement for the Initial Subaccount, as described in the second paragraph under "Debt Service Reserve Account" herein.

Whenever the amount in the Debt Service Reserve Account, together with the amount in the Debt Service Account, is sufficient to pay in full all Outstanding Water and Sewer System Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Account will be transferred to the Debt Service Account, and no further deposits will be required to be made to the Debt Service Fund.

In the event of the refunding or defeasance of any Water and Sewer System Bonds, JEA may withdraw from the Debt Service Account, and, if the Water and Sewer System Bonds being refunded or defeased are Water and Sewer System Bonds of an Additionally Secured Series, withdraw from the separate subaccount in the Debt Service Reserve Account securing such Water and Sewer System Bonds, all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Water and Sewer System Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on such Water and Sewer System Bonds; *provided* that such withdrawal shall not be made unless (i) immediately thereafter the Water and Sewer System Bonds being refunded or defeased shall be deemed to have been paid pursuant to the Water and Sewer System Resolution, and (ii) the amount remaining in the Debt Service Account and, if applicable, such separate subaccount in the Debt Service Reserve Account after such withdrawal, and after giving effect to the issuance of any obligations being issued to refund such Water and Sewer System Bonds and the disposition of the proceeds thereof and, in the case of any separate subaccount in the Debt Service Reserve Account, any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount in accordance with the provisions of the Supplemental Resolution establishing such subaccount, shall not be less than the Accrued Aggregate Debt Service and the Debt Service Reserve Requirement

relating thereto, respectively. In the event of such refunding or defeasance, JEA may also withdraw from the Debt Service Account or such separate subaccount in the Debt Service Reserve Account all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Water and Sewer System Resolution; *provided*, *however*, that such withdrawal cannot be made unless items (i) and (ii) hereinabove have been satisfied and, at the time of such withdrawal, there will exist no deficiency in any Fund or Account held under the Water and Sewer System Resolution.

Whenever the moneys on deposit in any subaccount established in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement related thereto, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation that may be credited to such subaccount, such excess will be deposited in the Revenue Fund.

See also "Debt Service Reserve Account" herein.

2. ***To the Subordinated Indebtedness Fund,*** an amount at least equal to the amount, if any, required to be deposited therein in the then current month to pay principal or sinking fund installments of and premiums, if any, and interest on each issue of Subordinated Indebtedness and reserves therefor as required by the Supplemental Resolution authorizing such Subordinated Indebtedness.

At any time and from time to time JEA may deposit in the Subordinated Indebtedness Fund for the payment of the principal or sinking fund installments of and interest and premium on each issue of Subordinated Indebtedness amounts received from the proceeds of additional issues of Subordinated Indebtedness or amounts received from any other source.

If at any time there is a deficiency in the Debt Service Account or any separate subaccount(s) in the Debt Service Reserve Account and the available funds in the Renewal and Replacement Fund are insufficient to cure such deficiency, there will be transferred from the Subordinated Indebtedness Fund to such Account or subaccount(s) the amount necessary to cure such deficiency (or, if the amount in the Subordinated Indebtedness Fund is less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in the Subordinated Indebtedness Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount).

3. ***To the Rate Stabilization Fund,*** the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the current Annual Budget or the amount otherwise determined by JEA to be credited to such Fund for the month.

4. ***To the Renewal and Replacement Fund,*** an amount at least equal to the sum of (i) one-twelfth (1/12th) of ten percent of the Annual Net Revenues of the Water and Sewer System for the preceding Fiscal Year and (ii) such additional amount as will make the total annual payment into such Fund during the Fiscal Year of which such month is a part equal to at least five percent of the Revenues of the Water and Sewer System for the preceding Fiscal Year; *provided*, *however*, that so long as there shall be held in the Renewal and Replacement Fund an amount which is at least equal to the Renewal and Replacement Requirement, no deposits are required to be made into the Renewal and Replacement Fund; and *provided*, *further*, however, that the failure of JEA to make such payment into the Renewal and Replacement Fund in any month shall not constitute an Event of Default under the Water and Sewer System Resolution; *provided* that any deficiencies therefor shall have been restored prior to the end of the Fiscal Year of which such month is a part; and *provided*, *further*, that the full amount required to be deposited in said Renewal and Replacement Fund in such Fiscal Year has been deposited therein by the end of such Fiscal Year.

Amounts in the Renewal and Replacement Fund may be applied to the Costs of the Water and Sewer System, the payment of extraordinary operation and maintenance costs and contingencies and payments with respect to the prevention or correction of any unusual loss or damage in connection with all or part of the Water and Sewer System, in the manner provided in the Water and Sewer System Resolution. Amounts in the Renewal and Replacement Fund also may be applied to the purchase, redemption, payment or provision for payment of Water and Sewer System Bonds or interest thereon or, upon determination of the JEA Board, to the payment of the costs of enlargements, extensions, improvements and replacements of capital assets of any other utility system owned and operated by JEA and not constituting a part of the Water and Sewer System.

If at any time there is a deficiency in the Debt Service Account or any separate subaccount(s) in the Debt Service Reserve Account, there will be transferred from the Renewal and Replacement Fund to such Account or subaccount(s) the amount necessary to cure such deficiency (or, if the amount in the Renewal and Replacement Fund is less than the amount necessary to make up the deficiencies with respect to the Debt Service Account and all of the separate subaccounts in the Debt Service Reserve Account, then the amount in the Renewal and Replacement Fund will be applied first to make up the deficiency in the Debt Service Account, and any balance remaining will be applied ratably to make up the deficiencies with respect to the separate subaccounts in the Debt Service Reserve Account, in proportion to the deficiency in each such subaccount). If at any time there is a deficiency in the Subordinated Indebtedness Fund and the amounts on deposit in the Debt Service Account and each separate subaccount in the Debt Service Reserve Account shall equal the current requirements of such Account and subaccounts, respectively, and such amounts are not required for the payment of Operation and Maintenance Expenses, there will be transferred from the Renewal and Replacement Fund to the Subordinated Indebtedness Fund the amount necessary to cure such deficiency.

Notwithstanding anything to the contrary contained in the Water and Sewer System Resolution, in the event that any amounts on deposit in the Renewal and Replacement Fund constitute "impact fees" within the meaning of applicable Florida law, JEA will use and apply such amounts only in the manner permitted or required thereby, and JEA will take such measures (including, without limitation, the establishment of such separate accounts or subaccounts in the Renewal and Replacement Fund or the implementation of such accounting procedures) as an Authorized Officer of JEA may determine are necessary or desirable to effect the foregoing.

The balance of any moneys remaining in the Revenue Fund after the above required payments have been made may be used by JEA for any lawful purpose of JEA (including, but not limited to, (a) the purchase, redemption or provision for payment of any of the Water and Sewer System Bonds, (b) transfers to any utility system owned and/or operated by JEA currently or in the future and (c) the annual transfer by JEA to the City's General Fund not otherwise prohibited by the Water and Sewer System Resolution; *provided*, *however*, that none of the remaining moneys can be used for any purpose other than those specified above unless all current payments, including all deficiencies in prior payments, if any, have been made in full and unless JEA has complied fully with all the covenants and provisions of the Water and Sewer System Resolution.

"Available Water and Sewer System Revenues" are those monies remaining on deposit in the Revenue Fund established under the Water and Sewer System Resolution and available for use by JEA for any lawful purpose. In the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with clause (a) of subsection (1) of Section 506 of the District Energy System Resolution is less than Accrued Aggregate Debt Service with respect to the 2013 Series A Bonds of the District Energy System as of the last Business Day of the then current month, JEA shall deposit into the 2013 Series A Bonds Subaccount in the Debt Service Reserve Account in the Debt Service Fund under the District Energy System Resolution from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists. See "SUMMARY OF CERTAIN PROVISIONS

OF THE DISTRICT ENERGY SYSTEM RESOLUTION – Debt Service Fund – Debt Service Reserve Account and 2013 Series A Bonds Subaccount – *2013 Series A Bonds Subaccount*".

During any period in which the Debt Service Requirement for any series of Bonds containing Build America Bonds shall be calculated in the manner provided in the *proviso* of clause (1) of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Debt Service Account in the Sinking Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but no such payment shall constitute Revenues for any purpose of the Electric System Resolution.

Construction Fund

The Water and Sewer System Resolution establishes a Construction Fund, into which are paid amounts required by the provisions of the Water and Sewer System Resolution and any Supplemental Resolution and, at the option of JEA, any moneys received for or in connection with the System, unless required to be applied otherwise as provided in the Water and Sewer System Resolution. In addition, proceeds of insurance against physical loss of or damage to the System or of contractors' performance bonds, pertaining to the period of construction or acquisition, will be paid into the Construction Fund.

JEA may withdraw amounts from the Construction Fund for the payment of amounts due and owing on account of the Costs of the System upon determination of an Authorized Officer of JEA (or such officer's designee) that an obligation in the amount to be paid from the Construction Fund has been incurred by JEA and that each item thereof is a proper and reasonable charge against the Construction Fund, and that such amount has not been paid.

To the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on Water and Sewer System Bonds when due.

Amounts credited to the Construction Fund which JEA at any time determines to be in excess of the amounts required for the purposes thereof shall be deposited in the Debt Service Reserve Account, if and to the extent necessary to make the amount in any separate subaccount therein equal to the Debt Service Reserve Requirement related thereto (or, if such excess shall be less than the amount necessary to make up the deficiencies with respect to all of the separate subaccounts in the Debt Service Reserve Account, then such excess shall be applied ratably, in proportion to the deficiency in each such subaccount), and any balance of such excess, upon written determination of an Authorized Officer of JEA, shall be deposited in the Revenue Fund and may be used by JEA for any lawful purpose of JEA, subject to the limitations contained in the Water and Sewer System Resolution; *provided*, *however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Water and Sewer System Resolution.

JEA may discontinue the acquisition or construction of any portion of the System, the Costs of which are at the time being paid out of the Construction Fund, if the JEA Board determines by resolution that such discontinuance is necessary or desirable in the conduct of the business of JEA and not disadvantageous to the Holders of the Water and Sewer System Bonds.

Debt Service Reserve Account

JEA may establish a separate subaccount in the Debt Service Reserve Account with respect to any one or more maturities (or interest rate(s) within a maturity) of the Water and Sewer System Bonds of one or more series as provided in the Water and Sewer System Resolution. Amounts on deposit in any separate subaccount in the Debt Service Reserve Account will be applied to pay the principal or sinking fund Redemption Price of or interest on each Additionally Secured Series of Water and Sewer System Bonds secured thereby, if and to the extent necessary following the application of amounts on deposit in the Debt Service Account (exclusive of amounts, if any, set aside in said Account for the payment of interest on Water and Sewer System Bonds on a future date) in accordance with the terms of the Water and Sewer System Resolution.

Pursuant to the First Supplemental Water and Sewer System Revenue Bond Resolution adopted by JEA on August 19, 1997 (the "First Supplemental Resolution"), authorizing, among others, JEA's Water and Sewer System Revenue Bonds, 1997 Series B (the "1997 Series B Bonds") JEA established a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund entitled the "Initial Subaccount". The 1997 Series B Bonds, which as of the date of the Annual Disclosure Report to which this Appendix is attached are no longer outstanding, were additionally secured by amounts on deposit in the Initial Subaccount, including the investments and investment income, if any, thereof, which amounts are pledged as additional security for the payment of the principal or sinking fund redemption price of, and interest on, the 1997 Series B Bonds, subject only to the provisions of the Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution. The Initial Subaccount in the Debt Service Reserve Account may, at the option of JEA, secure one or more maturities (or interest rate(s) within a maturity) of the additional Water and Sewer System Bonds of any series thereafter issued; *provided*, *however*, that for purposes of computing the Debt Service Reserve Requirement for the Initial Subaccount, the Water and Sewer System Variable Rate Bonds, if any, of each series and maturity secured thereby shall be deemed to bear interest at the Certified Interest Rate established with respect thereto at the time of the original issuance thereof ***unless*** the interest rate(s) on such Water and Sewer System Variable Rate Bonds of a particular series and maturity shall have been converted synthetically to a fixed interest rate pursuant to an interest rate swap transaction that has a term equal to, and the notional amount of which amortizes at the same times and in the same amounts as, such Water and Sewer System Variable Rate Bonds of such series and maturity, in which case, such Water and Sewer System Variable Rate Bonds shall be deemed to bear interest at the fixed rate payable by JEA under such interest rate swap transaction for so long as such interest rate swap transaction shall remain in effect (*provided*, *however*, that if, at the time of the original issuance thereof, the interest rate on the Water and Sewer System Variable Rate Bonds of a particular series and maturity shall have been converted synthetically to a fixed interest rate pursuant to such an interest rate swap transaction, but such interest rate swap transaction shall be terminated prior to the final maturity date of such Water and Sewer System Variable Rate Bonds, then the Debt Service Reserve Requirement for the Initial Subaccount shall be recalculated as of the date of termination of such interest rate swap transaction, based upon the Certified Interest Rate established for such Water and Sewer System Variable Rate Bonds at the time of the original issuance thereof, and any resulting deficiency in the amount on deposit in the Initial Subaccount shall be required to be funded with moneys and/or one or more additional surety bonds, insurance policies or letters of credit that may be credited to the Initial Subaccount in accordance with the provisions of the First Supplemental Resolution). As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subaccount also secures JEA's Water and Sewer System Revenue Bonds, 2010 Series A, 2010 Series B, 2010 Series D, 2010 Series E, 2010 Series F, 2012 Series A, 2012 Series B, 2013 Series A, 2014 Series A, and 2017 Series A and JEA's Variable Rate Water and Sewer System Revenue Bonds, 2006 Series B, 2008 Series A-2 and 2008 Series B.

Pursuant to the Water and Sewer System Resolution, the Water and Sewer System Bonds of any series are not required to be additionally secured by amounts on deposit in any separate subaccount in the Debt Service Reserve Account. JEA currently intends to secure all long-term Water and Sewer System Bonds with the Initial Subaccount in the Debt Service Reserve Account. In the event that one or more maturities (or interest rate(s) within a maturity) of the Water and Sewer System Bonds of a series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account, it will be a condition to the issuance of the Water and Sewer System Bonds of such series that the amount on deposit in the Initial Subaccount, after giving effect to the issuance of such Water and Sewer System Bonds, equals the Debt Service Reserve Requirement for such Subaccount.

The Water and Sewer System Resolution requires JEA to deposit and maintain in the Initial Subaccount in the Debt Service Reserve Account moneys, Investment Securities and/or reserve fund credit instruments (hereinafter defined) in an amount equal to the Debt Service Reserve Requirement for the Initial Subaccount. The Debt Service Reserve Requirement for the Initial Subaccount is defined in the First Supplemental Resolution, as of any date of calculation, as an amount equal to the lowest of (a) ten percent of the original principal amount of the Water and Sewer System Bonds of all issues (as defined for federal income tax purposes) secured thereby (or, if the Water and Sewer System Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price), (b) the maximum Aggregate Debt Service on the Water and Sewer System Bonds of all series secured thereby then outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) or 125 percent of the average annual Debt Service on the Water and Sewer System Bonds of all series secured thereby then outstanding for the then current and each future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Water and Sewer System Bonds to be paid from deposits in the Debt Service Account in the Debt Service Fund made from the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); *provided*, *however*, that in no event may an increase in the Debt Service Reserve Requirement for the Initial Subaccount resulting from the issuance of an additional issue (as defined for federal income tax purposes) of Water and Sewer System Bonds exceed ten percent of the original principal amount of the Water and Sewer System Bonds of such issue (or, if the Water and Sewer System Bonds of such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price).

Amounts in the Initial Subaccount in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement for such Subaccount, after giving effect to any reserve fund credit instrument, will be credited to the Revenue Fund.

The First Supplemental Resolution provides that in lieu of maintaining moneys or investments in the Initial Subaccount in the Debt Service Reserve Account, JEA at any time may cause to be deposited therein for the benefit of the Holders of the Water and Sewer System Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the conditions set forth therein (a "reserve fund credit instrument"), in an amount equal to the difference between the Debt Service Reserve Requirement for the Initial Subaccount and the sums of money or value of Investment Securities then on deposit in the Initial Subaccount, if any. The following is a summary of the provisions of the First Supplemental Resolution, as amended by the applicable portion of the Resolution Amendments, relating to the deposit of reserve fund credit instruments to the Initial Subaccount:

(a) A surety bond or insurance policy issued by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Initial Subaccount Additionally Secured Bonds (a "municipal bond insurer") may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the claims paying ability of the issuer thereof shall be rated at least "AA-" or "Aa3" by any two of Standard & Poor's Ratings Group (hereinafter referred to as "S&P") or Moody's Investors Service (hereinafter referred to as "Moody's") or Fitch Ratings (hereinafter referred to as "Fitch").

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subaccount to meet the Debt Service Reserve Requirement for the Initial Subaccount if the issuer thereof is rated at least "AA-" or "Aa3" by any two of S&P, Moody's or Fitch. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Initial Subaccount Additionally Secured Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount, together with any other qualifying reserve fund credit instruments, to equal the Debt Service Reserve Requirement for the Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in any of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(d) The use of any reserve fund credit instrument pursuant to this subsection 4 shall be subject to receipt of an opinion of counsel as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against JEA.

(e) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Bonds. The right of the issuer of a reserve fund credit instrument to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Initial Subaccount, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Initial Subaccount. The reserve fund credit instrument

shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be further subordinated to cash replenishment of the Initial Subaccount to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below "AA-" or "Aa3" by any two of S&P, Moody's or Fitch or (iv) the rating of the issuer of the letter of credit falls below "AA-" or "Aa3" by any two of S&P, Moody's or Fitch, the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subaccount.

(e) If (i) the revolving reinstatement feature described in the preceding clause is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below "AA-" or Aa3" by any two of S&P, Moody's or Fitch or (iii) the rating of the issuer of the letter of credit falls below "AA-" or Aa3" by any two of S&P, Moody's or Fitch, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal the Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A-" or "A3" by any two of S&P, Moody's or Fitch or (2) the rating of the issuer of the letter of credit falls below "A-" or "A3" by any two of S&P, Moody's or Fitch or (3) the issuer of the reserve fund credit instrument defaults in its payment obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subaccount an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subaccount to equal to Debt Service Reserve Requirement for the Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of clauses (a) through (b) above within six months of such occurrence.

(g) Where applicable, the amount available for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subaccount pursuant to clause (X) of the final sentence of the preceding clause (f).

(h) In the event that a reserve fund credit instrument shall be deposited into the Initial Subaccount as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Resolution for purposes of clause (7) of subsection 1 of Section 203 and subsection 1 of Section 711 of the Resolution.

(i) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Bonds of any Initial Subaccount Additionally Secured Series.

(j) Cash on deposit in the Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On January 4, 2001, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2001 Series A, JEA caused FGIC to issue its Municipal Bond Debt Service Reserve Fund Policy (the "Initial FGIC Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial FGIC Reserve Policy is in a maximum amount of $37,126,447.50, is non-cancellable, terminates on October 1, 2039 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On April 11, 2002, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2002 Series A, JEA caused FGIC to issue an additional Municipal Bond Debt Service Reserve Fund Policy (the "Second FGIC Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second FGIC Reserve Policy is in a maximum amount of $8,503,298.05, is non-cancellable, terminates on October 1, 2041 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On October 24, 2002, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2002 Series C, JEA caused FGIC to issue an additional Municipal Bond Debt Service Reserve Fund Policy (the "Third FGIC Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Third FGIC Reserve Policy is in a maximum amount of $9,531,724.90, is non-cancellable, terminates on October 1, 2041 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

Because of a rating downgrade of FGIC, JEA funded the Initial Subaccount with cash and the Berkshire Reserve Policy (hereinafter defined) in the amount of the Initial FGIC Reserve Policy, the Second FGIC Reserve Policy and the Third FGIC Reserve Policy (collectively, the "FGIC Reserve Policies") thereby fulfilling the requirements of the First Supplemental Resolution with regard to the FGIC Reserve Policies.

On November 21, 2003, simultaneously with the issuance of JEA's Variable Rate Water and Sewer System Revenue Bonds, 2003 Series C (the "2003 Series C Bonds"), JEA caused XL Capital Assurance Inc. ("XLCA") to issue a debt service reserve insurance policy (the "Initial XLCA Reserve Policy") for deposit to the credit of a separate subaccount created in the Debt Service Reserve Account. The Initial XLCA Reserve Policy is in a maximum amount of $3,750,000.00, is non-cancelable, terminates on October 1, 2038 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount. On April 8, 2004, simultaneously with the issuance of JEA's Water and Sewer

System Revenue Bonds, 2004 Series A and B, JEA redeemed the 2003 Series C Bonds, and the Initial XLCA Reserve Policy was reissued by XLCA and deposited by JEA into the Initial Subaccount.

On September 22, 2004, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2004 Series C, JEA caused Assured Guaranty Municipal Corp., previously known as Financial Security Assurance Inc. ("FSA") to issue its Debt Service Reserve Insurance Policy (the "Initial FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial FSA Reserve Policy is in a maximum amount of $3,702,459.05, is non-cancelable, terminates on October 1, 2039 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On March 24, 2005, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2005 Series A (the "2005 Series A Bonds"), JEA caused MBIA Insurance Corporation ("MBIA") to issue its Debt Service Reserve Surety Bond (the "Initial MBIA Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Initial MBIA Surety Bond is in a maximum amount of $9,003,471.86, is non-cancelable, terminates on October 1, 2041 (or the date on which JEA has made all payments required to be made on the Initial Subaccount Additionally Secured Bonds pursuant to the Water and Sewer System Resolution) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On June 6, 2005, JEA caused MBIA to issue an additional Debt Service Reserve Surety Bond (the "Second MBIA Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second MBIA Surety Bond is in a maximum amount of $13,719,213.54, is non-cancelable, terminates on October 1, 2041 (or the date on which JEA has made all payments required to be made on the Initial Subaccount Additionally Secured Bonds pursuant to the Water and Sewer System Resolution) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On May 25, 2006, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2006 Series A (the "2006 Series A Bonds"), JEA caused MBIA to issue an additional Debt Service Reserve Surety Bond (the "Third MBIA Surety Bond") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Third MBIA Surety Bond is in a maximum amount of $2,375,403.75, is non-cancelable, terminates on October 1, 2041 (or upon the earlier retirement of all of the 2006 Series A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

Effective as of January 1, 2009, MBIA Inc., parent company of MBIA, restructured MBIA; such restructuring involved the reinsurance and assignment of MBIA's obligations under the Initial MBIA Surety Bond, the Second MBIA Surety Bond and the Third MBIA Surety Bond (collectively, the "MBIA Surety Bonds") to National Public Finance Guarantee Corporation ("NPFGC") which is a subsidiary of MBIA Inc. Because of a rating downgrade of MBIA, JEA has made deposits to the Initial Subaccount in the amount of the MBIA Surety Bonds.

On March 8, 2007, simultaneously with the issuance of JEA's Variable Rate Water and Sewer System Revenue Bonds, 2007 Series A (the "2007 Series A Bonds"), JEA caused XLCA to issue a debt service reserve insurance policy (the "Second XLCA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second XLCA Reserve Policy is in a maximum amount of $5,275,233.64, is non-cancelable, terminates on October 1, 2041 and satisfied the requirements

with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

Because of a rating downgrade of XLCA, JEA has made deposits to the Initial Subaccount in the amount of the Initial XLCA Reserve Policy and the Second XLCA Reserve Policy.

On July 26, 2007, simultaneously with the issuance of JEA's Water and Sewer System Revenue Bonds, 2007 Series C (the "2007 Series C Bonds"), JEA caused FSA to issue its Debt Service Reserve Insurance Policy (the "Second FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Second FSA Reserve Policy is in a maximum amount of $468,627.91, is non-cancelable, terminates on October 1, 2037 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

On February 7, 2008, simultaneously with the issuance of JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A (the "2008 Series A Bonds"), JEA caused FSA to issue its Debt Service Reserve Insurance Policy (the "Third FSA Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Third FSA Reserve Policy is in a maximum amount of $15,000,000.00, is non-cancelable, terminates on October 1, 2042 (or upon the earlier retirement of all of the 2008 Series A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution) at the time of its deposit to the Initial Subaccount.

The forms of the Initial FSA Reserve Policy, the Second FSA Reserve Policy and the Third FSA Reserve Policy (collectively, the "FSA Reserve Policies") are substantially identical, and a specimen thereof is attached to this APPENDIX B as Attachment 1. Because of a rating downgrade of FSA, JEA has made deposits to the Initial Subaccount equal to the aggregate amount of the FSA Reserve Policies.

On August 11, 2008, JEA caused Berkshire Hathaway Assurance Corporation ("Berkshire") to issue its Debt Service Reserve Fund Financial Guaranty Insurance Policy (the "Berkshire Reserve Policy") for deposit to the credit of the Initial Subaccount in the Debt Service Reserve Account. The Berkshire Reserve Policy is in a maximum amount of $33,000,000.00, is non-cancelable, terminates on October 1, 2038 and otherwise satisfies the requirements with respect to a reserve fund credit instrument contained in the Water and Sewer System Resolution (including the First Supplemental Resolution). The form of the Berkshire Reserve Policy is attached hereto to this APPENDIX B as Attachment 2. Because of a rating downgrade of Berkshire, JEA made deposits to the Initial Subaccount equal to the amount of the Berkshire Reserve Policy.

On October 2, 2018, JEA transferred $33,000,000 from the Initial Subaccount to the Construction Fund. JEA was able to make such a transfer as a result of amendments to the Water and Sewer System Resolution contained in Resolution No. 2013-10, adopted June 18, 2013, that lowered the minimum ratings requirement for the provider of a reserve fund credit instrument that is a surety bond or insurance policy to fund the Initial Subaccount. Upon the effectiveness of such amendments on May 2, 2018, the Berkshire Reserve Policy may be counted as satisfying the Debt Service Reserve Requirement.

Investment of Funds and Accounts

The Water and Sewer System Resolution provides that moneys held in the Funds and Accounts established thereunder may be invested and reinvested in Investment Securities which will provide moneys when needed for payments from such Funds and Accounts. Investment Securities are to be valued as of September 30 in each year, at the amortized cost thereof. In the event that JEA causes to be deposited in any separate subaccount in the Debt Service Reserve Account an irrevocable surety bond, an insurance

policy, a letter of credit or any other similar obligation, such surety bond, insurance policy, letter of credit or other obligation shall be valued at the lesser of the face amount thereof or the maximum amount available thereunder.

Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned on any moneys or investments in such Funds and Accounts, other than the Construction Fund, shall be paid into the Revenue Fund. Interest earned on any moneys or investments in the Construction Fund shall be held in such Fund for the purposes thereof or, upon written determination of an Authorized Officer of JEA, paid into the Revenue Fund.

Additional Water and Sewer System Bonds

JEA may issue one or more series of additional Water and Sewer System Bonds for the purposes of (a) paying or providing for the payment of the Costs of the Water and Sewer System and (b) refunding any Water and Sewer System Bonds. All such Water and Sewer System Bonds will be payable from the Trust Estate pledged pursuant to the Water and Sewer System Resolution and secured thereby on a parity with all other Water and Sewer System Bonds. In addition, each series of Water and Sewer System Bonds may be additionally secured by amounts on deposit in a separate subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Water and Sewer System Resolution (which may be the Initial Subaccount therein). Set forth below are certain conditions applicable to the issuance of additional Water and Sewer System Bonds:

Certificates of Authorized Officer of JEA. The issuance of each series of additional Water and Sewer System Bonds (other than Water and Sewer System Refunding Bonds and Reimbursement Obligations) is conditioned upon the filing with JEA of a certificate of an Authorized Officer of JEA:

(1) setting forth the amounts of Net Revenues and Capacity Charges for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of issuance of the additional Water and Sewer System Bonds of the series with respect to which such certificate is being given; and (2) stating that the difference between such Net Revenues and such Capacity Charges for such 12 consecutive month period is at least equal to the greater of (X) 125 percent of the Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service (calculating such Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service with respect to the Water and Sewer System Bonds of all series then Outstanding and the additional Water and Sewer System Bonds of the series with respect to which such certificate is given) or (Y) the sum of (i) the Maximum Annual Aggregate Adjusted Water and Sewer System Debt Service (calculated as aforesaid) and (ii) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund for the then current, or a previous, Fiscal Year; *provided*, *however*, that the Net Revenues for such 12 month period may be adjusted for the purposes of such certificate (a) to reflect for such period revisions in the rates, fees, rentals and other charges of JEA for the product and services of the Water and Sewer System made after the commencement of such period and preceding the date of issuance of such additional Water and Sewer System Bonds; (b) to reflect any increase in Net Revenues due to any new facilities of the Water and Sewer System having been placed into use and operation subsequent to the commencement of such period and prior to the date of issuance of such additional Water and Sewer System Bonds; and (c) to include an amount equal to the average annual contribution to Net Revenues for the first three full Fiscal Years commencing after the date of acquisition thereof, estimated to be made by facilities anticipated to be acquired and expected to be placed into use and operation within two years of the date of such certificate.

Debt Service Reserve. If, at JEA's option, any series of additional Water and Sewer System Bonds is to be additionally secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Water and Sewer System Resolution, the issuance of the additional Water and Sewer System Bonds of such series is further conditioned upon the deposit to the Initial Subaccount of moneys or reserve fund credit instruments, or a combination thereof, in an amount

such that the balance in such Subaccount equals the Debt Service Reserve Requirement for such Subaccount calculated immediately after the delivery of such Water and Sewer System Bonds**.**

No Default. In addition, Water and Sewer System Bonds of any series other than Water and Sewer System Refunding Bonds may be issued only if JEA certifies that upon the issuance of such series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Water and Sewer System Resolution.

Subordinated Indebtedness

JEA may issue Subordinated Indebtedness for any lawful purpose of JEA related to the System, which Subordinated Indebtedness shall be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor; *provided*, *however*, that any such pledge will be subordinate in all respects to the pledge of the Trust Estate created by the Water and Sewer System Resolution as security for the Water and Sewer System Bonds.

Issuance of Other Indebtedness

The Water and Sewer System Resolution does not restrict the issuance by JEA of other indebtedness to finance facilities which are not a part of the System *provided* that such indebtedness shall not be payable out of or secured by the Revenues or any Fund or Account held under the Water and Sewer System Resolution and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund or Account.

Redemption

In the case of any redemption of Water and Sewer System Bonds, JEA shall give written notice to the Bond Registrar(s) therefor and the Paying Agents of the redemption date, of the Series, and of the principal amounts of the Water and Sewer System Bonds of each maturity of such Series and of the Water and Sewer System Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Water and Sewer System Resolution or any Supplemental Resolution authorizing the Series of which such Water and Sewer System Bonds are a part). Such notice shall be filed with such Bond Registrars and the Paying Agents for the Water and Sewer System Bonds to be redeemed at least 40 days prior to the redemption date (or such shorter period (a) as shall be specified in the Supplemental Resolution authorizing the Series of the Water and Sewer System Bonds to be redeemed or (b) as shall be acceptable to such Bond Registrars and Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Water and Sewer System Bonds to be redeemed.

Covenant as to Rates, Fees and Other Charges

Under the Water and Sewer System Resolution, JEA has covenanted that it will at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the System which shall be sufficient to provide an amount at least equal to the difference between (a) Net Revenues in each Bond Year and (b) Capacity Charges in such Bond Year which shall be the greater of (i) 125 percent of the Aggregate Debt Service for such Bond Year; *provided*, *however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, and (ii) the amount which, together with other available

funds, shall be sufficient for the payment of: (a) the amount to be paid during such Bond Year into the Debt Service Account (other than amounts required to be paid into such Account out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); the amount, if any, to be paid during such Bond Year into each separate subaccount in the Debt Service Reserve Account (other than amounts required to be paid into any such subaccount out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); (b) the amount, if any, to be paid during such Bond Year into the Subordinated Indebtedness Fund (other than amounts required to be paid into such Fund out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); (d) the amount, if any, to be paid during such Bond Year into the Renewal and Replacement Fund (other than amounts required to be paid into such Fund out of the proceeds of Water and Sewer System Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); and (e) all other charges and liens whatsoever payable out of Revenues during such Bond Year. Nothing in the preceding sentence shall be deemed to prevent or preclude JEA, for purposes of financial reporting, from preparing and disseminating schedules of debt service coverage based upon Net Revenues without deduction therefrom of Capacity Charges, nor shall anything in the preceding sentence be deemed to require JEA, for purposes of financial reporting, to prepare schedules of debt service coverage based upon the difference between Net Revenues and Capacity Charges.

Certain Other Covenants

Creation of Liens. JEA shall not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Water and Sewer System Bonds, payable out of or secured by a security interest in or pledge of the Trust Estate, any separate subaccount in the Debt Service Reserve Account or other moneys, securities or funds held or set aside by JEA or by the Fiduciaries under the Water and Sewer System Resolution and shall not create or cause to be created any lien or charge on the Trust Estate, any separate subaccount in the Debt Service Reserve Account or such moneys, securities or funds; *provided*, *however*, that nothing contained in the Water and Sewer System Resolution shall prevent JEA from issuing, if and to the extent permitted by law, (a) Bond Anticipation Notes or other evidences of indebtedness payable out of, and which may be secured by a pledge of (i) the proceeds of sale of Water and Sewer System Bonds or investment income therefrom, or (ii) amounts in the Construction Fund derived from the proceeds of sale of said Bond Anticipation Notes or investment income therefrom as may from time to time be available for payment of such Bond Anticipation Notes or other evidences of indebtedness (including redemption premiums, if any, and interest thereon) as part of the Costs of the System, or (iii) Revenues to be derived on and after such date as the pledge of the Revenues provided in the Water and Sewer System Resolution shall be discharged and satisfied as provided in the Water and Sewer System Resolution, or (b) Subordinated Indebtedness.

Disposition of the System. Except as described in this paragraph, JEA may not sell, lease, mortgage or otherwise dispose of any part of the System. JEA may sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (i) JEA shall determine that such property or facilities are not needed or useful in the operation of the System, or (ii) the net book value of the property or facilities sold or exchanged is not more than five percent of the net book value of the property and facilities of the System, or (iii) there shall be filed with the records of JEA a certificate of the Consulting Engineer stating, in its opinion, that the sale or exchange of such property or facilities will not materially impair the ability of JEA to comply during the current or any future Fiscal Year with the rate covenant described under "Covenant as to Rates, Fees and Other Charges" above. The proceeds of any sale or exchange of any property or facilities constituting a part of the System not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall be deposited in the Revenue Fund; *provided*, *however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Water and Sewer System Resolution. In addition to any agreement in effect as of the date on which JEA assumes ownership of the System to which JEA and/or the City is a party relating to the ownership or operation of any part of the System or the use of the output thereof, JEA also may lease or make contracts or grant licenses for the operation of, or make

arrangements for the use of, or grant easements or other rights with respect to, any part of the System; *provided* that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation by JEA or its agents of the System and (ii) does not materially adversely affect the rights or security of the Holders of the Water and Sewer System Bonds under the Water and Sewer System Resolution. Any payments received by JEA under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System shall constitute Revenues. JEA also may enter into certain sale-leaseback and lease-leaseback transactions if certain conditions set forth in the Water and Sewer System Resolution are satisfied. The proceeds of any such transaction not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall be deposited in the Revenue Fund; *provided*, *however*, that the amount of any such deposit to the Revenue Fund shall not constitute or be deemed to constitute Revenues for any purpose of the Water and Sewer System Resolution. JEA may permanently discontinue the acquisition or construction of any portion of the System as described in the final paragraph under "Construction Fund" above.

Insurance. JEA shall at all times keep or cause to be kept the properties of the System which are of an insurable nature and of the character usually insured by those operating properties similar to such properties of the System insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. JEA shall at all times maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the System.

Reconstruction of the System; Application of Insurance Proceeds; Condemnation Awards. If any useful portion of the System shall be damaged or destroyed or taken by any governmental authority under the power of eminent domain or otherwise ("Condemnation"), JEA shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, unless there shall be filed with the records of JEA a certificate of an Authorized Officer of JEA setting forth a determination by JEA that, taking into account all relevant facts and circumstances, including, if and to the extent JEA deems appropriate, the advice of the Consulting Engineer as to engineering matters, its attorneys as to legal matters and other consultants and advisors, such reconstruction or replacement is not in the interest of JEA and the Holders of the Water and Sewer System Bonds. Except as provided in the Water and Sewer System Resolution, the proceeds of any insurance paid or award received on account of such damage, destruction (other than any business interruption loss insurance or insurance proceeds deposited in the Construction Fund pursuant to the Water and Sewer System Resolution) or Condemnation shall be held by JEA in a special account and made available for, and to the extent necessary be applied to, the cost of such reconstruction or replacement.

Additional Utility Functions. JEA may expand the utility functions of the System as they exist as of the date on which JEA assumes the ownership thereof as permitted in the definition of "System" only if JEA files with the books and records of JEA a certified copy of resolutions of the JEA Board to the effect that the addition of such utility functions (a) will not impair the ability of JEA to comply during the current or any future Fiscal Year with the provisions of the Water and Sewer System Resolution, including specifically the rate covenant described under "Covenant as to Rates, Fees and Other Charges" above and (b) will not materially adversely affect the rights of the Holders of the Water and Sewer System Bonds. In making the determinations to be set forth in such resolutions, the JEA Board may rely upon such certificates and opinions of its Consulting Engineer, independent certified public accountants, bond counsel, financial advisors or other appropriate advisors as the JEA Board shall deem necessary or appropriate.

Amendment of Water and Sewer System Resolution

The Water and Sewer System Resolution and the rights and obligations of JEA and of the Holders of the Water and Sewer System Bonds may be amended by a Supplemental Resolution with the written

consent (i) of the Holders of not less than a majority in principal amount of the Water and Sewer System Bonds affected by such modification or amendment and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Water and Sewer System Bonds of the particular Series and maturity entitled to such Sinking Fund Installment. No such modification or amendment may (A) permit a change in the terms of redemption or maturity of the principal of any Water and Sewer System Bond or any installment of interest or a reduction in the principal, Redemption Price or rate of interest thereon without consent of each affected Holder, or (B) reduce the percentages or otherwise affect the classes of Water and Sewer System Bonds the consent of the Holders of which is required to effect any such modification or amendment. For purposes of the foregoing, (a) a change in the terms of redemption of any Water and Sewer System Bond shall be deemed only to affect such Bond and (b) the Holders of Water and Sewer System Bonds may include the initial Holders thereof, regardless of whether such Water and Sewer System Bonds are being held for resale. The Water and Sewer System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Water and Sewer System Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, Water and Sewer System Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided will be deemed to be the Holder of such Water and Sewer System Bonds of any Series, or a maturity within a Series, at all times for the purpose of giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Water and Sewer System Resolution which requires the written approval or consent of Holders, except that the foregoing provisions will not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Water and Sewer System Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Water and Sewer System Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. See "Action by Credit Enhancer When Action by Holders of Water and Sewer System Bonds Required" herein.

The Supplemental Resolutions authorizing JEA's Variable Rate Water and Sewer System Revenue Bonds, 2008 Series A-2 and 2008 Series B (collectively, the "Prior Series Variable Rate Water and Sewer System Bonds") provide that in the event that JEA shall adopt any Supplemental Resolution making any amendment to the Water and Sewer System Resolution for which the consent of the Holders of the Prior Series Variable Rate Water and Sewer System Bonds of a particular Series shall be required (hereinafter in this paragraph referred to as an "Amending Resolution"), an authorized officer of JEA may deliver to the Tender Agent for the Prior Series Variable Rate Water and Sewer System Bonds of such Series a certificate requiring that the Prior Series Variable Rate Water and Sewer System Bonds of such Series be subject to mandatory tender for purchase at the time and in the manner provided in said Supplemental Resolutions. Following the date on which such mandatory tender shall occur, all subsequent Holders of the Prior Series Variable Rate Water and Sewer System Bonds of such Series shall be deemed to have consented to such Amending Resolution, notwithstanding anything to the contrary contained in the Water and Sewer System Resolution. JEA intends to include this provision in each Supplemental Resolution it may adopt in the future authorizing the issuance of any Series of additional Water and Sewer System Variable Rate Bonds.

The Water and Sewer System Resolution also may be amended, upon the delivery of a Counsel's Opinion to the effect that the provisions of such amendment will not have a material adverse effect on the interests of the Holders of Outstanding Water and Sewer System Bonds, but without the consent of Holders of Water and Sewer System Bonds, (i) to cure any ambiguity, omission, defect or inconsistent provision in the Water and Sewer System Resolution; (ii) to insert provisions clarifying the Water and Sewer System Resolution; or (iii) to make any other modification or amendment of the Water and Sewer System Resolution which such counsel in its reasonable judgment determines will not have a material adverse effect on the interests of the Holders of the Water and Sewer System Bonds. Notwithstanding any other provision of the Water and Sewer System Resolution, in determining whether the interests of the Holders of Outstanding Water and Sewer System Bonds are materially adversely affected, such counsel shall consider

the effect on the Holders of any Water and Sewer System Bonds for which Credit Enhancement has been provided without regard to such Credit Enhancement.

Without the consent of the Holders of Water and Sewer System Bonds, JEA may adopt a Supplemental Resolution which (i) closes the Water and Sewer System Resolution against, or provides additional conditions to, the issuance of Water and Sewer System Bonds or other evidences of indebtedness; (ii) adds covenants and agreements of JEA; (iii) adds limitations and restrictions to be observed by JEA; (iv) authorizes Water and Sewer System Bonds of an additional Series; (v) provides for the issuance of Water and Sewer System Bonds in coupon form payable to bearer or in uncertificated form; confirms any security interest or pledge of the Revenues or of any other moneys, securities or funds; if and to the extent authorized in a Supplemental Resolution authorizing an Additionally Secured Series of Water and Sewer System Bonds, specifies the qualifications of any provider of an obligation similar to a surety bond, insurance policy or letter of credit for deposit into the particular subaccount in the Debt Service Reserve Account securing the Water and Sewer System Bonds of such Additionally Secured Series; (viii) makes any modification which is to be effective only after all Water and Sewer System Bonds of each Series Outstanding as of the date of the adoption of such Supplemental Resolution cease to be Outstanding; and (ix) authorizes Subordinated Indebtedness.

Defeasance

The pledge of the Trust Estate and each separate subaccount in the Debt Service Reserve Account created by the Water and Sewer System Resolution and all covenants, agreements and other obligations of JEA to the Holders of Water and Sewer System Bonds will cease, terminate and become void and be discharged and satisfied whenever all Water and Sewer System Bonds and interest due or to become due thereon are paid in full. If any Water and Sewer System Bonds are paid in full, such Water and Sewer System Bonds shall cease to be entitled to any lien, benefit or security under the Water and Sewer System Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Water and Sewer System Bonds will cease, terminate and become void and be discharged and satisfied. Water and Sewer System Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Water and Sewer System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Resolution authorizing such Water and Sewer System Bonds) are met: (i) in case any Water and Sewer System Bonds are to be redeemed prior to their maturity, JEA has given to the Escrow Agent therefor instructions to give notice of redemption therefor, (ii) there has been deposited with such Escrow Agent either moneys or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Water and Sewer System Bonds, and (iii) in the event such Water and Sewer System Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA has given such Escrow Agent instructions to give a notice to the Holders of such Water and Sewer System Bonds that the above deposit has been made and that such Water and Sewer System Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Water and Sewer System Bonds.

Events of Default; Remedies

Events of Default under the Water and Sewer System Resolution include (i) failure to pay the principal or Redemption Price of any Water and Sewer System Bond when due (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement); (ii) failure to pay any installment of interest on any Water and Sewer System Bond or the unsatisfied balance of any Sinking Fund Installment when due (determined without giving effect to any payments made with funds provided by any Credit Enhancer pursuant to any Credit Enhancement) and continuance thereof for a period of 30 days; (iii) failure by JEA to perform or observe any other covenants, agreements, or conditions contained in the Water and Sewer System Resolution or the Water and Sewer System Bonds and continuance thereof for a period of 60 days after written notice; and (iv) certain events of bankruptcy or insolvency. Upon the happening of any such Event of Default the Holders of not less than 25 percent in principal amount of the Water and Sewer System Bonds Outstanding may declare the principal of all the Water and Sewer System Bonds then Outstanding, and the interest accrued thereon, due and payable (subject to a rescission of such declaration upon the curing of such default before the Water and Sewer System Bonds have matured); *provided*, *however*, that in the event that a Supplemental Resolution authorizing Water and Sewer System Bonds for which Credit Enhancement is being provided provides that the principal of such Water and Sewer System Bonds, and the accrued interest thereon, may not be declared due and payable immediately (nor such declaration be rescinded and annulled, as provided in the Water and Sewer System Resolution) without the consent in writing of the Credit Enhancer therefor, then such Water and Sewer System Bonds, and the interest accrued thereon, shall not become due and payable immediately as aforesaid (nor may such declaration be rescinded and annulled) without such written consent, and, in that event, the remedies available to the Holders of such Water and Sewer System Bonds (or such Credit Enhancer on behalf of such Holders) shall be limited to the other remedies set forth in the Water and Sewer System Resolution.

During the continuance of an Event of Default under the Water and Sewer System Resolution, JEA is to apply all moneys, securities, funds and Revenues held or received by JEA (other than amounts on deposit in any separate subaccount in the Debt Service Reserve Account) as follows and in the following order: (i) for Operation and Maintenance Expenses and for the reasonable renewals, repairs, replacements of the System necessary in the judgment of JEA to prevent a loss of Revenues; (ii) to the interest and principal or Redemption Price due on the Water and Sewer System Bonds; and (iii) to the interest and principal or redemption price due on Subordinated Indebtedness. During the continuance of an Event of Default under the Water and Sewer System Resolution, JEA is to apply all amounts on deposit in each separate subaccount in the Debt Service Reserve Account to the interest and principal or sinking fund Redemption Price due on the Water and Sewer System Bonds of any Additionally Secured Series secured thereby.

The Water and Sewer System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Water and Sewer System Bonds, the Credit Enhancer for, and not the actual Holders of, Water and Sewer System Bonds for which such Credit Enhancement is being provided will be deemed to be the Holder of such Water and Sewer System Bonds at all times for the purposes of giving any approval or consent, exercising any remedies or taking any other actions in respect of the occurrence of an Event of Default. See "Action by Credit Enhancer When Action by Holders of Water and Sewer System Bonds Required" herein.

Action by Credit Enhancer When Action by Holders of Water and Sewer System Bonds Required

Except as otherwise provided in a Supplemental Resolution authorizing Water and Sewer System Bonds for which Credit Enhancement is being provided, if not in default in respect of any of its obligations with respect to Credit Enhancement for the Water and Sewer System Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, the Water and Sewer System Bonds

of a Series, or a maturity within a Series, for which such Credit Enhancement is being provided, shall be deemed to be the Holder of Water and Sewer System Bonds of any Series, or maturity within a Series, as to which it is the Credit Enhancer at all times for the purpose of (i) giving any approval or consent to the effectiveness of any Supplemental Resolution or any amendment, change or modification of the Water and Sewer System Resolution which requires the written approval or consent of Holders; *provided*, *however*, that the foregoing shall not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Water and Sewer System Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Water and Sewer System Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and (ii) giving any approval or consent, exercising any remedies or taking any other action following the occurrence of an Event of Default under the Water and Sewer System Resolution.

Special Provisions Relating to Water and Sewer System Capital Appreciation Bonds, Water and Sewer System Deferred Income Bonds and Reimbursement Obligations

The principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Bonds or the Appreciated Value of Water and Sewer System Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under the definitions of Debt Service, Accrued Aggregate Debt Service, Adjusted Aggregate Debt Service and Aggregate Debt Service only from and after the date (the "Calculation Date") which is one year prior to the date on which such Accreted Value or Appreciated Value, as the case may be, becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such due date.

For the purposes of (i) receiving payment of the Redemption Price if a Water and Sewer System Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Water and Sewer System Capital Appreciation Bond if the principal of all Water and Sewer System Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Water and Sewer System Bonds held by the Holder of a Water and Sewer System Capital Appreciation Bond in giving to JEA any notice, consent, request, or demand pursuant to the Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Water and Sewer System Capital Appreciation Bond shall be deemed to be its then current Accreted Value.

For the purposes of (i) receiving payment of the Redemption Price if a Water and Sewer System Deferred Income Bond is redeemed prior to maturity, or (ii) receiving payment of a Water and Sewer System Deferred Income Bond if the principal of all Water and Sewer System Bonds is declared immediately due and payable following an Event of Default or (iii) computing the principal amount of Water and Sewer System Bonds held by the Holder of a Water and Sewer System Deferred Income Bond in giving to JEA any notice, consent, request, or demand pursuant to the Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Water and Sewer System Deferred Income Bond shall be deemed to be its then current Appreciated Value.

Except as otherwise provided in a Supplemental Resolution authorizing a Series of Reimbursement Obligations, for the purposes of (i) receiving payment of a Reimbursement Obligation, whether at maturity, upon redemption or if the principal of all Water and Sewer System Bonds is declared immediately due and payable following an Event of Default or (ii) computing the principal amount of Water and Sewer System Bonds held by the Holder of a Reimbursement Obligation in giving to JEA any notice, consent, request, or

demand pursuant to the Water and Sewer System Resolution for any purpose whatsoever, the principal amount of a Reimbursement Obligation shall be deemed to be the actual principal amount that JEA shall owe thereon, which shall equal the aggregate of the amounts advanced to, or on behalf of, JEA in connection with the Water and Sewer System Bonds of the Series or maturity or interest rate within a maturity for which such Reimbursement Obligation has been issued to evidence JEA's obligation to repay any advances or loans made in respect of the Credit Enhancement or liquidity support provided for such Water and Sewer System Bonds, less any prior repayments thereof.

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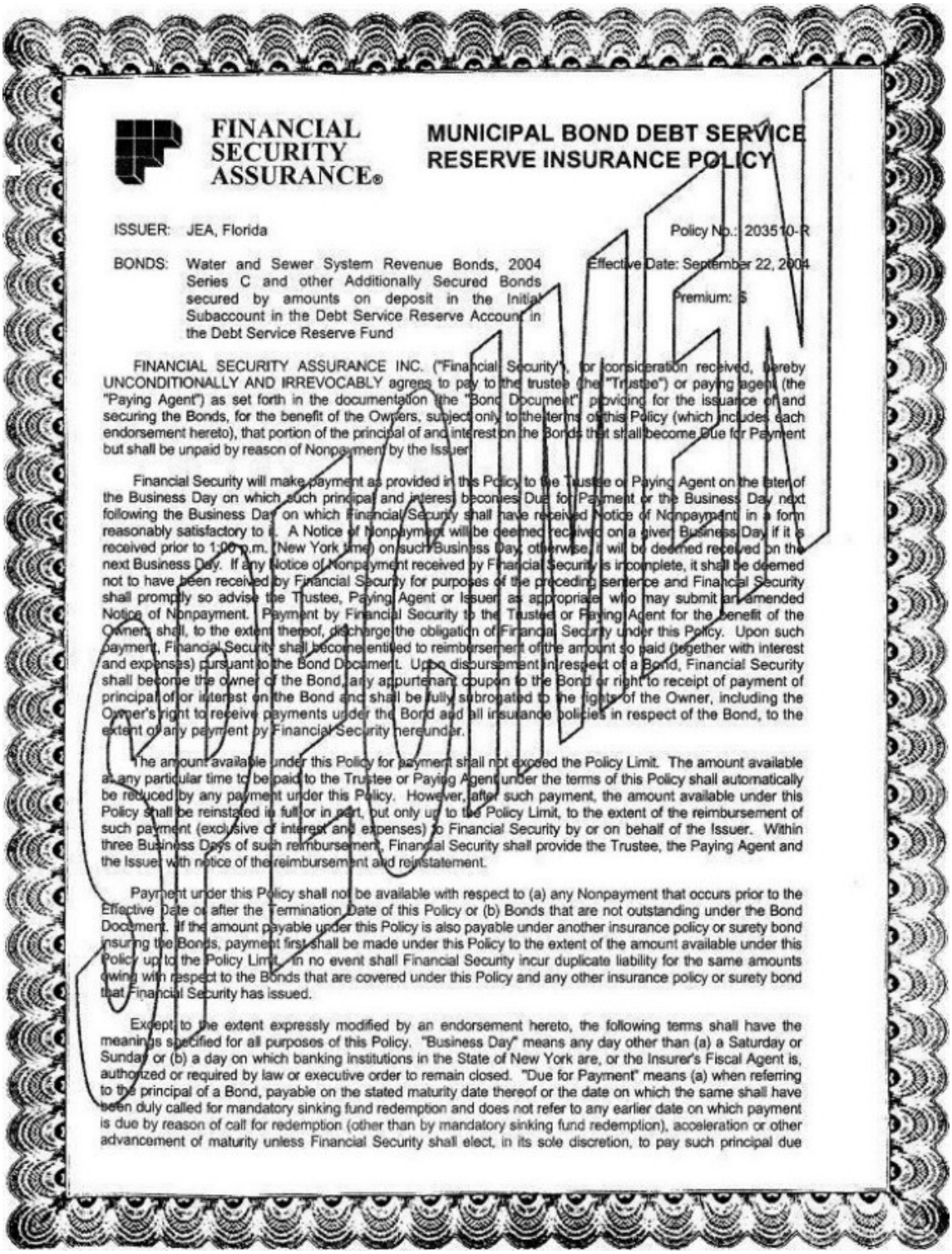
Attachment 1



FINANCIAL SECURITY ASSURANCE®

MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

ISSUER: JEA, Florida

Policy No.: 203510-R

BONDS: Water and Sewer System Revenue Bonds, 2004 Series C and other Additionally Secured Bonds secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund

Effective Date: September 22, 2004

Premium: $

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") as set forth in the documentation (the "Bond Document") providing for the issuance of and securing the Bonds, for the benefit of the Owners, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Security will make payment as provided in this Policy to the Trustee or Paying Agent on the later of the Business Day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Issuer, as appropriate, who may submit an amended Notice of Nonpayment. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy. Upon such payment, Financial Security shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Bond Document. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond and all insurance policies in respect of the Bond, to the extent of any payment by Financial Security hereunder.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (exclusive of interest and expenses) to Financial Security by or on behalf of the Issuer. Within three Business Days of such reimbursement, Financial Security shall provide the Trustee, the Paying Agent and the Issuer with notice of the reimbursement and reinstatement.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the Termination Date of this Policy or (b) Bonds that are not outstanding under the Bond Document. If the amount payable under this Policy is also payable under another insurance policy or surety bond insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall Financial Security incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other insurance policy or surety bond that Financial Security has issued.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York are, or the Insurer's Fiscal Agent is, authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due

upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer that has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from the Issuer, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment of principal or interest thereunder, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. "Policy Limit" shall be the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Bond Document from time to time (the "Debt Service Reserve Requirement"), but in no event shall the Policy Limit exceed $3,702,459.05. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Debt Service Reserve Requirement, as provided in the Bond Document. "Termination Date" means October 1, 2039.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 501B NY (8/96)

FINANCIAL SECURITY ASSURANCE®

ENDORSEMENT NO. 1 TO MUNICIPAL BOND INSURANCE POLICY (Florida Insurance Guaranty Association)

ISSUER: JEA, Florida

Policy No.: 253510-R

BONDS: Water and Sewer System Revenue Bonds, 2004 Series C and other Additionally Secured Bonds secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund

Effective Date: September 22, 2004

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association created under part 11 of chapter 631, Florida Statutes.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By: _____
Authorized Officer

SPECIMEN

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form No. 553NY (FL 6/90)

FINANCIAL SECURITY ASSURANCE®

ENDORSEMENT NO. 2 TO MUNICIPAL BOND INSURANCE POLICY (Nonreduction Endorsement)

ISSUER: JEA, Florida

Policy No.: 203510-R

BONDS: Water and Sewer System Revenue Bonds, 2004 Series C and other Additionally Secured Bonds secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund

Effective Date: September 22, 2004

Notwithstanding the terms and provisions contained in this Policy, the amount available under this Policy to pay principal of and interest on Bonds that are Due for Payment but are unpaid by reason of Nonpayment, at any time prior to the time the Policy terminates, shall be an amount equal to the Policy Limit reduced by the dollar amount of any payment under this Policy and increased by the dollar amount of any subsequent reimbursement to Financial Security for amounts so paid, up to the Policy Limit.

"Policy Limit" shall mean $3,702,459.05.

Nothing herein shall be construed to waive, alter, reduce or amend coverage of the Policy in any other respect. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

FINANCIAL SECURITY ASSURANCE INC. has caused this Endorsement to be executed on its behalf by its Authorized Officer.

FINANCIAL SECURITY ASSURANCE INC.

By: _____
Authorized Officer

SPECIMEN

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 632 NY (FL 5/04)

Attachment 2

BERKSHIRE HATHAWAY ASSURANCE CORPORATION

NEW YORK, NEW YORK

DEBT SERVICE RESERVE FUND FINANCIAL GUARANTY INSURANCE POLICY

DECLARATIONS

Policy No.:	98SRD102446
Issuer:	JEA
Issuer Address:	Jacksonville, Florida
Obligations:	All Water and Sewer System Revenue Bonds which constitute an Additionally Secured Series secured by amounts on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund established pursuant to the First Supplemental Water and Sewer System Revenue Bond Resolution of August 19, 1997
Effective Date:	August 11, 2008
Termination Date:	October 1, 2038
Insured Limit:	$33,000,000
Percentage:	Insured Limit of this Policy divided by the sum of the available limits of all surety bonds, insurance policies, letters of credit or any other reserve fund credit instruments outstanding on the Date of Demand as defined in this Policy that meet the requirements of the Initial Subaccount at the time of a demand under this Policy.
Premium:	
Endorsements:	None

INSURANCE POLICY TERMS AND CONDITIONS

BERKSHIRE HATHAWAY ASSURANCE CORPORATION ("BHAC"), in consideration of the payment of the premium received by BHAC and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to the Trustee for the benefit of the Holders the Insured Payments on the Payment Due Date but shall be unpaid by reason of Nonpayment by the Issuer. Payment will be made on the later to occur of (i) the Business Day following the day on which BHAC shall have Received a completed notice of Nonpayment in form attached as Exhibit A to the Policy, or (ii) the Payment Due Date with respect to the applicable principal or interest payment (the later of the dates referred to in clauses (i) and (ii) being the "Date of Demand"). If a notice of Nonpayment to BHAC is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and BHAC shall promptly give notice to the Trustee that the purported notice of Nonpayment is not deemed Received. Upon receipt of such notice, the Trustee may submit an amended notice of Nonpayment. Payment by BHAC to the Trustee for the benefit of the Holders shall discharge the obligation of BHAC under this Policy to the extent of such payment.

Except as described below, this Policy is non-cancelable by BHAC for any reason. The Premium on this Policy is not refundable for any reason, including the payment prior to maturity of the Obligations. This Policy does not insure against loss of any premium on the Obligation paid by the Holder or any acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of BHAC, nor does this Policy insure against any risk other than Nonpayment.

Under no circumstance shall BHAC's obligations under this Policy exceed the Insured Limit. The amount available at any time to be paid to the Trustee under the terms of this Policy shall automatically be reduced by any payment under this Policy; provided that Issuer may reinstate the Insured Limit by payment of the amount paid by BHAC hereunder plus interest and expenses as provided herein. Issuer shall repay any draws under this Policy and pay all related reasonable expenses incurred by BHAC. Interest shall accrue and be payable on such draws and expenses from the date of payment by BHAC at the Late Payment Rate. Repayment of draws and payment of expenses and accrued interest there on at the Late Payment Rate (collectively "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. Payment of such Policy Costs shall be payable in the manner provided in paragraph (i) of subsection 4 of Section 6.01 of the First Supplemental Water and Sewer System Revenue Bond Resolution of the Issuer adopted August 19, 1997.

Each reinstatement payment shall first be applied to payment of interest and expenses and any remainder deemed to be repayment of the principal paid by BHAC to reinstate the Insured Limit. BHAC shall provide the Trustee and the Issuer with notice of reinstatement of the Insured Limit in the form provided in Exhibit B to this Policy within three Business Days following Receipt of the full reinstatement payment due BHAC. Under no circumstances shall BHAC incur duplicate liability for the same amounts owing with respect to the Obligations that are covered under this Policy and any other insurance policy or surety bond that BHAC has issued.

Under no circumstances may the Insured Limit be increased from the amount stated in the Declarations other than by Endorsement to this Policy.

BHAC shall have no liability under this Policy with respect to any Obligation which is not subject to the Resolution. This Policy will not apply to any Obligation that is not pari passu in security to the Water and Sewer System Refunding Revenue Bonds, 2007 Series C whether or not such 2007 Series C Bonds remain outstanding; provided that, if the 2007 Series C Bonds are not outstanding, this Policy will not apply to any Obligation that would not have been pari passu in security to the Water and Sewer System Refunding Revenue Bonds, 2007 Series C if they had remained outstanding. BHAC shall have no liability under this Policy for any Nonpayment with respect to an Obligation that is not issued pursuant to the Resolution, without amendment of that Resolution.

This Policy excludes from coverage any Non-Payment occurring prior to the Effective Date or after the Termination Date.

If JEA shall fail to pay any Policy Costs in accordance with the requirement of this Policy, BHAC shall be entitled to exercise any and all legal and equitable remedies available to it, including (i) the bringing of an action for mandamus and (ii) those remedies provided under the Resolution other than (A) acceleration of the maturity of the Obligations or (B) remedies which would adversely affect owners of the Obligations. In furtherance of the foregoing, JEA hereby acknowledges and agrees that BHAC shall be a third-party beneficiary of the Resolution, and shall be entitled to bring suit on the Resolution based upon JEA's failure to pay any Policy Costs as aforesaid.

The Resolution shall not be discharged until all Policy Costs owing to BHAC shall have been paid in full. JEA's obligation to pay such amounts shall survive payment in full of the Obligations.

Except to the extent expressly modified by the Declarations to this Policy or any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Custodian are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York, New York.

"Holder" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is the registered owner of an Obligation pursuant to the applicable Resolution governing the Obligation entitled to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations.

"Initial Subaccount" means the initial subaccount in the Debt Service Reserve Account in the Debt Service Reserve Fund established pursuant to the First Supplemental Water and Sewer System Revenue Bond Resolution of the Issuer adopted August 19, 1997.

"Insured Payments" means the Percentage set forth in the Declarations multiplied by the principal of and interest for which payment is due on the Obligations on the applicable Payment Due Date, but only after any cash and investments in the Initial Subaccount on the Date of Demand under this Policy have been applied to amounts due under the Obligations on that Payment Due Date. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee by reason of such failure.

"Late Payment Rate" means, the lesser of (a) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (the "Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus three percent interest plus fifty basis points per annum starting twelve months after any draw is made and increasing by fifty basis points per annum every twelve months any draw remains unpaid, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment rate shall be computed on the basis of the actual number of days elapsed over a year of 365 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as BHAC shall specify.

"Nonpayment" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee for payment in full of all principal and interest due on such Obligation on the applicable Payment Due Date.

"Obligations" mean the bonds described in the Declarations which are outstanding under the terms of the Resolution.

"Payment Due Date" means (i) when referring to the principal of an Obligation, the stated

maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BHAC in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest.

"Receipt" or "Received" means actual receipt of notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to BHAC may be mailed by certified mail or may be delivered by telecopier to facsimile number 203 363 5221, attn: Bond Insurance Claims, or to such other address as shall be specified by BHAC to the Trustee in writing.

"Resolution" means the Water and Sewer System Revenue Bond Resolution of the Issuer adopted February 18, 1997, the First Supplemental Water and Sewer System Revenue Bond Resolution of the Issuer adopted August 19, 1997 and any further supplemental resolution issued subject to the foregoing resolutions.

"Trustee" means the trustee or paying agent, as set forth in the applicable Resolution of the Issuer governing the Obligations.

All capitalized terms used in this Policy and not otherwise defined in this Policy shall have the meaning given them in the applicable Resolution governing the Obligations.

To the fullest extent permitted by applicable law, BHAC hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to BHAC to deny or avoid payment of amounts due under this Policy in accordance with the express provisions hereof, and BHAC furthermore hereby expressly waives any claim for set-off or other counterclaim against payment hereunder. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and BHAC expressly reserves, BHAC's rights and remedies, including, without limitation; its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee, in accordance with the express provisions hereof, and/or (ii) to require payment by BHAC of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of BHAC with respect to the subject matter hereof, and shall not be modified, altered or affected by any other agreement or instrument, including without limitation, any modification or amendment thereto, unless the modification or amendment is agreed to by the Custodian of the Obligations. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAWS OR THE FLORIDA INSURANCE GUARANTY ASSOCIATION SPECIFIED IN THE FLORIDA INSURANCE GUARANTY ASSOCIATION ACT. Payments under this Policy may not be accelerated except at the sole option of BHAC.

Premium is due from the Issuer not later than the Effective Date.

This Policy will be governed by, and shall be construed in accordance with, the laws of the State of Florida.

IN WITNESS WHEREOF, BHAC has caused this Policy to be executed on its behalf by its duly authorized officer, and to become effective and binding upon BHAC by virtue of such signature.

BERKSHIRE HATHAWAY ASSURANCE CORPORATION

Exhibit A

Policy No. _____

NOTICE OF NONPAYMENT

_____, 20__

BERKSHIRE HATHAWAY ASSURANCE CORPORATION
100 First Stamford Place
Stamford, CT 06902

Attention:

Reference is made to the Policy No. _____ (the "Policy") issued by Berkshire Hathaway Assurance Corporation ("BHAC"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Policy unless the context otherwise requires.

The Paying Agent hereby certifies that:

1. On the Payment Due Date of _____, 20__ $_____ [became] [will become] due for payment on the following Obligations: [list of Obligations]____.

2. The amount on deposit in the Debt Service Account of the Debt Service Fund and the Initial Subaccount of the Debt Service Reserve Account of the Debt Service Fund available to pay such amount is $_____, which is $_____ less than the amount due (the "Deficiency Amount");

3. The Paying Agent hereby demands payment of $_____ which amount does not exceed the lesser of (i) the Percentage multiplied by the Deficiency Amount and (ii) the amount available to be drawn under the Policy which in no event shall exceed the Insured Limit;

4. The Paying Agent has not heretofore made demand under the Policy for the amount specified in 3. above or any portion thereof; and

5. The Paying Agent hereby requests that payment of the amount specified in 3. above be made by BHAC under the Policy and directs that payment under the Policy be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Policy: _____ [Paying Agent's Account].

[Paying Agent]

By: _____

Exhibit B

Policy No. _____

NOTICE OF REINSTATEMENT

_____, 20____

[Paying Agent]

[Address]

Reference is made to the Policy No. _____ (the "Policy") issued by Berkshire Hathaway Assurance Corporation ("BHAC"). The terms which are capitalized herein and not otherwise defined have the meanings specified in the Policy unless the context otherwise requires.

BHAC hereby delivers notice that it is in receipt of payment from the Issuer pursuant to Article 2 of the Financial Guaranty Agreement relating to the Policy and as of the date hereof the Insured Limit is $_____.

BERKSHIRE HATHAWAY ASSURANCE CORPORATION

_____

Authorized Officer

Attest:_____

Title:

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED BOND RESOLUTION

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATED WATER AND SEWER SYSTEM RESOLUTION

The following is a summary of certain provisions of the Subordinated Water and Sewer System Resolution. Summaries of certain definitions contained in the Subordinated Water and Sewer System Resolution are set forth below. Other terms defined in the Subordinated Water and Sewer System Resolution for which summary definitions are not set forth are indicated by capitalization. The summary does not purport to be a complete description of the terms of the Subordinated Water and Sewer System Resolution and, accordingly, is qualified by reference thereto and subject to the full text thereof.

The Subordinated Water and Sewer System Resolution, as heretofore amended, is available for viewing and downloading on JEA's website at https://www.jea.com/About/Investor_Relations/Bonds/. Copies of the Subordinated Water and Sewer System Resolution also may be obtained from JEA; provided that a reasonable charge may be imposed for the cost of reproduction. The term "Subordinated Bonds" as used in the Subordinated Water and Sewer System Resolution and in this summary, has the same meaning as the term "Subordinated Water and Sewer System Bonds" as used in the Annual Disclosure Report to which this summary is attached.

Definitions

The following are summaries of certain definitions in the Subordinated Water and Sewer System Resolution:

Accreted Value means, as of any date of computation with respect to any Water and Sewer System Capital Appreciation Subordinated Bond, an amount equal to the principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Capital Appreciation Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Capital Appreciation Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Capital Appreciation Subordinated Bonds, Accreted Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months.

Additional Parity Subordinated Indebtedness means any obligation incurred by JEA subsequent to the date of adoption of the Subordinated Water and Sewer System Resolution in respect of amounts payable by JEA in repayment of draws under any surety bond, insurance policy, letter of credit or other similar obligation that is deposited, in lieu of a cash deposit thereto, to any subaccount in the Debt Service Reserve Account in the Debt Service Fund established pursuant to the Water and Sewer System Resolution, and all expenses with respect thereto and interest thereon, and that is designated as such by an Authorized Officer of JEA in a certificate filed with the records of JEA on the date of the deposit of such surety bond, insurance policy, letter of credit or other similar obligation to such subaccount.

Adjusted Aggregate Debt Service shall have the meaning assigned to such term in the Water and Sewer System Resolution.

Adjusted Aggregate Subordinated Debt Service for any period shall mean, as of any date of calculation, the Aggregate Subordinated Debt Service for such period except that (a) if any Refundable Subordinated Principal Installment for any Series of Subordinated Bonds is included in Aggregate Subordinated Debt Service for such period, Adjusted Aggregate Subordinated Debt Service shall mean Aggregate Subordinated Debt Service determined (i) in the case of Refundable Subordinated Principal Installments with respect to Subordinated Bonds other than Commercial Paper Notes and Medium-Term Notes, as if each such Refundable Subordinated Principal Installment had been payable, over a period extending from the due date of such Subordinated Principal Installment through the earlier of (x) the 40th anniversary of the issuance of such Series of Subordinated Bonds or (y) the 30th anniversary of the due date of such Refundable Subordinated Principal Installment, in installments which would have required equal annual payments of principal and interest over such period and (ii) in the case of Refundable Subordinated Principal Installments with respect to Commercial Paper Notes or Medium-Term Notes, in accordance with the then current Commercial Paper Payment Plan or Medium-Term Note Payment Plan, as applicable, with respect thereto and (b) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Subordinated Bonds or the Appreciated Value of Water and Sewer System Deferred Income Subordinated Bonds shall be included in the calculation of Adjusted Aggregate Subordinated Debt Service at the times and in the manner provided in the provisions of the Subordinated Water and Sewer System Resolution. Interest deemed payable in any Fiscal Year after the actual due date of any Refundable Subordinated Principal Installment of any Series of Subordinated Bonds shall be calculated at such rate of interest as JEA, or a banking or financial institution or financial advisory firm selected by JEA, determines would be a reasonable estimate of the rate of interest that would be borne on Subordinated Bonds maturing at the times determined in accordance with the provisions of clause (a) of the preceding sentence, determined as of such date of calculation.

Aggregate Subordinated Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Subordinated Debt Service for such period with respect to all Series; *provided*, *however*, that (a) for purposes of estimating Aggregate Subordinated Debt Service for any future period (i) any Variable Rate Subordinated Bonds, Commercial Paper Notes and Medium-Term Notes Outstanding during such period shall be assumed to bear interest during such period at the Stipulated Interest Rate applicable thereto, determined as of such date of calculation and (ii) any Option Subordinated Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof and (b) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Subordinated Bonds or the Appreciated Value of Water and Sewer System Deferred Income Subordinated Bonds shall be included in the calculation of Aggregate Subordinated Debt Service at the times and in the manner provided in the Subordinated Water and Sewer System Resolution.

Alternate Variable Rate Taxable Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is not excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Alternate Variable Rate Tax-Exempt Index means such index as, at the time, is in general use as a proxy for short-term interest rates on debt obligations of state and local governments the interest on which is excluded from gross income for federal income tax purposes, as determined by an Authorized Officer of JEA.

Appreciated Value means, with respect to any Water and Sewer System Deferred Income Subordinated Bond, (i) as of any date of computation prior to the Current Interest Commencement Date with respect to such Water and Sewer System Deferred Income Subordinated Bond, an amount equal to the

principal amount of such Bond plus the interest accrued on such Bond from the date of original issuance of such Bond to the periodic date specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bond on which interest on such Bond is to be compounded (hereinafter, a "Periodic Compounding Date") next preceding the date of computation or the date of computation if a Periodic Compounding Date, such interest to accrue at the interest rate per annum of the Water and Sewer System Deferred Income Subordinated Bonds set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds, compounded periodically on each Periodic Compounding Date, plus, if such date of computation shall not be a Periodic Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Periodic Compounding Date (or the date of original issuance if the date of computation is prior to the first Periodic Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Periodic Compounding Date, calculated based upon an assumption that, unless otherwise provided in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bonds, Appreciated Value accrues in equal daily amounts on the basis of a year consisting of twelve 30-day months and (ii) as of any date of computation on and after the Current Interest Commencement Date, the Appreciated Value on the Current Interest Commencement Date.

Average Annual Adjusted Aggregate Debt Service means, as of any date of calculation, the arithmetic average of the Adjusted Aggregate Debt Service for the then current and each future Bond Year.

Average Annual Adjusted Aggregate Subordinated Debt Service means, as of any date of calculation, the arithmetic average of the Adjusted Aggregate Subordinated Debt Service for the then current and each future Bond Year.

Bearer Commercial Paper Note means any Commercial Paper Note that, in accordance with the Supplemental Subordinated Resolution authorizing the Series of which such Commercial Paper Note is a part, is issued in bearer form, not registrable as to principal or face amount.

BMA Municipal Swap Index means the rate determined on the basis of an index based upon the weekly interest rates of tax-exempt variable rate issues included in a database maintained by Municipal Market Data or any successor indexing agent which meets specific criteria established by The Bond Market Association.

Build America Bonds means any Subordinated Bonds with respect to which JEA has irrevocably elected, pursuant to Section 54AA(g) of the Code, or any similar federal program creating subsidies for municipal borrowers for which JEA qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Subordinated Bonds.

Code means the Internal Revenue Code of 1986, or any successor, and the applicable regulations (including final, temporary and proposed) promulgated by the United States Department of the Treasury thereunder, including Treasury Regulations issued pursuant to Sections 103 and 141 through 150, inclusive, of said Internal Revenue Code of 1986.

Commercial Paper Note means any Subordinated Bond which (a) has a maturity date which is not more than 365 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Commercial Paper Payment Plan means, with respect to any Series of Commercial Paper Notes and as of any time, the then current Commercial Paper Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Commercial Paper Notes; *provided*, *however*, that if any Commercial Paper Payment Plan provides for the refunding of any Commercial Paper Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Water and

Sewer System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Commercial Paper Notes shall, for purposes of the Commercial Paper Payment Plan, be assumed to come due over a period commencing with the due date of the Commercial Paper Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Commercial Paper Notes of such Series or (y) the 30th anniversary of the due date of the Commercial Paper Note to be refunded, in installments such that the principal and interest payable on such Commercial Paper Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Commercial Paper Notes in each other Fiscal Year in such period.

Credit Enhancement means, with respect to the Water and Sewer System Bonds of a Series, a maturity within a Series or an interest rate within a maturity or the Subordinated Bonds of a Series, a maturity within a Series or an interest rate within a maturity, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by JEA or otherwise, the principal of and interest on such Water and Sewer System Bonds or Subordinated Bonds, as the case may be.

Credit Enhancer means any person or entity which, pursuant to a Supplemental Subordinated Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement for the Water and Sewer System Bonds of a Series, a maturity within a Series or an interest rate within a maturity or the Subordinated Bonds of a Series, a maturity within a Series or an interest rate within a maturity.

Current Interest Commencement Date means, with respect to any particular Water and Sewer System Deferred Income Subordinated Bonds, the date specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bonds (which date must be prior to the maturity date for such Water and Sewer System Deferred Income Subordinated Bonds) after which interest accruing on such Water and Sewer System Deferred Income Subordinated Bonds shall be payable periodically on dates specified in such Supplemental Subordinated Resolution, with the first such payment date being the first such periodic date immediately succeeding such Current Interest Commencement Date.

Defeasance Securities have the meaning given to such term in the Water and Sewer Resolution except that (a) the references therein to "Bonds of a Series" and "the Supplemental Resolution authorizing such Bonds" shall be deemed to refer to "Subordinated Bonds of a Series" and "the Supplemental Subordinated Resolution authorizing such Subordinated Bonds," respectively and (b) the reference in clause (g) thereof to subsection 6 of Section 1201 of the Water and Sewer Resolution shall be deemed to refer to subsection 6 of Section 12.01 of the Subordinated Water and Sewer Resolution.

Designated Swap Obligation means, to the extent from time to time permitted by law, any interest rate swap transaction (i) which is entered into by JEA for the purpose of converting synthetically the interest rate on any particular Water and Sewer System Bonds or Subordinated Bonds from a fixed rate to a variable rate or from a variable rate to a fixed rate (regardless of whether such Designated Swap Obligation shall have a term equal to the remaining term of such Water and Sewer System Bonds or Subordinated Bonds, as the case may be) and (ii) which has been designated in a certificate of an Authorized Officer of JEA filed with the records of JEA as such (which certificate shall specify the Water and Sewer System Bonds or Subordinated Bonds, as applicable, with respect to which such Designated Swap Obligation is entered into).

Designated Swap Obligation Provider means any person with whom JEA enters into a Designated Swap Obligation.

Event of Default when used with respect to the Subordinated Bonds, shall mean any event specified as such in the Water and Sewer System Resolution and any other event specified as such in the Subordinated Water and Sewer System Resolution.

Existing Parity Subordinated Indebtedness means (i) the Reimbursement Obligations of JEA under (and as defined in) the Debt Service Reserve Fund Policy Agreement, dated as of January 4, 2001, between JEA and Financial Guaranty Insurance Company ("FGIC"), (ii) the Reimbursement Obligations of JEA under (and as defined in) the Debt Service Reserve Fund Policy Agreement, dated as of April 11, 2002, between JEA and FGIC and (iii) the Reimbursement Obligations of JEA under (and as defined in) the Debt Service Reserve Fund Policy Agreement, dated as of October 24, 2002, between JEA and FGIC.

Initial Subordinated Debt Service Reserve Fund means the Fund by that name that is established in the Third Supplemental Subordinated Water and Sewer System Resolution.

Medium-Term Note means any Subordinated Bond which (a) has a maturity date which is more than 365 days, but not more than 15 years, after the date of issuance thereof and (b) is designated as a Medium-Term Note in the Supplemental Subordinated Resolution authorizing such Subordinated Bond.

Medium-Term Note Payment Plan means, with respect to any Series of Medium-Term Notes and as of any time, the then current Medium-Term Note Payment Plan for such Notes contained in a certificate of an Authorized Officer of JEA setting forth the sources of funds expected to be utilized by JEA to pay the principal of and interest on such Medium-Term Notes; *provided*, *however*, that if any Medium-Term Note Payment Plan provides for the refunding of any Medium-Term Note with proceeds of (a) Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes or (b) Water and Sewer System Bonds, in either such case, that JEA intends to pay from Revenues, the principal of such Medium-Term Notes shall, for purposes of the Medium-Term Note Payment Plan, be assumed to come due over a period commencing with the due date of the Medium-Term Note and ending not later than the earlier of (x) the 40th anniversary of the first issuance of Medium-Term Notes of such Series or (y) the 30th anniversary of the due date of the Medium-Term Note to be refunded, in installments such that the principal and interest payable on such Medium-Term Notes in each Fiscal Year in such period will be equal to the principal and interest payable on such Medium-Term Notes in each other Fiscal Year in such period.

One-Month LIBOR Rate means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

Option Subordinated Bonds means Subordinated Bonds which by their terms may be tendered by and at the option of the Holder thereof for payment by JEA prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof.

Refundable Subordinated Principal Installment means any Subordinated Principal Installment for any Series of Subordinated Bonds which JEA intends to pay with moneys which are not Revenues; *provided*, *however*, that (i) in the case of Subordinated Bonds other than Commercial Paper Notes or Medium-Term Notes, such intent shall have been expressed in the Supplemental Subordinated Resolution authorizing such Series of Subordinated Bonds, (ii) in the case of Commercial Paper Notes, such intent shall be expressed in the then current Commercial Paper Payment Plan for such Commercial Paper Notes and (iii) in the case of Medium-Term Notes, such intent shall be expressed in the then current Medium-Term Note Payment Plan for such Medium-Term Notes; and *provided*, *further*, that such Subordinated Principal Installment shall be a Refundable Subordinated Principal Installment only through the penultimate day of the month preceding the month in which such Principal Installment comes due or such

earlier time as JEA no longer intends to pay such Subordinated Principal Installment with moneys which are not Revenues.

Stipulated Interest Rate means, as of any date of determination:

(i) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Subordinated Bonds maturing on a particular date, in either of the foregoing cases, that were, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (1) the average of the Variable Rate Tax-Exempt Index for the five years preceding such date of determination and (2) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Water and Sewer System Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*, *however*, if such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Water and Sewer System Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (i) shall be the rate determined pursuant to the foregoing subclause (1) and

(ii) with respect to (A) any Commercial Paper Notes or Medium-Term Notes or (B) any Variable Rate Subordinated Bonds maturing on a particular date, in either of the foregoing cases, that were not, at the date of the original issuance thereof, the subject of a Counsel's Opinion to the effect that the interest thereon is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, a rate of interest equal to the lesser of (a) the average of the Variable Rate Taxable Index for the five years preceding such date of determination and (b) the average rate of interest borne by such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Water and Sewer System Variable Rate Bonds, as the case may be, for the 12 months preceding such date of determination; *provided*, *however*, if such Commercial Paper Notes, Medium-Term Notes, Variable Rate Subordinated Bonds or Water and Sewer System Variable Rate Bonds, as the case may be, are then being issued or shall not have been Outstanding for 12 months, then the rate of interest determined pursuant to this clause (ii) shall be the rate determined pursuant to the foregoing subclause (a).

Subordinated Bonds means any bonds, notes or other obligations or evidences of indebtedness, as the case may be, authenticated and delivered under and Outstanding pursuant to the Subordinated Water and Sewer System Resolution, which shall constitute "Subordinated Indebtedness," and shall not constitute "Water and Sewer System Bonds," for purposes of the Water and Sewer System Resolution.

Subordinated Debt Service for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of:

(i) interest accruing during such period on the Subordinated Bonds of such Series, except to the extent that such interest is to be paid from the proceeds of Water and Sewer System Bonds, Subordinated Bonds or other evidences of indebtedness of JEA, provided, that in the event that the Subordinated Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Subordinated Bonds, for purposes of this definition, the interest on the Subordinated Bonds of such Series shall be calculated net of the amount of cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), for purposes of this definition, the interest on the Subordinated Bonds of such Series shall be calculated without regard to such subsidy, and

(ii) that portion of each Subordinated Principal Installment for such Series which would accrue during such period if such Subordinated Principal Installment were deemed to accrue daily in equal amounts from the next preceding Subordinated Principal Installment due date for such Series (or, (x) in the case of Subordinated Bonds other than Subordinated Reimbursement Obligations, if (1) there shall be no such preceding Subordinated Principal Installment due date or (2) such preceding Subordinated Principal Installment due date is more than one year prior to the due date of such Subordinated Principal Installment, then, from a date one year preceding the due date of such Subordinated Principal Installment or from the date of issuance of the Subordinated Bonds of such Series, whichever date is later, and (y) in the case of Subordinated Reimbursement Obligations, in accordance with the terms thereof and the Supplemental Subordinated Resolution authorizing such Subordinated Reimbursement Obligations), except to the extent that such Subordinated Principal Installment is paid or to be paid from the proceeds of Water and Sewer System Bonds, Subordinated Bonds or other evidences of indebtedness of JEA.

Such interest and Subordinated Principal Installments for such Series shall be calculated on the assumption that (x) no Subordinated Bonds (except for Option Subordinated Bonds actually tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Subordinated Principal Installment on the due date thereof, (y) the principal amount of Option Subordinated Bonds tendered for payment before the stated maturity thereof, and paid, or to be paid, from Revenues, shall be deemed to accrue on the date required to be paid pursuant to such tender and (z) the principal and interest portions of the Accreted Value of Water and Sewer System Capital Appreciation Subordinated Bonds or the Appreciated Value of Water and Sewer System Deferred Income Subordinated Bonds shall be included in the calculation of Subordinated Debt Service at the times and in the manner provided in the Subordinated Water and Sewer System Resolution.

Notwithstanding anything to the contrary contained in the Subordinated Water and Sewer System Resolution, (a) if JEA has in connection with any Subordinated Bonds entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Subordinated Bonds, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a variable rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a fixed rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Subordinated Bonds for the purposes of the rates, fees and charges covenant of JEA in the Subordinated Water and Sewer System Resolution and the issuance of additional Subordinated Bonds, it will be assumed that such Subordinated Bonds bear interest at a rate equal to the sum of (1) the lesser of (A) the average of the variable rate payable by JEA pursuant to such Designated Swap Obligation for the five years preceding the date of determination, calculating such rate based upon the method, formula or index with respect thereto set forth in such Designated Swap Obligation and (B) the average of the actual rates paid by JEA pursuant to such Designated Swap Obligation for the 12 months preceding such date of determination; *provided*, *however*, if such Designated Swap Obligation shall not have been in effect for 12 months, then the rate of interest determined pursuant to this clause (1) shall be the rate determined pursuant to the foregoing subclause (A) and (2) the difference (whether positive or negative) between (X) the fixed rate of interest on such Subordinated Bonds and (Y) the fixed rate of interest payable to JEA pursuant to such Designated Swap Obligation and (b) if JEA has in connection with any Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes entered into a Designated Swap Obligation which provides that, in respect of a notional amount equal to the Outstanding principal amount of such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, JEA is to pay to a Designated Swap Obligation Provider an amount determined based upon a fixed rate of interest and the Designated Swap Obligation Provider is to pay to JEA an amount determined based upon a variable rate of interest, then, for purposes of calculating Subordinated Debt Service with respect to such Variable Rate Subordinated Bonds, Commercial Paper Notes or Medium-Term Notes, as the case may be, it will be assumed that such Variable Rate Subordinated

Bonds, Commercial Paper Notes or Medium-Term Notes, as applicable, bear interest at the fixed rate of interest payable by JEA pursuant to such Designated Swap Obligation.

Subordinated Debt Service Reserve Requirement as of any date of calculation and with respect to the Initial Subordinated Debt Service Reserve Fund, shall have the meaning assigned to such term in the Third Supplemental Subordinated Water and Sewer System Resolution hereinafter referred to (see "Initial Subordinated Debt Service Reserve Fund" discussion below).

For the purpose of the calculation of the Subordinated Debt Service Reserve Requirement in the event that the Subordinated Bonds of any Series shall constitute Build America Bonds, then until such time, if any, as JEA, for whatever reason, no longer receives cash subsidy payments from the U.S. Treasury in respect of the interest payable on such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), the interest on such Subordinated Bonds shall be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Subordinated Bonds represented by such subsidy shall be permanently reduced, then the amount of such Subordinated Debt Service Reserve Requirement shall be increased to reflect the amount of interest payable on such Subordinated Bonds that no longer is payable to JEA by the U.S. Treasury, and the amount of such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which such specified percentage is so reduced, except that if at any time from the commencement of such funding, either (x) any of such Subordinated Bonds shall cease to be Outstanding or (y) the amount of such Subordinated Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Subordinated Bonds that remain Outstanding and the amount (if any) of such reduction in such Subordinated Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period and provided, further, that in the event that JEA, for whatever reason, ceases to receive cash subsidy payments from the U.S. Treasury in respect of the interest payable on any such Subordinated Bonds (other than as a result of the U.S. Treasury reducing a particular payment by offsetting an amount due from JEA to it), then the amount of such Subordinated Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Subordinated Bonds, and such increase shall be required to be funded in equal semiannual installments over a five (5)-year period, with the first such installment becoming due on the first April 1 or October 1 that is at least six (6) months following the date on which JEA does not receive the first such cash subsidy payment that it theretofore was qualified to receive, except that if at any time from the commencement of such funding, either (x) any of such Subordinated Bonds shall cease to be Outstanding or (y) the amount of such Subordinated Debt Service Reserve Requirement shall be reduced for any reason whatsoever, then the obligation of JEA to make deposits during the balance of such period shall be redetermined (taking into account the amount (if any) of such Subordinated Bonds that remain Outstanding and the amount (if any) of such reduction in such Subordinated Debt Service Reserve Requirement) and the resulting reduction in the amount required to be deposited to the Initial Subaccount shall be evenly apportioned over the remainder of such five (5)-year period. Notwithstanding any other provision of this resolution, any one or more installments of any increase in the Subordinated Debt Service Reserve Requirement with respect to the Initial Subaccount in the Debt Service Reserve Account in the Sinking Fund provided for in the preceding sentence may be prepaid at any time in whole or in part by JEA by designating in JEA's records that such payment(s) is (or are) to be treated as a prepayment.

Subordinated Principal Installment means, as of any date of calculation and with respect to any Series, so long as any Subordinated Bonds thereof are Outstanding, (i) the principal amount of Subordinated Bonds (including, in the case of any Option Subordinated Bond, the principal amount thereof tendered for payment prior to the stated maturity thereof and paid, or to be paid, from Revenues) of such Series due (or so tendered for payment and paid, or to be so paid) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for Subordinated Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Subordinated Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Subordinated Bonds of such Series, the sum of such principal amount of Subordinated Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Subordinated Reimbursement Obligations means all Subordinated Bonds issued pursuant to the Subordinated Water and Sewer System Resolution, concurrently with (a) the issuance of the Water and Sewer System Bonds of a Series authorized pursuant to the provisions of the Water and Sewer System Resolution for which Credit Enhancement or liquidity support is being provided with respect to such Water and Sewer System Bonds (or a maturity or maturities or interest rate within a maturity thereof) by a third-party or (b) the issuance of the Subordinated Bonds of a Series authorized pursuant to the provisions of the Subordinated Water and Sewer System Resolution for which Credit Enhancement or liquidity support is being provided with respect to such Subordinated Bonds (or a maturity or maturities or interest rate within a maturity thereof) by a third-party, for the purpose of evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with such Credit Enhancement or liquidity support, and any Subordinated Bonds thereafter authenticated and delivered in lieu of or in substitution for such Subordinated Bonds.

Subordinated Water and Sewer System Resolution means the Water and Sewer System Subordinated Revenue Bond Resolution, supplemental to the Water and Sewer System Resolution, as from time to time amended or supplemented by Supplemental Subordinated Resolutions in accordance with the terms of the Water and Sewer System Resolution and the terms of the Water and Sewer System Subordinated Revenue Bond Resolution. The Water and Sewer System Subordinated Revenue Bond Resolution shall constitute a "Supplemental Resolution" within the meaning of the Water and Sewer System Resolution.

Supplemental Subordinated Resolution means any resolution supplemental to the Subordinated Water and Sewer System Resolution adopted by JEA in accordance with the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution.

U.S. Treasury means the U.S. Treasury or any party designated by the federal government to issue cash subsidy payments on Build America Bonds.

Variable Rate Subordinated Bond means any Subordinated Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of initial issuance of the Series of Subordinated Bonds of which such Subordinated Bond is one.

Variable Rate Taxable Index means the One-Month LIBOR Rate or, if the One-Month LIBOR Rate no longer shall be available, the Alternate Variable Rate Taxable Index.

Variable Rate Tax-Exempt Index means the BMA Municipal Swap Index or, if the BMA Municipal Swap Index no longer shall be available, the Alternate Variable Rate Tax-Exempt Index.

Water and Sewer System Capital Appreciation Subordinated Bonds means any Subordinated Bonds issued under the Subordinated Water and Sewer System Resolution as to which interest is (i) compounded periodically on dates that are specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Capital Appreciation Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Subordinated Water and Sewer System Resolution or the Supplemental Subordinated Resolution authorizing such Water and Sewer System Capital Appreciation Subordinated Bonds.

Water and Sewer System Deferred Income Subordinated Bonds means any Subordinated Bonds issued under the Subordinated Water and Sewer System Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded periodically on dates specified in the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bonds and (ii) payable only at the maturity, earlier redemption or other payment thereof pursuant to the Subordinated Water and Sewer System Resolution or the Supplemental Subordinated Resolution authorizing such Water and Sewer System Deferred Income Subordinated Bonds.

Pledge

The Subordinated Bonds are special obligations of JEA payable from and secured as to the payment of the principal or Redemption Price, if any, thereof, and interest thereon, in accordance with their terms and the provisions of the Subordinated Water and Sewer System Resolution by (i) the amounts on deposit in the Subordinated Indebtedness Fund established pursuant to the Water and Sewer System Resolution as may from time to time be available therefor, *subject, however,* to the pledge of the Trust Estate created by the Water and Sewer System Resolution as security for the Water and Sewer System Bonds and (ii) amounts on deposit in the Funds established under the Subordinated Water and Sewer System Resolution, subject only to the provisions of the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution. The Subordinated Bonds shall be "Subordinated Indebtedness" within the meaning of such term contained in the Water and Sewer System Resolution.

Deposit of Revenues

Pursuant to the Subordinated Water and Sewer System Resolution, as soon as practicable in each month following the payment of the Cost of Operation and Maintenance of the Water and Sewer System and the making of all required deposits pursuant to the Water and Sewer System Resolution in respect of debt service on, and required reserves for, the Water and Sewer System Bonds, JEA is to pay out of the Revenue Fund established under the Water and Sewer System Resolution to the extent permitted by the Water and Sewer System Resolution and to the extent that the amount in the Revenue Fund is available therefor and deposit in the Subordinated Indebtedness Fund established pursuant to the Water and Sewer System Resolution (a) in each month such amounts as shall be provided (i) in the then current annual budget or as otherwise determined by JEA to be deposited in the Subordinated Indebtedness Fund for the payment of the principal or sinking fund redemption price, if any, of, and interest on, the Subordinated Bonds and other Subordinated Indebtedness on the next succeeding payment date with respect to such bonds and indebtedness and (ii) in any event, on any date that any principal or sinking fund redemption price, if any, of, and interest on, any Subordinated Bonds or other Subordinated Indebtedness shall become due and payable, an amount which, together with (A) other amounts then on deposit in such Subordinated Indebtedness Fund, including the proceeds of the sale of the Subordinated Bonds or Subordinated Indebtedness (exclusive of amounts, if any, set aside in said Fund for the payment of interest on Subordinated Indebtedness on a future date or as a reserve for the payment of the principal or redemption price, if any, of, and interest on, Subordinated Indebtedness), (B) in the case of Subordinated Bonds of any Series for which a separate fund or account has been established pursuant to the Subordinated Water and Sewer System Resolution, the amounts then on deposit in such separate account (exclusive of amounts, if

any, set aside in said fund or account for the payment of interest on the Subordinated Bonds of such Series on a future date) and (C) in the case of any other issue of Subordinated Indebtedness for which a separate fund or account has been established as a source of moneys for the payment of the Subordinated Indebtedness of such issue, the amounts available in such fund or account (exclusive of amounts, if any, set aside in said fund or account for the payment of interest on the Subordinated Indebtedness of such issue on a future date or as a reserve for the payment of the principal or redemption price, if any, of, and interest on, the Subordinated Indebtedness of such issue), will be sufficient and available to make such payment in full on such payment date.

During any period in which the Subordinated Debt Service with respect to any Series of Subordinated Bonds containing Build America Bonds shall be calculated in the manner provided in the proviso of the first paragraph of the definition thereof, no later than each interest payment date for such Build America Bonds then Outstanding, JEA shall withdraw from the Revenue Fund and transfer to the Subordinated Bond Fund an amount equal to the amount of the cash subsidy payment payable to JEA by the U.S. Treasury in respect of the interest payable on such Build America Bonds on such interest payment date, without regard to any reduction thereto made by the U.S. Treasury for the purpose of offsetting any amount due from JEA to it. Any cash subsidy payment received by JEA from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall be deposited by JEA upon the receipt thereof in the Revenue Fund, but not such payment shall constitute Revenues for any purpose of the Electric System Resolution or this Subordinated Resolution.

Subordinated Indebtedness Fund

Subject to the provisions of the Water and Sewer System Resolution, amounts in the Subordinated Indebtedness Fund shall be applied to the payment of the principal or sinking fund Redemption Price, if any, of, and interest on, the Subordinated Bonds. In addition, JEA may apply such amounts to the purchase or redemption of Subordinated Bonds to satisfy sinking fund requirements.

The Subordinated Water and Sewer System Resolution also provides that, in the event of the refunding or defeasance of any Subordinated Bonds, JEA may withdraw from the Subordinated Indebtedness Fund all or any portion of the amounts accumulated therein and deposit such amounts with the Escrow Agent for the Subordinated Bonds being refunded or defeased to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Subordinated Bonds being refunded or defeased; *provided*, *however*, that such withdrawal shall not be made unless (a) immediately thereafter the Subordinated Bonds being refunded or defeased shall be deemed to have been paid pursuant to the provisions of the Subordinated Water and Sewer System Resolution, and (b) the amount remaining in the Subordinated Indebtedness Fund, after giving effect to the issuance of any obligations being issued to refund any Subordinated Bonds being refunded and the disposition of the proceeds thereof, shall not be less than the requirement of such Account. In the event of such refunding or defeasance, JEA may also withdraw from the Subordinated Indebtedness Fund all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account under the Water and Sewer System Resolution or any fund or account established thereunder; *provided*, *however*, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied; and *provided*, *further*, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Water and Sewer System Resolution or any fund or account held under the Subordinated Water and Sewer System Resolution.

Subordinated Bond Construction Fund

The Subordinated Water and Sewer System Resolution establishes a Subordinated Bond Construction Fund into which shall be deposited the amount required to be paid by the provisions of any Supplemental Subordinated Resolution and as may be paid into the Subordinated Bond Construction Fund,

at the option of JEA, any moneys received for or in connection with the Water and Sewer System by JEA from any other source, unless required to be otherwise applied as provided by the Water and Sewer System Resolution or the Subordinated Water and Sewer System Resolution. Amounts on deposit in the Subordinated Bond Construction Fund shall be withdrawn, used and applied by JEA solely for the payment of costs of the Water and Sewer System or any other lawful purpose of JEA relating to the Water and Sewer System.

Subordinated Bond Rate Stabilization Fund

The Subordinated Water and Sewer System Resolution establishes a Subordinated Bond Stabilization Fund. As soon as practicable in each month following the application of Revenues to make the deposits required by the Water and Sewer System Resolution, but in any case not later than the last day of such month, JEA shall pay out of the amounts remaining in the Revenue Fund to the extent permitted by the Water and Sewer System Resolution, and to the extent that the amount in the Revenue Fund is available therefor, for deposit into the Subordinated Bond Rate Stabilization Fund, the amount, if any, budgeted for deposit into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited to such Fund for the month.

Each month JEA shall transfer from the Subordinated Bond Rate Stabilization Fund to the Subordinated Indebtedness Fund the amount budgeted for transfer into such Fund for the then current month as set forth in the then current annual budget, or the amount otherwise determined by JEA to be deposited into such Fund for the month. JEA may also from time to time withdraw amounts currently on deposit in the Subordinated Bond Rate Stabilization Fund and (i) transfer such amounts to any other Fund or Account established under the Water and Sewer System Resolution or any fund or account established under the Subordinated Water and Sewer System Resolution, (ii) use such amounts to purchase or redeem Water and Sewer System Bonds or Subordinated Bonds, (iii) use such amounts to otherwise provide for the payment of Water and Sewer System Bonds or Subordinated Bonds or (iv) use such amounts for any lawful purpose of JEA relating to the Water and Sewer System. If JEA determines that amounts on deposit in the Subordinated Bond Rate Stabilization Fund are to be used to pay the principal or Redemption Price of, or interest on, or to otherwise provide for the payment of, Water and Sewer System Bonds or Subordinated Bonds, JEA may designate the particular Water and Sewer System Bonds or Subordinated Bonds for which such amounts are to be so used, and such amounts shall, subject only to the other provisions of the Subordinated Water and Sewer System Resolution permitting or requiring the application thereof, be used for such purpose.

At any time and from time to time JEA may transfer for deposit in the Subordinated Bond Rate Stabilization Fund from any source such amounts as JEA deems necessary or desirable; such amounts shall be applied for purposes of the Subordinated Bond Rate Stabilization Fund in accordance with the preceding paragraph.

Notwithstanding anything to the contrary contained in the Subordinated Water and Sewer System Resolution, whenever the amounts available therefor under the Water and Sewer System Resolution shall not be sufficient to pay the principal or Redemption Price of, or interest on, the Water and Sewer System Bonds then due, JEA shall withdraw from the Subordinated Bond Rate Stabilization Fund an amount equal to the amount of such deficiency (or the entire amount on deposit therein, if less than the amount of such deficiency), and shall deposit such amount in the Debt Service Fund established under the Water and Sewer System Resolution.

Establishment of Additional Funds

If and to the extent provided in a Supplemental Subordinated Resolution, JEA may establish one or more additional funds or accounts with respect to the Subordinated Bonds of one or more Series as shall be specified in such Supplemental Subordinated Resolution and, if and to the extent provided in any such

Supplemental Subordinated Resolution, amounts on deposit in any such fund or account, including the investments, if any, thereof may be pledged for the payment of the principal or Redemption Price, if any, of, and interest on, any or all of such Subordinated Bonds. In such event, deposits to and withdrawals from any such fund or account shall be governed by the provisions of such Supplemental Subordinated Resolution; *provided*, *however*, that in the event that any such Supplemental Subordinated Resolution shall provide for the deposit of Revenues into any such fund or account, such deposit shall not be made in any month until after the deposits required pursuant to the provisions of the Water and Sewer System Resolution shall have been made for such month, and such deposits shall be made pro rata with the deposits of Revenues to the Subordinated Bond Rate Stabilization Fund provided for in the provisions of the Subordinated Water and Sewer System Resolution; and *provided*, *further*, that if the amount on deposit in the Revenue Fund shall not be sufficient to make all such deposits so required to be made with respect to all such funds and accounts in any month, then such amount on deposit in the Revenue Fund shall be applied ratably, in proportion to the amount necessary for deposit into each such fund and account.

Initial Subordinated Debt Service Reserve Fund

Pursuant to the Third Supplemental Water and Sewer System Revenue Subordinated Bond Resolution adopted by JEA on July 15, 2003 (the "Third Supplemental Subordinated Water and Sewer System Resolution"), authorizing JEA's Water and Sewer System Subordinated Revenue Bonds, 2003 Series C (the "2003 Series C Subordinated Bonds") JEA established an additional fund under the Subordinated Water and Sewer System Resolution, the "Initial Subordinated Debt Service Reserve Fund." The 2003 Series C Subordinated Bonds were additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, including the investments and investment income, if any, thereof, which amounts were pledged as additional security for the payment of the principal or sinking fund redemption price of, and interest on, the 2003 Series C Subordinated Bonds, subject only to the provisions of the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Resolution and the Subordinated Water and Sewer System Resolution. The Initial Subordinated Debt Service Reserve Fund may, at the option of JEA, secure additional Subordinated Bonds of any series thereafter issued. As of the date of the Annual Disclosure Report to which this Appendix is attached, the Initial Subordinated Debt Service Reserve Fund also secures JEA's Water and Sewer System Subordinated Revenue Bonds, 2010 Series B, 2012 Series B, 2013 Series A and 2017 Series A.

Pursuant to the Subordinated Water and Sewer System Resolution, the Subordinated Bonds of any series are not required to be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund. However, JEA may provide, at its option, in the Supplemental Subordinated Resolution authorizing the Subordinated Bonds of any series that the Subordinated Bonds of such series will be additionally secured by amounts on deposit in any Initial Subordinated Debt Service Reserve Fund. In the event that the Subordinated Bonds of a series hereafter issued are to be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund, it will be a condition to the issuance of such Subordinated Bonds that the amount on deposit in the Initial Subordinated Debt Service Reserve Fund, after giving effect to the issuance of such Subordinated Bonds, equals the Subordinated Debt Service Reserve Requirement.

The Subordinated Water and Sewer System Resolution requires JEA to deposit and maintain in the Initial Subordinated Debt Service Reserve Fund moneys, Investment Securities and/or reserve fund credit instruments (hereinafter defined) in an amount equal to the Subordinated Debt Service Reserve Requirement. The Subordinated Debt Service Reserve Requirement for the Initial Subordinated Debt Service Reserve Fund is defined in the Third Supplemental Subordinated Water and Sewer System Resolution, as of any date of calculation, as an amount equal to the lowest of (a) ten percent of the original principal amount of the Subordinated Bonds of all issues (as defined for federal income tax purposes) secured thereby (or, if the Subordinated Bonds of any such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount

thereof, ten percent of such issue price), (b) the maximum Aggregate Subordinated Debt Service on the Subordinated Bonds of all series secured thereby then outstanding for the current or any future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Subordinated Bonds to be paid from deposits in the Subordinated Indebtedness Fund made from the proceeds of Subordinated Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA) or (c) 125 percent of the average annual Subordinated Debt Service on the Subordinated Bonds of all series secured thereby then outstanding for the then current and each future Bond Year (excluding interest (other than accrued interest paid in connection with the initial issuance thereof) on such Subordinated Bonds to be paid from deposits in the Subordinated Indebtedness Fund made from the proceeds of Subordinated Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA); *provided*, *however*, that in no event may an increase in the Subordinated Debt Service Reserve Requirement for the Initial Subordinated Debt Service Reserve Fund resulting from the issuance of an additional issue (as defined for federal income tax purposes) of Subordinated Bonds exceed ten percent of the original principal amount of the Subordinated Bonds of such issue (or, if the Subordinated Bonds of such issue are issued at an issue price (as computed for federal income tax purposes) of greater than 102 percent or less than 98 percent of the principal amount thereof, ten percent of such issue price).

Amounts in the Initial Subordinated Debt Service Reserve Fund in excess of the Subordinated Debt Service Reserve Requirement, after giving effect to any reserve fund credit instrument, will be credited to the Revenue Fund.

The Third Supplemental Subordinated Water and Sewer System Resolution provides that in lieu of maintaining moneys or investments in the Initial Subordinated Debt Service Reserve Fund, JEA at any time may cause to be deposited therein for the benefit of the Holders of the Subordinated Bonds secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the conditions set forth therein (a "reserve fund credit instrument"), in an amount equal to the difference between the Subordinated Debt Service Reserve Requirement and the sums of money or value of Investment Securities then on deposit in the Initial Subordinated Debt Service Reserve Fund, if any. The following is a summary of the provisions of the Third Supplemental Subordinated Water and Sewer System Resolution relating to the deposit of reserve fund credit instruments to the Initial Subordinated Debt Service Reserve Fund:

(a) A surety bond or insurance policy issued by a company (a "municipal bond insurer") licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Subordinated Bonds that are additionally secured by the Initial Subordinated Debt Service Reserve Fund (the "Initial Subordinated Debt Service Reserve Fund Additionally Secured Bonds") may be deposited in the Initial Subordinated Debt Service Reserve Fund to meet the Subordinated Debt Service Reserve Requirement or if the claims paying ability of the issuer thereof shall be rated "AAA" or "Aaa" by Standard & Poor's Credit Market Services, 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 Moody's Investors Service ("Moody's"), respectively.

(b) An unconditional irrevocable letter of credit issued by a bank may be deposited in the Initial Subordinated Debt Service Reserve Fund if the issuer thereof is rated at least "AA" by S&P and if such letter of credit shall be payable in one or more draws upon presentation by the beneficiary thereof of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Subordinated Bonds secured by the Initial Subordinated Debt Service Reserve Fund. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the

letter of credit shall be required to notify JEA and the beneficiary thereof, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

(c) If such notice indicates that the expiration date shall not be extended, JEA shall deposit in the Initial Subordinated Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subordinated Debt Service Reserve Fund, together with any other qualifying reserve fund credit instruments, to equal the Subordinated Debt Service Reserve Requirement, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the reserve fund credit instrument is replaced by a reserve fund credit instrument meeting the requirements in either of clauses (a) or (b) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The beneficiary of the letter of credit shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subordinated Debt Service Reserve Fund is fully funded in its required amount.

(d) The obligation to reimburse the issuer of a reserve fund credit instrument for any fees, expenses, claim or draws upon such reserve fund credit instrument shall be subordinate to the payment of debt service on the Subordinated Bonds. Subject to the second and third succeeding sentences, the right of the issuer of a reserve fund credit instrument to payment or reimbursement for claims or draws under such reserve fund credit instrument and to payment or reimbursement of its fees and expenses shall be on a parity with the cash replenishment of the Initial Subordinated Debt Service Reserve Fund. The reserve fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the reserve fund credit instrument to reimbursement will be subordinated to cash replenishment of the Initial Subordinated Debt Service Reserve Fund to an amount equal to the difference between the full original amount available under the reserve fund credit instrument and the amount then available for further draws or claims. If (i) the issuer of a reserve fund credit instrument becomes insolvent or (ii) the issuer of a reserve fund credit instrument defaults in its payment obligations thereunder or (iii) the claims-paying ability of the issuer of the insurance policy or surety bond falls below a S&P "AAA" or a Moody's "Aaa" or (iv) the rating of the issuer of the letter of credit falls below a S&P "AA", the obligation to reimburse the issuer of the reserve fund credit instrument shall be subordinate to the cash replenishment of the Initial Subordinated Debt Service Reserve Fund.

(e) If (i) the revolving reinstatement feature described in the preceding clause is suspended or terminated or (ii) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a S&P "AAA" or a Moody's "Aaa" or the rating of the issuer of the letter of credit falls below a S&P "AA", JEA shall either (X) deposit into the Initial Subordinated Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subordinated Debt Service Reserve Fund to equal the Subordinated Debt Service Reserve Requirement, such amount to be paid over the ensuing five years in equal installments deposited at least semi- annually or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence. In the event (1) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (2) the rating of the issuer of the letter of credit falls below "A" or (3) the issuer of the reserve fund credit instrument defaults in its payment

obligations or (4) the issuer of the reserve fund credit instrument becomes insolvent, JEA shall either (X) deposit into the Initial Subordinated Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Securities on deposit in the Initial Subordinated Debt Service Reserve Fund to equal to Subordinated Debt Service Reserve Requirement, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (Y) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in either of clauses (a) or (b) above within six months of such occurrence. Where applicable, the amount for draws or claims under the reserve fund credit instrument may be reduced by the amount of cash or value of Investment Securities deposited in the Initial Subordinated Debt Service Reserve Fund pursuant to clause (X) of the penultimate sentence of this clause (e).

(f) In the event that a reserve fund credit instrument shall be deposited into the Initial Subordinated Debt Service Reserve Fund as aforesaid, any amounts owed by JEA to the issuer of such reserve fund credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Subordinated Water and Sewer System Resolution for purposes of the additional bonds test and rate covenant contained in the Subordinated Water and Sewer System Resolution.

(g) The beneficiary of any reserve fund credit instrument shall ascertain the necessity for a claim or draw upon such reserve fund credit instrument and provide notice to the issuer of the reserve fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the reserve fund credit instrument) prior to each interest payment date for the Subordinated Bonds of any Series additionally secured by the Initial Subordinated Debt Service Reserve Fund.

(h) Cash on deposit in the Initial Subordinated Debt Service Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any reserve fund credit instrument. If and to the extent that more than one reserve fund credit instrument is deposited in the Initial Subordinated Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

On April 8, 2004, simultaneously with the issuance of JEA's Water and Sewer System Subordinated Revenue Bonds, 2004 Series A, JEA caused FGIC to issue its Municipal Bond Debt Service Reserve Fund Policy (the "FGIC Subordinated Reserve Policy") for deposit to the credit of the Initial Subordinated Debt Service Reserve Fund. The FGIC Subordinated Reserve Policy is in the amount of $2,292,670.54, is non-cancelable, terminates on October 1, 2034 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Third Supplemental Subordinated Water and Sewer System Resolution at the time of its deposit to the Initial Subordinated Debt Service Reserve Fund. Because of a rating downgrade of FGIC, JEA has made deposits to the Initial Subordinated Debt Service Reserve Fund in the amount of the FGIC Subordinated Reserve Policy.

On September 22, 2004, simultaneously with the issuance of JEA's Water and Sewer System Subordinated Revenue Bonds, 2004 Series B, JEA caused Assured Guaranty Municipal Corp., previously known as Financial Security Assurance Inc. ("FSA") to issue its Debt Service Reserve Insurance Policy (the "FSA Subordinated Reserve Policy") for deposit to the credit of the Initial Subordinated Debt Service Reserve Fund. The FSA Subordinated Reserve Policy is in the amount of $1,076,155.73, is non-cancelable, terminates on October 1, 2025 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Third Supplemental Subordinated Water and Sewer System Resolution at

the time of its deposit to the Initial Subordinated Debt Service Reserve Fund. Because of a rating downgrade of FSA, JEA has made deposits to the Initial Subordinated Debt Service Reserve Fund in the amount of the FSA Subordinated Reserve Policy.

On June 6, 2005, JEA caused MBIA Insurance Corporation ("MBIA") to issue its Debt Service Reserve Surety Bond (the "Initial MBIA Subordinated Surety Bond") for deposit to the credit of the Initial Subordinated Debt Service Reserve Fund. The Initial MBIA Subordinated Surety Bond is in the amount of 3,957,054.21, is non-cancelable, terminates on October 1, 2043 and satisfied the requirements with respect to a reserve fund credit instrument contained in the Third Supplemental Subordinated Water and Sewer System Resolution at the time of its deposit to the Initial Subordinated Debt Service Reserve Fund.

On May 25, 2006, simultaneously with the issuance of JEA's Water and Sewer System Subordinated Revenue Bonds, 2006 Series A (the "2006 Series A Bonds"), JEA caused MBIA to issue an additional Debt Service Reserve Surety Bond (the "Second MBIA Subordinated Surety Bond") for deposit to the credit of the Initial Subordinated Debt Service Reserve Fund. The Second MBIA Subordinated Surety Bond is in the amount of $977,475.00, is non-cancelable, terminates on October 1, 2036 (or upon the earlier retirement of all of the 2006 Series A Bonds) and satisfied the requirements with respect to a reserve fund credit instrument contained in the Third Supplemental Subordinated Water and Sewer System Resolution at the time of its deposit to the Initial Subordinated Debt Service Reserve Fund.

Effective as of January 1, 2009, MBIA Inc., parent company of MBIA, restructured MBIA; such restructuring involved the reinsurance and assignment of MBIA's obligations under the Initial MBIA Subordinated Surety Bond and the Second MBIA Subordinated Surety Bond (collectively, the "MBIA Surety Bonds") to National Public Finance Guarantee Corporation ("NPFGC") which is a subsidiary of MBIA Inc. Because of a rating downgrade of MBIA, JEA has made deposits to the Initial Subordinated Debt Service Reserve Fund in the amount of the MBIA Surety Bonds.

Additional Subordinated Bonds; Conditions to Issuance

JEA may issue additional Subordinated Bonds for any lawful purpose of the Water and Sewer System, including providing funds for the refunding of Outstanding Water and Sewer System Bonds or Outstanding Subordinated Bonds and evidencing JEA's obligation to repay any advances or loans made to, or on behalf of, JEA in connection with Credit Enhancement or liquidity support. All such additional Subordinated Bonds will be payable from amounts on deposit in the Subordinated Indebtedness Fund and secured thereby on a parity with all other Subordinated Bonds. Set forth below are certain conditions applicable to the issuance of additional Subordinated Bonds. The Subordinated Water and Sewer System Resolution provides that a Series of Subordinated Bonds may be issued at one time or from time to time. If the Subordinated Bonds of a Series are to be issued from time to time, the Subordinated Water and Sewer System Resolution requires that the conditions set forth below be satisfied only prior to the issuance of the first Subordinated Bonds of such Series to be issued.

***Debt Service Coverage Test*:** The issuance of any Series of additional Subordinated Bonds (except for Refunding Subordinated Bonds and Subordinated Reimbursement Obligations) is conditioned upon the delivery by an Authorized Officer of JEA of a certificate to the effect that either (a) the difference between Net Revenues and Capacity Charges for each of the three full Bond Years succeeding the date of issuance of the Subordinated Bonds of the Series with respect to which such certificate is being given, as such Net Revenues and Capacity Charges are estimated in accordance with the Subordinated Water and Sewer System Resolution, are at least equal to the sum of (i) the Adjusted Aggregate Debt Service for each such Bond Year, (ii) 120 percent of the Adjusted Aggregate Subordinated Debt Service for each such Bond Year and (iii) all amounts payable by JEA for each such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness, or (b) the Net Revenues for any 12 consecutive month period within the 24 consecutive months immediately preceding the date of issuance of the Subordinated Bonds of the Series with respect to which such certificate is being given is at least equal to the greater of (X) the sum of (i) the Average Annual Adjusted Aggregate Debt Service, 110

percent of the Average Annual Adjusted Aggregate Subordinated Debt Service and (iii) all amounts payable by JEA during such 12 month period with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness and (Y) the sum of (i) the Average Annual Adjusted Aggregate Debt Service, (ii) the Average Annual Adjusted Aggregate Subordinated Debt Service, (iii) all amounts payable by JEA during such 12 month period with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness and (iv) the amount most recently determined to be required to be deposited in the Renewal and Replacement Fund for the then current, or a previous, Fiscal Year.

***No Default*:** In addition, additional Subordinated Bonds (except for Refunding Subordinated Bonds and Subordinated Reimbursement Obligations) may be issued only if an Authorized Officer of JEA certifies that upon the issuance of such Series JEA will not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Water and Sewer System Resolution or in the Subordinated Water and Sewer System Resolution.

Redemption

In the case of any redemption of Subordinated Bonds, JEA shall give written notice to the Subordinated Bond Registrar(s) therefor and the Subordinated Bond Paying Agents of the redemption date, of the Series, and of the principal amounts of the Subordinated Bonds of each maturity of such Series and of the Subordinated Bonds of each interest rate within a maturity to be redeemed (which Series, maturities, interest rates within a maturity and principal amounts thereof to be redeemed shall be determined by JEA in its sole discretion, subject to any limitations with respect thereto contained in the Subordinated Water and Sewer System Resolution or any Supplemental Subordinated Resolution authorizing the Series of which such Subordinated Bonds are a part). Such notice shall be filed with such Subordinated Bond Registrars and the Subordinated Bond Paying Agents for the Subordinated Bonds to be redeemed at least 35 days prior to the redemption date (or such shorter period (a) as may be specified in the Supplemental Subordinated Resolution authorizing the Series of the Subordinated Bonds to be redeemed or (b) as shall be acceptable to such Subordinated Bond Registrars and Subordinated Bond Paying Agents). In the event notice of redemption shall have been given, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, there shall be paid on or prior to the redemption date to the appropriate Subordinated Bond Paying Agents an amount which, in addition to other moneys, if any, available therefor held by such Subordinated Bond Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Subordinated Bonds to be redeemed.

Rate Covenant

Under the Subordinated Water and Sewer System Resolution, JEA shall at all times fix, establish, maintain, charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the Water and Sewer System which shall be sufficient to provide Revenues in each Bond Year in an amount at least equal to the amount required to satisfy either clause (i) or clause (ii) below:

(i) the difference between (a) Net Revenues in each Bond Year and (b) Capacity Charges in such Bond Year shall be at least equal to the sum of (X) the Aggregate Debt Service for such Bond Year; *provided*, *however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, (Y) the Aggregate Subordinated Debt Service for such Bond Year; *provided*, *however*, that any Subordinated Principal Installment which is a Refundable Subordinated Principal Installment may be excluded from Aggregate Subordinated Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Subordinated Principal Installment from

sources other than Revenues and (Z) all amounts payable by JEA during such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness; or

(ii) Net Revenues in each Bond Year shall be at least equal to the sum of (X) the Aggregate Debt Service for such Bond Year; *provided*, *however*, that any Principal Installment which is a Refundable Principal Installment may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Principal Installment from sources other than Revenues, (Y) 120 percent of the Aggregate Subordinated Debt Service for such Bond Year; *provided*, *however*, that any Subordinated Principal Installment which is a Refundable Subordinated Principal Installment may be excluded from Aggregate Subordinated Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such Subordinated Principal Installment from sources other than Revenues and (Z) all amounts payable by JEA during such Bond Year with respect to all Existing Parity Subordinated Indebtedness and any Additional Parity Subordinated Indebtedness.

Creations of Liens

JEA will not issue any bonds, notes, debentures or other evidences of indebtedness of similar nature, other than the Water and Sewer System Bonds and the Subordinated Bonds, payable out of or secured by a security interest in or pledge of the Subordinated Indebtedness Fund, including the funds, moneys and securities contained therein; *provided*, *however*, that nothing contained in the Subordinated Water and Sewer System Resolution shall prevent JEA from issuing or incurring, if and to the extent permitted by law and the Water and Sewer System Resolution, (a) Additional Parity Subordinated Indebtedness and (b) Subordinated Indebtedness that is expressly made subordinate in right of payment to the Subordinated Bonds and for which any pledge of such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor shall be, and shall be expressed to be, subordinate in all respects to the pledge and lien created under the Subordinated Water and Sewer System Resolution as security for the Subordinated Bonds.

Amendment of Subordinated
Water and Sewer System Resolution

The Subordinated Water and Sewer System Resolution and the rights and obligations of JEA and of the Holders of the Subordinated Bonds may be amended by a Supplemental Subordinated Resolution, with the written consent (i) of the Holders of not less than a majority in principal amount of the Subordinated Bonds affected by such modification or amendment and (ii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Subordinated Bonds of the particular Series and maturity entitled to such Sinking Fund Installment No such modification or amendment may (A) permit a change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount, Redemption Price or rate of interest thereon without the consent of each affected Holder, or (B) reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment. For purposes of the foregoing, (a) a change in the terms of redemption of any Outstanding Subordinated Bond shall be deemed only to affect such Subordinated Bond, and shall be deemed not to affect any other Subordinated Bond and (b) the Holders of Subordinated Bonds may include the initial Holders thereof, regardless of whether such Subordinated Bonds are being held for resale.

The Subordinated Water and Sewer System Resolution provides that, if not in default in respect of any of its obligations with respect to Credit Enhancement for Subordinated Bonds of a Series, or a maturity within a Series, the Credit Enhancer for, and not the actual Holders of, Subordinated Bonds of a Series, or a maturity within a Series, for which such Credit Enhancement is being provide will be deemed to be the

Holder of such Subordinated Water and Sewer System Bonds of any Series, or a maturity within a Series, at all times for the purpose of giving any approval or consent to the effectiveness of any Supplemental Subordinated Resolution or any amendment, change or modification of the Subordinated Water and Sewer System Resolution which requires the written approval or consent of Holders, except that the foregoing provisions will not apply to any change in the terms of redemption or maturity of the principal of any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. See "Action by Credit Enhancer When Action by Holders of Subordinated Bonds Required" herein.

The Supplemental Subordinated Resolutions authorizing JEA's Variable Rate Water and Sewer System Subordinated Revenue Bonds, 2008 Series A and 2008 Series B (collectively, the "Prior Series Variable Rate Water and Sewer System Subordinated Bonds") provide that in the event that JEA shall adopt any Supplemental Subordinated Resolution making any amendment to the Subordinated Water and Sewer System Resolution for which the consent of the Holders of the Prior Series Variable Rate Water and Sewer System Subordinated Bonds of a particular Series shall be required (hereinafter in this paragraph referred to as an "Amending Resolution"), an authorized officer of JEA may deliver to the Tender Agent for the Prior Series Variable Rate Water and Sewer System Subordinated Bonds of such Series a certificate requiring that the Prior Series Variable Rate Water and Sewer System Subordinated Bonds of such Series be subject to mandatory tender for purchase at the time and in the manner provided in said Supplemental Subordinated Resolutions. Following the date on which such mandatory tender shall occur, all subsequent Holders of the Prior Series Variable Rate Water and Sewer System Subordinated Bonds of such Series shall be deemed to have consented to such Amending Resolution, notwithstanding anything to the contrary contained in the Subordinated Water and Sewer System Resolution. JEA intends to include this provision in each Supplemental Subordinated Resolution it may adopt in the future authorizing the issuance of any Series of additional Variable Rate Subordinated Bonds.

Without the consent of the Holders of the Subordinated Bonds, JEA may adopt a Supplemental Subordinated Resolution which (i) closes the Subordinated Water and Sewer System Resolution against, or provides additional conditions to, the issuance of Subordinated Bonds or other evidences of indebtedness; (ii) adds covenants and agreements of JEA; (iii) adds limitations and restrictions to be observed by JEA; (iv) authorizes Subordinated Bonds of an additional Series; (v) provides for the issuance of Subordinated Bonds in coupon form payable to bearer or in uncertificated form; and makes any modification which is to be effective only after all Subordinated Bonds of each Series Outstanding as of the date of the adoption of such Supplemental Subordinated Resolution cease to be Outstanding.

Defeasance

The pledge of moneys and securities created by the Subordinated Water and Sewer System Resolution and all covenants, agreements and other obligations of JEA to the Holders of Subordinated Bonds will cease, terminate and become void and be discharged and satisfied whenever all Subordinated Bonds and interest due or to become due thereon are paid in full. If any Subordinated Bonds are paid in full, such Subordinated Bonds shall cease to be entitled to any lien, benefit or security under the Subordinated Water and Sewer System Resolution, and all covenants, agreements and obligations of JEA to the Holders of such Subordinated Bonds will cease, terminate and become void and be discharged and satisfied. Subordinated Bonds are deemed to have been paid and are not entitled to the lien, benefit and security of the Subordinated Water and Sewer System Resolution whenever the following conditions (or such other conditions as may be set forth in the Supplemental Subordinated Resolution authorizing such Subordinated Bonds) are met: (i) in case any Subordinated Bonds are to be redeemed prior to their maturity, JEA has given to the Escrow Agent therefor instructions to give notice of redemption therefor,

(ii) there has been deposited with such Escrow Agent either moneys or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with other moneys, if any, also deposited, will be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Subordinated Bonds, and (iii) in the event such Subordinated Bonds are not to be redeemed or paid at maturity within the next succeeding 60 days, JEA has given such Escrow Agent instructions to give a notice to the Holders of such Subordinated Bonds that the above deposit has been made and that such Subordinated Bonds are deemed to have been paid and stating the maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on said Subordinated Bonds.

In addition, any Outstanding Subordinated Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid if (a) there shall have been deposited with the Escrow Agent therefor, Water and Sewer System Bonds issued pursuant to Article II of the Water and Sewer System Resolution of the type described in Section 12.01, subsection 1 of the Subordinated Water and Sewer System Resolution (hereinafter, "Senior Bonds"), (b) in the event said Subordinated Bonds do not by their terms mature within the next succeeding 60 days, JEA shall have given such Escrow Agent in form satisfactory to it instructions to give, as soon as practicable, by first-class mail, postage paid, to the Holders of such Subordinated Bonds at their last addresses appearing on the books of JEA kept at the office of the Subordinated Bond Registrar(s) therefor a notice that the deposit required by clause (a) above has been made with such Escrow Agent and that said Subordinated Bonds are deemed to have been paid and (c) JEA and such Escrow Agent shall have entered into an agreement in writing whereby such Escrow Agent agrees, among other things, to perform the duties required to be performed by it set forth in the Water and Sewer System Resolution.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL RELATING TO THE 2020 SERIES A BONDS

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL
RELATING TO THE 2020 SERIES A BONDS

Upon the delivery of the 2020 Series A Bonds, Greenberg Traurig, P.A., Orlando, Florida, Bond Counsel to JEA, proposes to render its final approving opinion with respect to the 2020 Series A Bonds in substantially the following form:

July 22, 2020

JEA
Jacksonville, Florida

Re: $104,000,000 Water and Sewer System Revenue Bonds, 2020 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel to JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida (the "City"), in connection with the issuance of $104,000,000 aggregate principal amount of its Water and Sewer System Revenue Bonds, 2020 Series A (the "2020 Series A Bonds") issued pursuant to and under the authority of the Constitution and laws of the State of Florida (the "State"), including, in particular, Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof, and other applicable provisions of law (collectively, the "Act"), a resolution of JEA adopted on February 18, 1997 and referred to therein as the "Water and Sewer System Revenue Bond Resolution" (as amended and restated by a resolution adopted by JEA on March 18, 1997, the "Bond Resolution"), and the resolutions supplemental and amendatory thereto heretofore adopted, including a resolution of JEA, Resolution No. 2018-17, adopted on December 11, 2018 entitled "Forty-Fourth Supplemental Water and Sewer System Revenue Bond Resolution," authorizing the 2020 Series A Bonds (such Bond Resolution, as so amended and supplemented, being herein referred to as the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution.

The 2020 Series A Bonds are being issued by JEA to (a) provide a portion of funds to refund all of certain of JEA's outstanding Water and Sewer System Bonds, and (b) pay costs of issuance of the 2020 Series A Bonds. In our capacity as Bond Counsel, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of JEA contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or

inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the Office of the General Counsel of the City, as to the due creation and valid existence of JEA and the due adoption of the Resolution.

Pursuant to the Resolution, the 2020 Series A Bonds and the interest thereon are payable solely from the Trust Estate and the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund established under the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Pursuant to the terms, conditions and limitations contained in the Resolution, JEA has reserved the right to issue Additional Obligations in the future which shall have a lien on the Trust Estate on a parity with the lien granted to the Holders of the Outstanding Bonds.

Neither the 2020 Series A Bonds, nor the interest thereon, shall be or constitute general obligations or indebtedness of JEA, the City, the State or any other agency or political subdivision thereof as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by the amounts and in the manner as provided in the Resolution. No owner or holder of any 2020 Series A Bonds shall ever have the right to compel the exercise of any ad valorem taxing power to pay such 2020 Series A Bond or the Operation and Maintenance Expenses or be entitled to payment of such 2020 Series A Bond from any moneys of JEA, the City, the State or any other agency or political subdivision thereof, except from the amounts and in the manner as provided in the Resolution. The 2020 Series A Bonds shall not constitute a lien upon the System or any other property owned by JEA, or any property owned by the City, the State or any other agency or political subdivision thereof, or any property situated within the area of operation of JEA, but shall constitute a lien only upon and shall be payable solely from the amounts and in the manner as provided in the Resolution. Under the Resolution, the 2020 Series A Bonds shall rank equally as to security and payment from the Trust Estate with the Outstanding Bonds.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that, under existing law:

1. JEA has the right and power under the Act to adopt the Resolution; and the Resolution has been duly and lawfully adopted by JEA, is in full force and effect, is valid and binding upon JEA and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledges which it purports to create of the Trust Estate and the Initial Subaccount in the Debt Service Reserve Account in the Debt Service

Fund established under the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

2. JEA is duly authorized and entitled to issue the 2020 Series A Bonds; and the 2020 Series A Bonds have been duly and validly authorized and issued by JEA in accordance with the Constitution and statutes of the State of Florida, and particularly the Act, and the Resolution, and constitute the legal, valid and binding obligations of JEA as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Act and the Resolution. The 2020 Series A Bonds rank equally as to security and payment from the Trust Estate with the Outstanding Bonds.

3. JEA is legally authorized to operate the System, and to fix, establish, maintain and collect rates, fees and charges for the use of or the sale of the output, capacity, use or service of the System, subject to and as provided in the Resolution.

4. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated herein, interest on the 2020 Series A Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and, furthermore, interest on the 2020 Series A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of the 2020 Series A Bonds.

5. The 2020 Series A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

This opinion is qualified to the extent that the enforcement of the 2020 Series A Bonds or the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement of creditors' rights now or hereafter in effect, or by the exercise of judicial discretion in accordance with general principles of equity.

In rendering the opinion set forth in Paragraph 4 above, we have assumed the accuracy of the certifications and representations of JEA and the continuing compliance by JEA with the requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder that must be met after the delivery of the 2020 Series A Bonds in order that interest on the 2020 Series A Bonds be and remain excludable from gross income for federal income tax purposes. The failure by JEA to meet such requirements may cause interest on the 2020 Series A Bonds to be included in gross income for federal income tax purposes retroactively to the date of delivery of the 2020 Series A Bonds. JEA has covenanted to comply with such requirements.

Except as stated in Paragraphs 4 and 5 above, we express no opinion as to any other tax consequences regarding the 2020 Series A Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review or verify and, therefore, express no opinion herein regarding the accuracy, adequacy, fairness, or completeness of the Official Statement or any other offering material relating to the 2020 Series A Bonds, except as may be otherwise set forth in our supplemental opinion and in our disclosure counsel opinion delivered to the initial purchasers of the 2020 Series A Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the 2020 Series A Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the 2020 Series A Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by JEA or the underwriters with any federal or state statute, regulation or ruling with respect to the registration, sale and distribution of the 2020 Series A Bonds or regarding the perfection or priority of the lien on the Net Revenues created by the Resolution, except as stated in Paragraph 2 above with respect to the parity status of the 2020 Series A Bonds.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update, revise or supplement the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

This opinion is furnished solely for the information and benefit of the addressees hereof and may not be relied upon by any other person except as specifically authorized by the undersigned firm.

Respectfully submitted,

APPENDIX E

FORM OF OPINION OF BOND COUNSEL RELATING TO THE 2020 SERIES A SUBORDINATED BONDS

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL
RELATING TO THE 2020 SERIES A SUBORDINATED BONDS

Upon the delivery of the 2020 Series A Subordinated Bonds, Greenberg Traurig, P.A., Orlando, Florida, Bond Counsel to JEA, proposes to render its final approving opinion with respect to the 2020 Series A Subordinated Bonds in substantially the following form:

July 22, 2020

JEA
Jacksonville, Florida

Re: $26,590,000 Water and Sewer System Subordinated Revenue Bonds, 2020 Series A

Ladies and Gentlemen:

We have acted as Bond Counsel to JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida (the "City"), in connection with the issuance of $26,590,000 aggregate principal amount of its Water and Sewer System Subordinated Revenue Bonds, 2020 Series A (the "2020 Series A Subordinated Bonds") issued pursuant to and under the authority of the Constitution and laws of the State of Florida (the "State"), including, in particular, Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof, and other applicable provisions of law (collectively, the "Act"), a resolution of JEA adopted on May 15, 2003 and referred to therein as the "Water and Sewer System Subordinated Revenue Bond Resolution" (the "Bond Resolution"), and the resolutions supplemental and amendatory thereto heretofore adopted, including Resolution No. 2018-18, adopted by JEA on December 11, 2018 entitled "Nineteenth Supplemental Water and Sewer System Subordinated Revenue Bond Resolution," authorizing the 2020 Series A Subordinated Bonds (the "Nineteenth Supplemental Subordinated Resolution") (such Bond Resolution, as so amended and supplemented, being herein referred to as the "Subordinated Resolution"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Subordinated Resolution.

The 2020 Series A Subordinated Bonds are being issued by JEA to (a) provide a portion of funds to refund all of certain of JEA's outstanding Water and Sewer System Subordinated Bonds, (b) make a deposit to the Initial Subordinated Debt Service Reserve Fund, and (c) pay costs of issuance of the 2020 Series A Subordinated Bonds. In our capacity as Bond Counsel, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of JEA contained in the Subordinated Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the Office of the General Counsel of the City, as to the due creation and valid existence of JEA and the due adoption of the Subordinated Resolution.

The 2020 Series A Subordinated Bonds, when issued and delivered in accordance with the Nineteenth Supplemental Subordinated Resolution, will constitute "Subordinated Bonds" for purposes of the Subordinated Resolution and "Subordinated Indebtedness" for purposes of the Water and Sewer System Revenue Bond Resolution adopted by JEA on February 18, 1997 as amended and restated by a resolution of JEA adopted on March 18, 1997 (the "Water and Sewer System Bond Resolution"). Pursuant to the terms, conditions and limitations contained in the Subordinated Resolution, JEA heretofore has issued certain other Additional Parity Subordinated Indebtedness and has reserved the right to issue Additional Parity Subordinated Indebtedness in the future which shall have a lien on the Trust Estate subordinate to the lien granted to the Holders of the Outstanding Bonds issued under the Water and Sewer System Bond Resolution. Under the provisions of the Subordinated Resolution, any such Additional Parity Subordinated Indebtedness may rank equally as to security and payment with the 2020 Series A Subordinated Bonds.

Pursuant to the Subordinated Resolution, the 2020 Series A Subordinated Bonds, together with all Outstanding Subordinated Bonds and all Additional Parity Subordinated Indebtedness hereafter issued under the Subordinated Resolution, and the interest thereon are payable solely from the amounts on deposit in the Subordinated Indebtedness Fund as from time to time may be available for the purpose of payment thereof as provided in the Water and Sewer System Bond Resolution, subject to the pledge of the Trust Estate created by the Water and Sewer System Bond Resolution as security for the Bonds issued pursuant to the Water and Sewer System Bond Resolution, subject only to the provisions of the Water and Sewer System Bond Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Water and Sewer System Bond Resolution and the Subordinated Resolution.

Neither the 2020 Series A Subordinated Bonds, nor the interest thereon, shall be or constitute general obligations or indebtedness of JEA, the City, the State or any other agency or political subdivision thereof as "bonds" within the meaning of Article VII, Section 12 of the Constitution of Florida, but shall be payable solely from and secured by the amounts and in the manner as provided in the Subordinated Resolution. No owner or holder of any 2020 Series A Subordinated Bonds shall ever have the right to compel the exercise of any ad valorem taxing

power to pay such 2020 Series A Subordinated Bond or the Operation and Maintenance Expenses or be entitled to payment of such 2020 Series A Subordinated Bond from any moneys of JEA, the City, the State or any other agency or political subdivision thereof, except from the amounts and in the manner as provided in the Subordinated Resolution. The 2020 Series A Subordinated Bonds shall not constitute a lien upon the System or any other property owned by JEA, or any property owned by the City, the State or any other agency or political subdivision thereof, or any property situated within the area of operation of JEA, but shall constitute a lien only upon and shall be payable solely from the amounts and in the manner as provided in the Subordinated Resolution. Under the Subordinated Resolution, the 2020 Series A Subordinated Bonds shall rank equally as to security and payment from the Trust Estate with the Outstanding Bonds.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that, under existing law:

1. JEA has the right and power under the Act to adopt the Subordinated Resolution; and the Subordinated Resolution has been duly and lawfully adopted by JEA, is in full force and effect, is valid and binding upon JEA and is enforceable in accordance with its terms, and no other authorization for the Subordinated Resolution is required. The Resolution creates the valid pledges which it purports to create on amounts on deposit from time to time in the Subordinated Indebtedness Fund established under the Water and Sewer System Bond Resolution, including the investments, if any, subject only to the provisions of the Water and Sewer System Bond Resolution and the Subordinated Resolution; provided, however, that such pledge is junior and subordinate in all respects to the Bonds issued pursuant to the Water and Sewer Bond Resolution as to the lien on and source and security for payment from the Revenues.

2. JEA is duly authorized and entitled to issue the 2020 Series A Subordinated Bonds; and the 2020 Series A Subordinated Bonds have been duly and validly authorized and issued by JEA in accordance with the Constitution and statutes of the State of Florida, and particularly the Act, and the Subordinated Resolution, and constitute the legal, valid and binding obligations of JEA as provided in the Subordinated Resolution, enforceable in accordance with their terms and the terms of the Subordinated Resolution, and are entitled to the benefits of the Act and the Subordinated Resolution. The 2020 Series A Subordinated Bonds rank equally as to security and payment from the Trust Estate with the Outstanding Bonds.

3. JEA is legally authorized to operate the System, and to fix, establish, maintain and collect rates, fees and charges for the use of or the sale of the output, capacity, use or service of the System, subject to and as provided in the Subordinated Resolution.

4. Under existing statutes, regulations, rulings and court decisions, subject to the assumptions stated herein, interest on the 2020 Series A Subordinated Bonds is excludable from gross income of the holders thereof for federal income tax purposes, and, furthermore, interest on the 2020 Series A Subordinated Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We express no opinion regarding other federal

tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of the 2020 Series A Subordinated Bonds.

5. The 2020 Series A Subordinated Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

This opinion is qualified to the extent that the enforcement of the 2020 Series A Subordinated Bonds or the Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement of creditors' rights now or hereafter in effect, or by the exercise of judicial discretion in accordance with general principles of equity.

In rendering the opinion set forth in Paragraph 4 above, we have assumed the accuracy of the certifications and representations of JEA and the continuing compliance by JEA with the requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder that must be met after the delivery of the 2020 Series A Subordinated Bonds in order that interest on the 2020 Series A Subordinated Bonds be and remain excludable from gross income for federal income tax purposes. The failure by JEA to meet such requirements may cause interest on the 2020 Series A Subordinated Bonds to be included in gross income for federal income tax purposes retroactively to the date of delivery of the 2020 Series A Subordinated Bonds. JEA has covenanted to comply with such requirements.

Except as stated in Paragraphs 4 and 5 above, we express no opinion as to any other tax consequences regarding the 2020 Series A Subordinated Bonds.

In our capacity as Bond Counsel, we have not been engaged or undertaken to review or verify and, therefore, express no opinion herein regarding the accuracy, adequacy, fairness, or completeness of the Official Statement or any other offering material relating to the 2020 Series A Subordinated Bonds, except as may be otherwise set forth in our supplemental opinion and in our disclosure counsel opinion delivered to the initial purchasers of the 2020 Series A Subordinated Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the 2020 Series A Subordinated Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the 2020 Series A Subordinated Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by JEA or the underwriters with any federal or state statute, regulation or ruling with respect to the registration, sale and distribution of the 2020 Series A Subordinated Bonds or regarding the perfection or priority of the lien on the Net Revenues created by the Resolution, except as stated in Paragraph 2 above with respect to the parity status of the 2020 Series A Subordinated Bonds.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update, revise or supplement the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

This opinion is furnished solely for the information and benefit of the addressees hereof and may not be relied upon by any other person except as specifically authorized by the undersigned firm.

Respectfully submitted,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX F

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement") dated July 22, 2020, is made by JEA, an independent agency of the City of Jacksonville, Florida duly organized and existing under the Constitution and laws of the State of Florida, for the benefit of the holders and beneficial owners from time to time of its Water and Sewer System Revenue Bonds, 2020 Series A (the "2020 Series A Bonds") and its Water and Sewer System Subordinated Revenue Bonds, 2020 Series A (the "2020 Series A Subordinated Bonds," together with the 2020 Series A Bonds, the "Bonds") under the circumstances summarized in the following recitals. Each capitalized term used but not defined in this Agreement having the meaning assigned to it in the Forty-Fourth Supplemental Water and Sewer System Revenue Bond Resolution of JEA, adopted on December 11, 2018, authorizing the 2020 Series A Bonds and the Nineteenth Supplemental Water and Sewer System Subordinated Revenue Bond Resolution of JEA, adopted on December 11, 2018 (together, the "Supplemental Resolution"):

A. JEA, by passage of the Supplemental Resolution, has determined to issue the Bonds to provide funds for JEA purposes, and the Underwriters have agreed to provide those funds to JEA by purchasing the Bonds.

B. JEA understands that the Underwriters will sell and deliver the Bonds to other holders and beneficial owners; that the Underwriters would not purchase the Bonds from JEA, and JEA would not be assured of the availability of funds required for its purposes, if the Underwriters were not able to so sell and deliver the Bonds; and that the Bonds will be transferred from time to time from holders and beneficial owners to other holders and beneficial owners who may rely upon the continuing disclosure agreement made by JEA in the Supplemental Resolution and this Agreement.

C. As a condition to the purchase of the Bonds from JEA and the sale of the Bonds to holders and beneficial owners, the Underwriters are required to reasonably determine that JEA has made an agreement for the benefit of holders and beneficial owners of the Bonds in accordance with paragraph (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

D. As provided in the Supplemental Resolution JEA has agreed to provide or cause to be provided such financial information and operating data, financial statements and notices, in such manner, as may be required for purposes of paragraph (b)(5)(i) of the Rule.

NOW, THEREFORE, in consideration of the purchase of the Bonds from JEA by the Underwriters and the contemplated sale of the Bonds to, and transfer of the Bonds between, holders and beneficial owners from time to time, JEA hereby sets forth, pursuant to the Supplemental Resolution authorizing the Bonds, certain terms of its continuing disclosure agreement made for purposes of the Rule and formed, collectively, by the Supplemental Resolution and this Agreement for the benefit of the holders and beneficial owners from time to time of the Bonds, as follows:

Section 1. Provision of Annual Information; Audited Financial Statements; and Notices of Events. JEA shall provide or cause to be provided:

(a) to the Municipal Securities Rulemaking Board (the "MSRB"), (i) not later than the June 1 following the end of each JEA fiscal year ended on or after September 30, 2020, annual financial information and operating data for such fiscal year of the type described in Section 2 ("Annual Information"), and (ii) when and if available, audited JEA financial statements for each such fiscal year; and

(b) to the MSRB, notice of (i) any Specified Event described in Section 2 in a timely manner not in excess of 10 business days after the occurrence of such Specified Event, (ii) JEA's failure to provide the Annual Information on or prior to the date specified above, and (iii) any change in the accounting principles applied in the preparation of its annual financial statements, any change in its fiscal year, and termination of this Agreement.

Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made in electronic format through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org, accompanied by such identifying information as is prescribed by the MSRB.

JEA expects that audited annual JEA financial statements will be prepared and that such statements will be available together with the Annual Information. Each of the financial statements will be prepared in accordance with generally accepted accounting principles described in note 1 to the financial statements included in the Official Statement of JEA, dated July 9, 2020, relating to the Bonds (the "Official Statement").

Section 2. Annual Information and Specified Events.

(a) "Annual Information" to be provided by JEA shall consist of the following information and data of the type included in the Official Statement:

(i) the information under the caption "WATER AND SEWER SYSTEM - Water System – Service Area";

(ii) the table entitled "Average Daily Flow and Maximum Daily Flow" under the caption "WATER AND SEWER SYSTEM - Water System – Existing Facilities";

(iii) the table entitled "Maximum Daily Treatment Capacity" under the caption "WATER AND SEWER SYSTEM - Water System - Existing Facilities";

(iv) the table entitled "Water System Customers and Sales" under the caption "WATER AND SEWER SYSTEM - Water System - Customers and Sales";

(v) the table entitled "Highest Water System Consumption Customers" under the caption "WATER AND SEWER SYSTEM - Water System - Highest Consumption Customers";

(vi) the information under the caption "WATER AND SEWER SYSTEM – Sewer System – Service Area";

(vii) the table entitled "Average and Maximum Daily Wastewater Treatment Flows and Rated Average and Maximum Daily Wastewater Treatment Capacities" under the caption "WATER AND SEWER SYSTEM - Sewer System - Existing Facilities";

(viii) the table entitled "Reclaimed Water Capacity" under the caption "WATER AND SEWER SYSTEM - Sewer System - Existing Facilities";

(ix) the table entitled "Sewer System Customers and Sales" under the caption "WATER AND SEWER SYSTEM - Sewer System - Customers and Sales";

(x) the table entitled "Highest Sewer System Usage Level Customers" under the caption "WATER AND SEWER SYSTEM - Sewer System - Highest Usage Level Customers";

(xi) the table entitled "Water System Monthly Service Availability Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Water System Rates for Monthly Service";

(xii) the table entitled "Water System Unit Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Water System Rates for Monthly Service";

(xiii) the table entitled "Water System Environmental Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Water System Rates for Monthly Service";

(xiv) the table entitled "Sewer System Monthly Service Availability Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Sewer System Rates for Monthly Service";

(xv) the table entitled "Sewer System Unit Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Sewer System Rates for Monthly Service";

(xvi) the table entitled "Sewer System Environmental Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Sewer System Rates for Monthly Service";

(xvii) the table entitled "Reclaimed System Monthly Service Availability Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Reclaimed Water Rates for Monthly Service";

(xviii) the table entitled "Reclaimed System Unit Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Reclaimed Water Rates for Monthly Service";

(xix) the table entitled "Reclaimed System Environmental Charge" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Reclaimed Water Rates for Monthly Service";

(xx) the table entitled "Water System Connection Charges" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Water System Connection Charges";

(xxi) the table entitled "Sewer System Connection Charges" under the caption "WATER AND SEWER SYSTEM REVENUES - Rates - Sewer System Connection Charges"; and

(xxii) the information under the caption "WATER AND SEWER SYSTEM FINANCE MATTERS - Management's Discussion and Analysis (Unaudited)" for the applicable fiscal year ended September 30th;

(xxiii) the table entitled "Water and Sewer System Schedules of Debt Service Coverage" under the caption "WATER AND SEWER SYSTEM FINANCE MATTERS - Historical Debt Service Coverage" for the applicable fiscal years ended September 30th.

If the audited financial statements of JEA for the fiscal year are provided contemporaneously with the Annual Information, information and data set forth in such audited financial statements may be incorporated by reference.

(b) "Specified Events" shall include the occurrence of the following events, within the meaning of the Rule, with respect to the Bonds, as applicable: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701- TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of holders or beneficial owners, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of JEA; (xiii) the consummation of a merger, consolidation, or acquisition involving JEA or the sale of all or substantially all of the assets of JEA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of

default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; or (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For the purposes of the Specified Event identified in Section 2(b)(xii) above, the Specified Event is considered to occur when any of the following occur: (a) the appointment of a receiver, fiscal agent or similar officer for JEA in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of JEA or (b) if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority or (c) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of JEA.

Section 3. Amendments. JEA reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of JEA, or type of business conducted by JEA. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until JEA shall have received either (a) a written opinion of bond or other qualified independent special counsel selected by JEA that the amendment or waiver would not materially impair the interests of holders or beneficial owners, or (b) in the case of an amendment or waiver (i) affecting the 2020 Series A Bonds, the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the 2020 Series A Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Water and Sewer System Resolution at such time, or (ii) affecting the 2020 Series A Subordinated Bonds, the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the 2020 Series A Subordinated Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Subordinated Water and Sewer System Resolution at such time. Annual Information containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided.

Section 4. Remedy for Breach. This Agreement shall be solely for the benefit of the holders and beneficial owners from time to time of the Bonds. A failure by JEA to comply with the provisions hereof does not constitute a default under the Water and Sewer System Resolution. The exclusive remedy for any breach of this Agreement by JEA shall be limited, to the extent permitted by law, to a right of holders and beneficial owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of its obligations under this Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such

proceedings to require JEA to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require JEA to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) (a) related to the 2020 Series A Bonds shall be instituted and maintained only by (x) a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of the 2020 Series A Bonds then outstanding or (y) holders or beneficial owners of not less than 10 percent in principal amount of the 2020 Series A Bonds then outstanding, or (b) related to the 2020 Series A Subordinated Bonds shall be instituted and maintained only by (x) a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of the 2020 Series A Subordinated Bonds then outstanding or (y) holders or beneficial owners of not less than 10 percent m principal amount of the 2020 Series A Subordinated Bonds then outstanding.

Section 5. Termination. The obligations of JEA under this Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and JEA remains an obligated person with respect to the Bonds within the meaning of the Rule. The obligation of JEA to provide the Annual Information and notices of the events described above shall terminate, if and when JEA no longer remains such an obligated person.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, JEA has caused this Agreement to be duly signed and delivered to the Underwriters, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Underwriters, on its behalf by its official signing below, all as of the date set forth above, and the holders and beneficial owners from time to time of the Bonds shall be deemed to have accepted JEA's continuing disclosure undertaking, as contained in the Supplemental Resolution authorizing the Bonds and further described and specified herein, made in accordance with the Rule.

JEA

By: _____

Paul E. McElroy,
Interim Managing Director and Chief
Executive Officer

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's book-entry system has been obtained from DTC and neither JEA nor the Underwriters make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the 2020A Bonds. The 2020A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2020A Bond certificate will be issued for each maturity of the 2020A Bonds as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," and together with the Direct Participants, the "Participants"). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of 2020A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020A Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive

certificates representing their ownership interests in the 2020A Bonds, except in the event that use of the book-entry system for the 2020A Bonds is discontinued.

To facilitate subsequent transfers, all 2020A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2020A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020A Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the 2020A Bonds. For example, Beneficial Owners of 2020A Bonds may wish to ascertain that the nominee holding the 2020A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020A Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to JEA as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2020A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the 2020A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from JEA or the bond paying agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the paying agent, or JEA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the 2020A Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility

of JEA and/or the paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the 2020A Bonds at any time by giving reasonable notice to JEA or paying agent. Under such circumstances, in the event that a successor depository is not obtained, 2020A Bonds certificates are required to be printed and delivered.

JEA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2020A Bonds certificates will be printed and delivered to DTC.

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APPENDIX H-1

REFUNDED BONDS

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REFUNDED BONDS

The following table provides information regarding the Refunded Bonds, which is contingent upon the issuance and delivery of the 2020 Series A Bonds. The Refunded Bonds will be refunded at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date, and will not be subject to partial redemption.

Water and Sewer System Bonds	Maturity (October 1)	Interest Rate	Par Amount to be Refunded	Redemption Date	Initial CUSIP Number
2010 Series D	2024	5.000%	$ 1,165,000	08/13/2020	46613P5H5
2010 Series D	2026	4.000	3,190,000	08/13/2020	46613P5C6
2010 Series D	2027	4.000	330,000	08/13/2020	46613P5G7
2010 Series D	2039	5.000	13,315,000	08/13/2020	46613P5D4
2010 Series E	2025	5.000	675,000	08/13/2020	46613P5Y8
2010 Series E	2027	4.000	75,000	08/13/2020	46613P6A9
2010 Series E	2027	5.000	690,000	08/13/2020	46613P6G6
2010 Series E	2028	4.000	65,000	08/13/2020	46613P6B7
2010 Series E	2028	5.000	970,000	08/13/2020	46613P6H4
2010 Series E	2029	4.125	115,000	08/13/2020	46613P6C5
2010 Series E	2029	5.000	955,000	08/13/2020	46613P6J0
2010 Series E	2030	4.200	155,000	08/13/2020	46613P6D3
2010 Series E	2030	5.000	740,000	08/13/2020	46613P6K7
2010 Series E	2039	4.500	2,895,000	08/13/2020	46613P5Z5
2012 Series B	2023	2.750	1,445,000	08/13/2020	46613PQ58
2012 Series B	2034	3.700	20,000,000	08/13/2020	46613PR57
2012 Series B	2037	3.850	34,610,000	08/13/2020	46613PR65
2014 Series A	2023	2.750	3,535,000	08/13/2020	46613PY75
2014 Series A	2024	3.000	3,850,000	08/13/2020	46615SBF4
2014 Series A	2025	3.125	2,065,000	08/13/2020	46615SBG2
2014 Series A	2026	3.250	450,000	08/13/2020	46615SBH0
2014 Series A	2027	3.300	685,000	08/13/2020	46615SBJ6
2014 Series A	2028	3.375	720,000	08/13/2020	46615SBK3
2014 Series A	2029	3.500	560,000	08/13/2020	46615SBL1
2014 Series A	2030	3.625	85,000	08/13/2020	46615SBM9
2014 Series A	2031	3.625	70,000	08/13/2020	46613PZ74
2014 Series A	2032	3.750	445,000	08/13/2020	46613PZ82
2014 Series A	2033	3.800	500,000	08/13/2020	46613PZ90
2014 Series A	2034	3.850	145,000	08/13/2020	46613P2A3
2014 Series A	2036	4.000	2,935,000	08/13/2020	46615SAZ1
2014 Series A	2040	4.000	27,620,000	08/13/2020	46613P2C9
Total			$125,055,000		

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APPENDIX H-2

REFUNDED SUBORDINATED BONDS

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APPENDIX H-2

REFUNDED SUBORDINATED BONDS

The following table provides information regarding the Refunded Subordinated Bonds, which is contingent upon the issuance and delivery of the 2020 Series A Subordinated Bonds. The Refunded Subordinated Bonds will be refunded at a redemption price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date, and will not be subject to partial redemption.

Subordinated Water and Sewer System Bonds	Maturity (October 1)	Interest Rate	Par Amount to be Refunded	Redemption Date	Initial CUSIP Number
2010 Series B	2024	5.000%	$ 780,000	08/13/2020	46615SBX5
2010 Series B	2025	4.000	300,000	08/13/2020	46615SBY3
2010 Series B	2025	5.000	490,000	08/13/2020	46615SBZ0
2012 Series B	2037	3.875	13,605,000	08/13/2020	46613PS31
2012 Series B	2043	4.000	11,600,000	08/13/2020	46613P2Y1
2013 Series A	2024	3.750	350,000	08/13/2020	46615SCS5
2013 Series A	2025	4.000	2,475,000	08/13/2020	46615SCT3
2013 Series A	2026	4.125	700,000	08/13/2020	46615SCU0
2013 Series A	2027	4.250	1,335,000	08/13/2020	46615SCV8
Total			$31,635,000		

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Resolution No. 2020-15

JEA

Not To Exceed $111,000,000
Water and Sewer System Subordinated Revenue Bonds,
2021/22 Series X

TWENTIETH SUPPLEMENTAL WATER AND SEWER SYSTEM SUBORDINATED REVENUE BOND RESOLUTION

Adopted December 15, 2020

TWENTIETH SUPPLEMENTAL WATER AND SEWER SYSTEM SUBORDINATED REVENUE BOND RESOLUTION

BE IT RESOLVED by JEA as follows:

SECTION 1. DEFINITIONS. Unless the context otherwise requires, the terms defined in this section shall have the meanings specified in this section. Reference is made to the Resolution and the Subordinated Resolution hereinafter referred to for definitions of terms used in this resolution which are not defined in this section. Words importing a singular number shall include the plural number in each case and vice versa, and words importing persons shall include business entities.

(A) "Authorized Officer of JEA" shall mean (1) the Chair, the Vice Chair, the Secretary and any Assistant Secretary of JEA, (2) the Managing Director/CEO, (3) the President and Chief Operating Officer, (4) the Vice President and General Manager, Water and Wastewater Systems, the Chief Financial Officer and the Treasurer of JEA (or any officer of JEA hereafter serving in a capacity equivalent to that of any of the foregoing officers) or (5) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by JEA.

(B) "Bond Purchase Agreement" shall mean the Bond Purchase Agreement to be entered into between JEA and the Underwriters named therein relating to the 2021/22 Series X Subordinated Bonds of a particular Series, the form of which is attached as Exhibit A to Resolution 2020-14.

(C) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(D) "Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement to be delivered by JEA in connection with the issuance of the 2021/22 Series X Subordinated Bonds of a particular Series, the form of which is attached as Appendix F to the Form Preliminary Official Statement.

(E) "Delivery Date" shall mean the date of the initial issuance and delivery of the 2021/22 Series X Subordinated Bonds of a particular Series.

(F) "DTC" shall mean The Depository Trust Company.

(G) "Escrow Agent" shall mean the bank or trust company appointed as escrow agent under an Escrow Deposit Agreement, if any, and its duly appointed successors, such appointment, with respect to a particular Series of the 2021/22 Series X Subordinated Bonds, to be made in the certificate referred to in Section 5 hereof relating to such Series of 2021/22 Series X Subordinated Bonds.

(H) "Escrow Deposit Agreement" shall mean the escrow deposit agreement between JEA and an Escrow Agent, if any, that may be entered into concurrently with the authentication and delivery of any Series of 2021/22 Series X Subordinated Bonds, the form of which is attached hereto as Exhibit A.

(I) "Form Preliminary Official Statement" shall have the meaning set forth in Section 18.

(J) "Initial Subordinated Debt Service Reserve Fund" shall mean the Fund by that name established in Section 5.01 of the Third Supplemental Subordinated Resolution.

(K) "Letter of Representations" shall mean the Blanket Issuer Letter of Representations, dated May 6, 2004, from JEA to DTC, providing for the issuance of certain obligations of JEA (including the 2021/22 Series X Subordinated Bonds) in book-entry form through the facilities of DTC.

(L) "Managing Director/CEO" shall mean the Managing Director and Chief Executive Officer of JEA.

(M) "Refunded Bonds Paying Agent" shall mean the bank(s) or trust company(ies) serving as paying agent for the Refunded Subordinated Bonds.

(N) "Refunded Subordinated Bonds" shall mean, for any particular Series of 2021/22 Series X Subordinated Bonds, the Subordinated Bonds of the Series and maturities and in the respective principal amounts to be refunded thereby, as identified by the Managing Director/CEO in the certificate described in Section 5 hereof relating to the 2021/22 Series X Subordinated Bonds of such Series.

(O) "Resolution" shall mean the resolution of JEA adopted on March 18, 1997 and referred to as the "Water and Sewer System Revenue Bond Resolution," as amended, restated and supplemented.

(P) "Resolution No. 2020-14" shall mean Resolution No. 2020-14 of JEA adopted on the date of adoption hereof, authorizing the issuance of JEA Water and Sewer System Revenue Bonds, 2021/22 Series X.

(Q) "Rule 15c2-12" shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

(R) "Sale Date" with respect to a particular Series of 2021/22 Series X Subordinated Bonds shall mean the date on which JEA enters into a Bond Purchase Agreement with respect to such Series of 2021/22 Series X Subordinated Bonds.

(S) "Subordinated Debt Service Reserve Requirement," as of any date of calculation and with respect to the Initial Subordinated Debt Service Reserve Fund, shall have the meaning assigned to such term in Section 5.02 of the Third Supplemental Subordinated Resolution.

(T) "Subordinated Resolution" shall mean the resolution adopted by JEA on May 18, 2003 entitled "Water and Sewer System Subordinated Revenue Bond Resolution," as supplemented and amended.

(U) "Third Supplemental Subordinated Resolution" shall mean the Third Supplemental Water and Sewer System Subordinated Revenue Bond Resolution adopted by JEA on July 15, 2003.

(V) "Twentieth Supplemental Subordinated Resolution" shall mean this Twentieth Supplemental Water and Sewer System Subordinated Revenue Bond Resolution (Resolution

No. 2020-15), as from time to time amended or supplemented by Supplemental Resolution in accordance with the terms of the Subordinated Resolution.

(W) "Underwriters" shall mean any or all of the investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA's debt named in the Bond Purchase Agreement.

(X) "2021/22 Series X Subordinated Bonds" shall mean JEA's Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X, authorized by Section 4 of this Twentieth Supplemental Subordinated Resolution.

SECTION 2. AUTHORITY FOR THIS TWENTIETH SUBORDINATED RESOLUTION. This Twentieth Supplemental Subordinated Resolution (i) is adopted pursuant to the provisions of the Act and in accordance with (A) Article X of the Resolution and (B) Article II and Article X of the Subordinated Resolution and (ii) supplements the Resolution and the Subordinated Resolution.

SECTION 3. FINDINGS. It is hereby ascertained, determined and declared that:

(A) Pursuant to the Subordinated Resolution, JEA has heretofore authorized the issuance, in one or more Series which may be authenticated and delivered from time to time, of Subordinated Bonds for the purposes, among others, of refunding any Subordinated Bonds.

(B) Pursuant to its Ordinances 97-205-E, 2001-663-E, 2004-820-E, 2006-792-E and 2011-448-E, the Council of the City has authorized, among other things, the issuance and sale by JEA of Subordinated Indebtedness for purposes, among others, of financing the refunding of any outstanding Subordinated Indebtedness.

(C) It is in the best interests of JEA to provide for the refunding of the Refunded Subordinated Bonds to permit JEA to refund such debt with fixed rate bonds at favorable fixed interest rates.

(D) It is in the best interests and serves a valid public purpose of JEA to issue and sell the 2021/22 Series X Subordinated Bonds in one or more Series as authorized herein for the purpose of providing all or a portion of funds required to refund the Refunded Subordinated Bonds and to pay the costs of issuance of the 2021/22 Series X Subordinated Bonds.

(E) Because of the characteristics of the 2021/22 Series X Subordinated Bonds, prevailing and anticipated market conditions and the need for flexibility in timing the issuance of each Series of the 2021/22 Series X Subordinated Bonds, it is necessary and in the best interests of JEA to sell each Series of the 2021/22 Series X Subordinated Bonds at a negotiated sale or sales to the Underwriters, upon satisfaction of the terms and conditions set forth herein and in the Bond Purchase Agreement.

(F) Upon issuance in accordance with the terms hereof, the 2021/22 Series X Subordinated Bonds will constitute Subordinated Indebtedness under the Resolution and Subordinated Bonds under the Subordinated Resolution, entitled to all the security and benefits thereof.

(G) The 2021/22 Series X Subordinated Bonds shall be limited obligations of JEA payable solely from and secured by (i) such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof as provided in Section 510 of the Resolution; *provided*, *however*, that the Subordinated Bonds, including the 2021/22 Series X Subordinated Bonds are subordinate in all respects to the pledge of the Trust Estate created by the Resolution as security for the Bonds, and (ii) amounts on deposit in the Funds established pursuant to the Subordinated Resolution. The 2021/22 Series X Subordinated Bonds shall be additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund established under Section 5.02 of the Third Supplemental Subordinated Resolution. The 2021/22 Series X Subordinated Bonds shall not constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a lien upon and pledge of the amounts provided in the Subordinated Resolution. In no event shall any owner of 2021/22 Series X Subordinated Bonds ever have the right to compel the ad valorem taxing power of the City or JEA, if any, or taxation of any form to pay the 2021/22 Series X Subordinated Bonds or be entitled to payment thereof from any other funds of the City or JEA.

(H) Prior to the sale of the 2021/22 Series X Subordinated Bonds of a Series, the Underwriters will provide JEA with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes. The Bond Purchase Agreement shall include a Truth-In-Bonding Statement pursuant to Section 218.385, Florida Statutes.

SECTION 4. SERIES DESIGNATION; PURPOSE. Pursuant to the provisions of the Subordinated Resolution, one or more Series of Subordinated Bonds entitled to the benefit, protection and security of the Subordinated Resolution are hereby authorized to be issued in an aggregate principal amount not to exceed $111,000,000; *provided*, that not to exceed $10,000,000 principal amount of the 2021/22 Series X Subordinated Bonds may be issued for the purpose of refunding fixed rate Refunded Subordinated Bonds and not to exceed $101,000,000 principal amount of the 2021/22 Series X Subordinated Bonds may be for the purpose of refunding variable rate Refunded Subordinated Bonds. Such Subordinated Bonds shall be designated as the "Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X"; *provided*, that the Managing Director/CEO may alter the year and letter designation, all as he deems appropriate to reflect the year of issue or sale of the 2021/22 Series X Subordinated Bonds of such Series and JEA's custom in identifying Subordinated Bonds or as he otherwise deems desirable, such determination to be set forth in the certificate referred to in Section 5 hereof. Notwithstanding any such alteration of the Series designation for the 2021/22 Series X Subordinated Bonds, references in this resolution to "2021/22 Series X Subordinated Bonds" shall include all Subordinated Bonds issued pursuant to the authority contained in this Section 4. The actual aggregate principal amount of the 2021/22 Series X Subordinated Bonds to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purposes for which the 2021/22 Series X Subordinated Bonds of such Series are being issued, such determination to be set forth in the certificate referred to in Section 5 hereof to be executed with respect to the 2021/22 Series X Subordinated Bonds of such Series. Notwithstanding any other provisions of the Subordinated Resolution, or this Twentieth Supplemental Subordinated Resolution, each particular Series of the 2021/22 Series X Subordinated Bonds shall be and be deemed to be a separate Series of Subordinated Bonds for all purposes of the Subordinated Resolution, including (without limitation) for purposes of determining satisfaction of the conditions to the issuance of

the 2021/22 Series X Subordinated Bonds of such Series set forth in Article II of the Subordinated Resolution.

The 2021/22 Series X Subordinated Bonds shall be issued for the following purposes: (a) providing all or a portion of the funds required to refund the Refunded Subordinated Bonds, (b) making a deposit, if any, to the Initial Subordinated Debt Service Reserve Fund, and (c) paying the costs of issuance of the 2021/22 Series X Subordinated Bonds.

The actual aggregate principal amount of each Series of the 2021/22 Series X Subordinated Bonds to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purposes for which of the 2021/22 Series X Subordinated Bonds are being issued, such determination to be set forth in the certificate referred to in Section 5 hereof.

The 2021/22 Series X Subordinated Bonds of each Series authorized to be issued hereunder may be sold pursuant to a Bond Purchase Agreement entered into not later than December 31, 2022.

SECTION 5. DATE, MATURITIES AND INTEREST RATES; CERTAIN DETERMINATIONS WITH RESPECT TO THE 2021/22 SERIES X SUBORDINATED BONDS. The 2021/22 Series X Subordinated Bonds shall be issued as fully registered bonds in the denomination of $5,000 each or integral multiples thereof, shall be numbered from 1 upward, shall bear interest from their date (payable semiannually thereafter on April 1 and October 1 in each year, commencing on either of the October 1 or April 1 next following the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds, as determined by the Managing Director/CEO) at such rates per annum and shall mature on October 1 in such years and amounts, all as shall be determined by the Managing Director/CEO in the manner hereinafter set forth.

On or prior to the Sale Date for a particular Series of the 2021/22 Series X Subordinated Bonds, the Managing Director/CEO shall execute a certificate setting forth the following determinations and the Managing Director/CEO may rely on a certificate from JEA's financial advisor in order to confirm the savings determinations made in clause (E) below:

(A) the aggregate principal amount of the 2021/22 Series X Subordinated Bonds of such Series; *provided,* that the aggregate principal amount of all 2021/22 Series X Subordinated Bonds shall not exceed $111,000,000, the aggregate principal amount of 2021/22 Series X Subordinated Bonds issued to refund fixed rate Refunded Subordinated Bonds shall not exceed $10,000,000, and the aggregate principal amount of the 2021/22 Series X Subordinated Bonds issued to refund variable rate Refunded Subordinated Bonds shall not exceed $101,000,000;

(B) the year and letter and any other designation and the Delivery Date such Series of the 2021/22 Series X Subordinated Bonds;

(C) the Refunded Subordinated Bonds to be refunded through the issuance of the 2021/22 Series X Subordinated Bonds of such Series and the date(s) on which such Refunded Subordinated Bonds are to be redeemed, which shall be such date as the Managing Director/CEO determines to be the earliest date on which such Refunded Subordinated Bonds may be redeemed in light of the circumstances then existing; and the identity of the Escrow Agent, if any, for such

Refunded Subordinated Bonds and, if applicable, the Sinking Fund Installments to which the principal amount of the Refunded Subordinated Bonds shall be credited;

(D) the respective dates on which the 2021/22 Series X Subordinated Bonds of such Series shall mature and the principal amount of each such maturity; *provided*, *however*, that the 2021/22 Series X Subordinated Bonds of each Series shall have a weighted average life no greater than the remaining weighted average life of the Refunded Subordinated Bonds, plus one year;

(E) the respective rate or rates of interest to be borne by the 2021/22 Series X Subordinated Bonds of such Series maturing on each such date; *provided*, *however*, that (1) with respect to any 2021/22 Series X Subordinated Bonds of such Series that are issued for the purpose of refunding variable rate Subordinated Bonds, the true interest cost of such 2021/22 Series X Subordinated Bonds shall not exceed 5.00 percent; and (2) with respect to any 2021/22 Series X Subordinated Bonds of such Series, issued for the purpose of refunding fixed rate Refunded Subordinated Bonds and to achieve debt service savings (i) if any such 2021/22 Series X Subordinated Bonds mature on the October 1 next following the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds, such refunding shall result in positive net present value savings; (ii) the present value savings from (A) the issuance of such 2021/22 Series X Subordinated Bonds that are issued to refund any Refunded Subordinated Bonds maturing on an October 1 occurring at least one year and less than three years after the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds shall not be less than 3.00 percent of the aggregate principal amount of such Refunded Subordinated Bonds; (B) the issuance of such 2021/22 Series X Subordinated Bonds that are issued to refund any Refunded Subordinated Bonds maturing on an October 1 occurring at least three years and less than nine years after the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds, shall not be less than 4.00 percent of the aggregate principal amount of such Refunded Subordinated Bonds; and (C) the issuance of such 2021/22 Series X Subordinated Bonds that are issued to refund any Refunded Bonds maturing on or after the October 1 occurring at least nine years after the Delivery Date of such Series of 2021/22 Series X Subordinated Bonds shall not be less than 5.00 percent of the aggregate principal amount of the Refunded Subordinated Bonds; or (3) in lieu of complying with the requirements of clauses (1) and (2) above, the present value savings resulting from the issuance of such 2021/22 Series X Subordinated Bonds that are issued to refund any Refunded Subordinated Bonds other than variable rate Subordinated Bonds shall not be less than 5.00 percent of the aggregate principal amount of such Refunded Subordinated Bonds; *provided*, *further*, that compliance with the foregoing requirements of this clause (E) shall be effected by dividing the Series into its constituent purposes (*i.e.*, refunding of variable rate Subordinated Bonds and refunding fixed rate Subordinated Bonds for debt service savings) and allocating on a ratable basis (based on the respective issue prices for federal income tax purposes) costs of issuance, underwriting discount and any other items to the purpose that gave rise to such expenses; *provided*, *however*, that if the Managing Director/CEO determines that some other allocation method will result in a more accurate determination of the true interest cost or present value savings attributable to such constituent purpose (which determination shall be confirmed by JEA's financial advisor), then such other allocation method shall be used in lieu of the foregoing method;

(F) the commencement date of interest payments on the 2021/22 Series X Subordinated Bonds of such Series, which shall be either of the October 1 or April 1 next following the Delivery Date of such 2021/22 Series X Subordinated Bonds;

(G) if the 2021/22 Series X Subordinated Bonds of such Series maturing on a particular date and bearing interest at a particular rate are to be subject to redemption prior to maturity as provided in Article IV of the Subordinated Resolution by operation of the Subordinated Indebtedness Fund from mandatory Sinking Fund Installments, the due dates and amounts of such Sinking Fund Installments; *provided*, *however*, that each Sinking Fund Installment due date shall fall upon an interest payment date for the 2021/22 Series X Subordinated Bonds;

(H) if the 2021/22 Series X Subordinated Bonds of such Series maturing on a particular date and bearing interest at a particular rate are to be subject to optional redemption, the terms upon which such 2021/22 Series X Subordinated Bonds shall be subject to redemption at the election of JEA; *provided*, *however*, that the highest redemption price at which such 2021/22 Series X Subordinated Bonds may be so redeemed shall be not greater than 101 percent of the principal amount thereof, plus accrued interest to the date of redemption and the first such optional redemption date shall not be less than four years nor more than 10 years from the Delivery Date of such 2021/22 Series X Subordinated Bonds;

(I) the identity of the senior managing underwriter and co-senior managing underwriter, if applicable, for such Series of 2021/22 Series X Subordinated Bonds from among the Underwriters;

(J) the purchase price for the 2021/22 Series X Subordinated Bonds of such Series to be paid by the Underwriters pursuant to the Bond Purchase Agreement; *provided*, *however*, that such purchase price shall result in compliance with the limitations set forth in this Section 5; and

(K) the amount, if any, of proceeds of the 2021/22 Series X Subordinated Bonds of such Series to be deposited in the Initial Subordinated Bonds Debt Service Fund.

In the event that one or more Series of 2021/22 Series X Subordinated Bonds are issued on the same day as part of a common plan of finance for the same Bond financing, JEA may demonstrate compliance with the savings requirements set forth in clause (E) above by calculating such savings either on an aggregate basis (e.g., each Series of 2021/22 Series X Subordinated Bonds issued on the same day as part of the same Bond financing are combined into one Series and compliance with the savings criteria is measured using the combined Series) or on a Series by Series basis (e.g., each individual Series that is issued as part of the same Bond financing must satisfy the savings criteria independently of any other Series issued on the same day).

SECTION 6. REDEMPTION PROVISIONS. (A) If the Managing Director/CEO determines that the 2021/22 Series X Subordinated Bonds of a Series maturing on a particular date and bearing interest at a particular rate shall be subject to redemption prior to maturity as provided in Article IV of the Subordinated Resolution by operation of the Subordinated Indebtedness Fund from mandatory Sinking Fund Installments, such determination to be set forth in the certificate referred to in Section 5 hereof, then the 2021/22 Series X Subordinated Bonds of such Series maturing on such date and bearing interest at such rate shall be subject to redemption prior to maturity as provided in Article IV of the Subordinated Resolution, on the respective dates and in the respective amounts set forth in such certificate, in each such case, at a redemption price equal

to 100 percent of the principal amount thereof, together with accrued interest to the redemption date.

(B) If the Managing Director/CEO determines that the 2021/22 Series X Subordinated Bonds of a Series maturing on a particular date and bearing interest at a particular rate shall be subject to optional redemption, such 2021/22 Series X Subordinated Bonds shall be subject to redemption prior to maturity at the election of JEA, as a whole or in part, at any time on and after the initial date on which such 2021/22 Series X Subordinated Bonds may be so redeemed set forth in the certificate referred to in Section 5 hereof, at the respective redemption prices set forth in such certificate, in each case, together with accrued interest to the redemption date.

SECTION 7. BOOK-ENTRY SYSTEM. (A) Except as provided in paragraphs (B) and (C) of this Section 7, the registered holder of all 2021/22 Series X Subordinated Bonds shall be, and the 2021/22 Series X Subordinated Bonds shall be registered in the name of, Cede & Co. ("Cede"), as nominee of DTC. Payment of interest on any 2021/22 Series X Subordinated Bond shall be made in accordance with the provisions of the Subordinated Resolution to the account of Cede on the interest payment date for the 2021/22 Series X Subordinated Bonds at the address indicated for Cede in the registry books of JEA kept by the Subordinated Bond Registrar.

(B) The 2021/22 Series X Subordinated Bonds of each Series shall be issued initially in the form of a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the 2021/22 Series X Subordinated Bonds of such Series. The Subordinated Bond Registrar shall authenticate and deliver to or on behalf of DTC a separate single, fully registered Subordinated Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of the 2021/22 Series X Subordinated Bonds, registered in the name of Cede, as nominee of DTC. With respect to 2021/22 Series X Subordinated Bonds so registered in the name of Cede, JEA and the Subordinated Bond Paying Agent and Subordinated Bond Registrar shall have no responsibility or obligation to any DTC participant or to any beneficial owner of such 2021/22 Series X Subordinated Bonds. Without limiting the immediately preceding sentence, JEA and the Subordinated Bond Paying Agent and Subordinated Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the 2021/22 Series X Subordinated Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the 2021/22 Series X Subordinated Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the principal or redemption price of, or interest on, the 2021/22 Series X Subordinated Bonds. JEA and the Subordinated Bond Paying Agent and Subordinated Bond Registrar may treat DTC as, and deem DTC to be, the absolute owner of each 2021/22 Series X Subordinated Bond for all purposes whatsoever, including (but not limited to) (i) payment of the principal or redemption price of, and interest on, each such 2021/22 Series X Subordinated Bond, (ii) giving notices of redemption and other matters with respect to such 2021/22 Series X Subordinated Bonds, (iii) registering transfers with respect to such 2021/22 Series X Subordinated Bonds and (iv) giving to JEA any notice, consent, request or demand pursuant to the Subordinated Resolution for any purpose whatsoever. The Subordinated Bond Paying Agent shall pay the principal or redemption price of, and interest on, all 2021/22 Series X Subordinated Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and discharge JEA's obligations with respect to such principal or redemption price, and interest, to the extent of the sum

or sums so paid. Except as provided in this paragraph (2) and in paragraph (3) of this Section 7, no person other than DTC shall receive a 2021/22 Series X Subordinated Bond evidencing the obligation of JEA to make payments of principal or redemption price of, and interest on, such Subordinated Bond pursuant to the Subordinated Resolution. Upon delivery by DTC to JEA or the Subordinated Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Subordinated Resolution, the word "Cede" in this resolution shall refer to such new nominee of DTC.

(C) (i) DTC may determine to discontinue providing its services with respect to a particular Series of the 2021/22 Series X Subordinated Bonds at any time by giving reasonable notice thereof to JEA or the Subordinated Bond Paying Agent and Subordinated Bond Registrar.

(ii) JEA, in its sole discretion and without the consent of any other person, may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to a particular Series of the 2021/22 Series X Subordinated Bonds if JEA determines that (a) DTC is unable to discharge its responsibilities with respect to the 2021/22 Series X Subordinated Bonds of such Series or (b) a continuation of the system of book-entry-only transfers through DTC (or a successor securities depository) is not in the best interests of the beneficial owners of the 2021/22 Series X Subordinated Bonds or of JEA.

(D) Upon the termination of the services of DTC with respect to the 2021/22 Series X Subordinated Bonds pursuant to paragraph (C)(ii)(b) hereof, or upon the discontinuance or termination of the services of DTC with respect to the 2021/22 Series X Subordinated Bonds pursuant to paragraph (C)(i) or paragraph (C)(ii)(a) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of JEA, is willing and able to undertake such functions upon reasonable and customary terms, the 2021/22 Series X Subordinated Bonds no longer shall be restricted to being registered in the registration books kept by the Subordinated Bond Registrar in the name of Cede, as nominee of DTC. In such event, JEA shall issue and the Subordinated Bond Registrar shall authenticate 2021/22 Series X Subordinated Bond certificates as requested by DTC of like Series, aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interests in the 2021/22 Series X Subordinated Bonds of such Series; *provided*, *however*, that in the case of any discontinuance or termination provided for in paragraph (C)(i) or (C)(ii)(b) of this Section, JEA may within 90 days thereafter appoint a substitute securities depository which, in JEA's opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms. In such event, and subject to the transfer provisions of the Subordinated Resolution, the word "DTC" in this resolution shall refer to such substitute securities depository and the word "Cede" in this resolution shall refer to the nominee, if any, of such substitute securities depository (or, if there shall be no such nominee, then the word "Cede" in this resolution shall refer to such substitute securities depository).

(E) Notwithstanding any other provision of the Subordinated Resolution or this resolution to the contrary, so long as any 2021/22 Series X Subordinated Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal or redemption price of, and interest on, such 2021/22 Series X Subordinated Bond and all notices with respect to such 2021/22 Series X Subordinated Bond shall be made and given, respectively, to DTC as provided

in DTC's Operational Arrangements (as defined in the Letter of Representations); *provided*, *however*, that if a substitute securities depository shall be appointed, all payments with respect to the principal or redemption price of, and interest on, the 2021/22 Series X Subordinated Bonds and all notices with respect to the 2021/22 Series X Subordinated Bond shall be made and given, respectively, to such substitute securities depository (or any nominee thereof) as provided in the procedures of such substitute securities depository.

SECTION 8. SUBORDINATED BOND PAYING AGENT AND SUBORDINATED BOND REGISTRAR. The 2021/22 Series X Subordinated Bonds shall be payable as to principal and shall be redeemable at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (or such other city as may be designated by such bank), which bank is hereby appointed Subordinated Bond Paying Agent and Subordinated Bond Registrar.

SECTION 9. FORM OF 2021/22 SERIES X SUBORDINATED BONDS. The text of the 2021/22 Series X Subordinated Bonds, together with the Subordinated Bond Registrar's Certificate of Authentication to be endorsed thereon, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this resolution or any subsequent resolution adopted prior to the issuance thereof, or as may be necessary to comply with applicable laws, rules and regulations of the United States Government and the State of Florida in effect upon the issuance thereof:

[FORM OF 2021/22 SERIES X SUBORDINATED BONDS]

At such times as the 2021/22 Series X Subordinated Bonds of a particular Series are restricted to being registered in the registration books kept by the Subordinated Bond Registrar in the name of DTC (or a successor securities depository), each 2021/22 Series X Subordinated Bond of such Series shall contain or have endorsed thereon the following legend:

> **AS PROVIDED IN THE SUBORDINATED RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE SUBORDINATED RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE SUBORDINATED RESOLUTION TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE SUBORDINATED BOND PAYING AGENT. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE**

AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE SUBORDINATED RESOLUTION.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE SUBORDINATED BOND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE SUBORDINATED BOND PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY SUBORDINATED BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

R-___ $_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF JACKSONVILLE
JEA

WATER AND SEWER SYSTEM SUBORDINATED REVENUE BOND,
2021/22 SERIES X

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	October 1, _____	_____ ___, 20___	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

JEA, a body politic and corporate and an independent agency of the City of Jacksonville, Florida (the "City"), organized and existing under and by virtue of the laws of the State of Florida, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner (stated above) or registered assigns, on the Maturity Date (stated above), but solely from the funds pledged therefor, upon presentation and surrender of this bond at the corporate trust office of U.S. Bank National Association in Jacksonville, Florida (such bank and any successors thereto being referred to herein as the "Subordinated Bond Paying Agent"), the Principal Amount (stated above) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay, but solely from the funds pledged therefor, interest on such Principal Amount in like coin or currency from the Original Issue Date (stated above), or, if one or more payments of interest has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has been paid or duly provided for, payable on the first days of April and October in each year commencing [April 1] [October 1], 20___ or, if the date of this bond is after [April 1] [October 1], 20___

commencing with the first April 1 or October 1 after the date of this bond, at a rate per annum equal to the Interest Rate (stated above), until JEA's obligation with respect to the payment of such Principal Amount shall be discharged; *provided*, *however*, that so long as this bond shall be restricted to being registered in the registration books of JEA in the name of the Securities Depository (as defined in the Subordinated Resolution hereinafter referred to) for this bond, the provisions of the Subordinated Resolution governing Book Entry Bonds (as defined in the Subordinated Resolution) shall govern the manner of payment of the principal or redemption price of, and interest on, this bond. The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Subordinated Resolution, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, such payment to be made by check or draft of the Subordinated Bond Paying Agent mailed to such person at the address shown on the registration books of JEA kept for that purpose at the corporate trust office of U.S. Bank National Association in Jacksonville, Florida or its successor, as Subordinated Bond Registrar for the bonds of the series of which this bond is one. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this bond is registered on the Regular Record Date, and shall be paid, in the manner described above, to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by such Subordinated Bond Registrar, notice whereof shall be given to holders of bonds of the series of which this bond is one not less than 10 days prior to such Special Record Date.

This bond is one of a duly authorized series of bonds of JEA designated as its "Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X" (herein sometimes called the "2021/22 Series X Subordinated Bonds"), in the aggregate principal amount of $_____, issued pursuant to Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended (herein called the "Act") and under and pursuant to a resolution of JEA adopted on May 15, 2003, as amended and supplemented, including as supplemented by a supplemental resolution (Resolution No. 2020-15) of JEA entitled "Twentieth Supplemental Water and Sewer System Subordinated Revenue Bond Resolution," adopted on December 15, 2020 authorizing the 2021/22 Series X Subordinated Bonds, as supplemented and amended (the "Twentieth Supplemental Subordinated Resolution"; said resolution as amended and supplemented, being herein called the "Subordinated Resolution"). As provided in the Subordinated Resolution, bonds, notes or other evidences of indebtedness of JEA may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Subordinated Resolution provided. All such bonds, notes or other evidences of indebtedness issued pursuant to the Subordinated Resolution are referred to herein as the "Subordinated Bonds."

As provided in the Subordinated Resolution, the Subordinated Bonds are special obligations of JEA payable solely from and secured as to payment of the principal of, premium, if any, and interest thereon, in accordance with their terms and the provisions of the Subordinated Resolution and are secured equally and ratably by a pledge of (i) such amounts in the Subordinated Indebtedness Fund established under the Resolution (as defined in the Subordinated Resolution) as may from time to time be available for the purpose of payment thereof as provided in the

Resolution; *provided*, *however*, that such pledge shall be subordinate in all respects to the pledge of the Trust Estate (as defined in the Resolution) created by the Resolution as security for the Bonds (as defined in the Subordinated Resolution), and (ii) the amounts on deposit in the funds established pursuant to the Subordinated Resolution, except to the extent the Initial Subordinated Debt Service Reserve Fund are not pledged to a particular series of Subordinated Bonds. This bond and the series of which it is one constitute Subordinated Bonds for all purposes of the Subordinated Resolution, and are payable from and secured, on a parity with the Subordinated Bonds heretofore issued by JEA, by a pledge of the amounts described in clauses (i) and (ii) above. In accordance with the provisions of the Subordinated Resolution, JEA reserves the right to issue additional Subordinated Bonds payable from and secured, on a parity with the 2021/22 Series X Subordinated Bonds, by a pledge of the amounts described in clauses (i) and (ii) above. In addition, JEA has previously issued and there are outstanding obligations secured by a pledge of amounts described in clause (i) and (ii) above and JEA reserves the right to issue or incur additional obligations secured by such amounts; the aggregate amount of such additional obligations which may be issued or incurred by JEA is not limited by the provisions of the Subordinated Resolution. The aggregate principal amount of Subordinated Bonds which may be issued under the Subordinated Resolution is not limited except as provided in the Subordinated Resolution. Pursuant to the Subordinated Resolution, the 2021/22 Series X Subordinated Bonds are additionally secured by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund established pursuant to the Third Supplemental Water and Sewer System Subordinated Revenue Bond Resolution adopted by JEA on July 15, 2003, including the investments and investment income, if any, thereof, which amounts are pledged for the payment of the principal or sinking fund redemption price, if any, of, and interest on, the 2021/22 Series X Subordinated Bonds and any other Subordinated Bonds secured thereby in accordance with the provisions of the Subordinated Resolution, subject only to the provisions of the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Subordinated Resolution. Copies of the Subordinated Resolution are on file at the office of JEA and at the corporate trust office of the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds, and reference to the Subordinated Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the security interest, pledge and covenants securing the Subordinated Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Subordinated Bonds with respect thereto, and for the other terms and provisions thereof.

This bond and the issue of which it is one do not constitute general obligations or indebtedness of the City or JEA as "bonds" within the meaning of the Constitution of Florida, but shall be payable solely from and secured by a lien upon and a pledge of the amounts as provided in the Subordinated Resolution, and it is expressly agreed by the owner of this bond that such owner shall never have the right to compel the exercise of the ad valorem taxing power of the City or JEA, if any, or taxation in any form of any real property in the City to pay this bond or interest hereon or be entitled to payment of such principal and interest from any other funds of the City or JEA except from the special funds in the manner provided in the Subordinated Resolution.

To the extent and in the manner permitted by the terms of the Subordinated Resolution, the provisions of the Subordinated Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by JEA, with the written consent of the holders of not less than a majority in principal amount of the Subordinated Bonds affected by such modification or amendment then outstanding under the Subordinated Resolution, and, in case such modification

or amendment would change the terms of any sinking fund installment, with such consent of the holders of not less than a majority in principal amount of the Subordinated Bonds of the particular series and maturity entitled to such sinking fund installment then outstanding; *provided*, *however*, that, if such modification or amendment will, by its terms, not take effect so long as any Subordinated Bonds of any specified like series and maturity remain outstanding under the Subordinated Resolution, the consent of the holders of such Subordinated Bonds shall not be required and such Subordinated Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Subordinated Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Subordinated Bond, or shall reduce the percentages or otherwise affect the classes of Subordinated Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Subordinated Bond Fiduciary (as defined in the Subordinated Resolution) without its written assent thereto.

The Subordinated Resolution also contains provisions permitting JEA, without the necessity for the consent of the holder of any Subordinated Bond, to modify or amend the Subordinated Resolution to cure ambiguities or defects in the Subordinated Resolution, to clarify the provisions of the Subordinated Resolution or to make any other modification or amendment which will not have a material adverse effect on the interests of Subordinated Bondholders, determined as provided in the Subordinated Resolution.

This bond is transferable, as provided in the Subordinated Resolution, only upon the books of JEA kept for that purpose at the above-mentioned office of the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds, by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to such Subordinated Bond Registrar duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new fully registered bond or bonds, without coupons, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Subordinated Resolution, and upon payment of the charges therein prescribed. JEA and each Subordinated Bond Fiduciary may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2021/22 Series X Subordinated Bonds are issuable in the form of fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple of $5,000.

[The 2021/22 Series X Subordinated Bonds maturing on and after October 1, 20___ will be subject to redemption at the election of JEA on or after October 1, 20_, at any time, as a whole or in part, at a redemption price equal to the principal amount of such 2021/22 Series X Subordinated Bonds so to be redeemed together with accrued interest to the redemption date.]

[The 2021/22 Series X Subordinated Bonds maturing October 1, 20___ will be subject to redemption through mandatory Sinking Fund Installments on October 1, 20___ and on each October thereafter, through and including October 1, 20___. The redemption price will

be 100 percent of the principal amount of such 2021/22 Series X Subordinated Bonds to be redeemed, plus accrued interest, if any, to the redemption date. Such Sinking Fund Installment will be sufficient to redeem the following principal amount of such 2021/22 Series X Subordinated Bonds:

2021/22 Series X Subordinated Bonds
Maturing October 1, 20___

Year	**Amount**
	$

The foregoing schedule leaves $_____ principal amount of such 2021/22 Series X Subordinated Bonds to be retired at maturity.]

[The 2021/22 Series X Subordinated Bonds maturing October 1, 20___ will be subject to redemption through mandatory Sinking Fund Installments on October 1, 20___ and on each October thereafter, through and including October 1, 20___. The redemption price will be 100 percent of the principal amount of such 2021/22 Series X Subordinated Bonds to be redeemed, plus accrued interest, if any, to the redemption date. Such Sinking Fund Installment will be sufficient to redeem the following principal amount of such 2021/22 Series X Subordinated Bonds:

2021/22 Series X Subordinated Bonds
Maturing October 1, 20___

Year	**Amount**
	$

The foregoing schedule leaves $_____ principal amount of such 2021/22 Series X Subordinated Bonds to be retired at maturity.]

The 2021/22 Series X Subordinated Bonds are payable upon redemption at the above-mentioned office of the Subordinated Bond Paying Agent. Notice of redemption, setting forth the place of payment, shall be given by first class mail, postage prepaid, to the registered owners of the 2021/22 Series X Subordinated Bonds to be redeemed sent not less than 30 days nor more than 60 days prior to the redemption date, but the failure to give notice by mail, or any defect in such notice, to the registered owner of any 2021/22 Series X Subordinated Bond will not affect the validity of the proceedings for the redemption of any other 2021/22 Series X Subordinated Bonds. If notice of redemption shall have been given as aforesaid, and unless such notice shall have been revoked or shall cease to be in effect in accordance with the terms thereof, the 2021/22 Series X Subordinated Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 2021/22 Series X Subordinated Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2021/22 Series X Subordinated Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond shall be payable, as to principal and redemption price hereof, and interest hereon, solely from the funds described herein as provided in the Subordinated Resolution. No member,

officer, agent or employee of JEA shall be individually or personally liable for the payment of the principal or redemption price of or interest on this bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Subordinated Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2021/22 Series X Subordinated Bonds, together with all other indebtedness of JEA, comply in all respects with the applicable laws of the State of Florida including, particularly, the Act.

This bond shall not be entitled to any benefit under the Subordinated Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds of the Subordinated Bond Registrar's Certificate of Authentication hereon.

IN WITNESS WHEREOF, JEA has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chair or its Vice Chair, and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary.

JEA

(SEAL)

_____

Chair or Vice-Chair

ATTESTED:

_____

Secretary or Assistant Secretary

[FORM OF SUBORDINATED BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION
ON ALL 2021/22 SERIES X SUBORDINATED BONDS]

**SUBORDINATED BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION**

This bond is one of the Subordinated Bonds described in the within-mentioned Subordinated Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Subordinated Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____, 20___

[Insert Statement of Insurance, if applicable.]

The following abbreviations, when used in the inscription on the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIF MIN ACT _____ (Cust.)
TEN ENT -	as tenants by the entireties	Custodian for _____ (Minor)
JT TEN	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act of _____ (State)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to

_____

[PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

the within bond and does hereby irrevocably constitute and appoint the Registrar as his agent to transfer the bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature guaranteed: (Bank, Trust Company or Firm)

_____ _____

(Authorized Officer)

NOTICE: This signature to this assignment must correspond with the name of the registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SECTION 10. APPLICATION OF BOND PROCEEDS. The proceeds from the sale of the 2021/22 Series X Subordinated Bonds of a particular Series, together with other available funds of the Water and Sewer System shall be applied simultaneously with the delivery of the 2021/22 Series X Subordinated Bonds as follows:

(A) if applicable, there shall be delivered to the Escrow Agent, simultaneously with the delivery of the 2021/22 Series X Subordinated Bonds of such Series, for deposit in the Escrow Account (the "Escrow Account") to be created under the Escrow Deposit Agreement, an amount determined by an Authorized Officer of JEA as being equal to the amount necessary, when combined with the moneys, if any, transferred to the Escrow Account as provided in Section 11 hereof, to purchase such securities as are permitted by Section 12.01 of the Subordinated Resolution, the principal of and interest to be received on which, together with any initial cash balance, will provide moneys which will be sufficient to pay when due the principal or redemption price, as applicable, of the Refunded Subordinated Bonds being refunded thereby on the respective maturity dates of such Refunded Subordinated Bonds or the date such Refunded Subordinated Bonds are to be called for redemption, as applicable, and the interest to become due on such Refunded Subordinated Bonds on and prior to such respective maturity or redemption dates, as the case may be;

(B) there shall be deposited in the Initial Subordinated Debt Service Reserve Fund an amount equal to the difference, if any, between (A) the Subordinated Debt Service Reserve Requirement for the Initial Subordinated Debt Service Reserve Fund calculated immediately after the issuance of the 2021/22 Series X Subordinated Bonds and (B) the sum of the amounts then on deposit in the Initial Subordinated Debt Service Reserve Fund and the eligible reserve fund credit instruments (as defined in subsection 3 of Section 5.02 of the Third Supplemental Subordinated Resolution) credited thereto; and

(C) all proceeds remaining after application as provided in subsections (a) and (b) hereof shall be deposited into the Subordinated Construction Fund or a separate sub-account thereof and used for the purposes of paying the principal or redemption price, as applicable, of Refunded Subordinated Bonds when due of the Refunded Subordinated Bonds are not being defeased within the meaning of Section 12.01 of the Subordinated Resolution and paying costs of issuance of the 2021/22 Series X Subordinated Bonds of such Series.

SECTION 11. TRANSFER OF CERTAIN AMOUNTS. In accordance with subsection 6 of Section 5.02 of the Third Supplemental Subordinated Resolution, subject to the provisions of the Subordinated Resolution, simultaneously with the delivery of the 2021/22 Series X Subordinated Bonds of a particular Series, there shall be withdrawn from the Subordinated Indebtedness Fund cash in an amount determined by an Authorized Officer of JEA as being not greater than the amount of Subordinated Debt Service accrued on the Refunded Subordinated Bonds to be refunded through the issuance of the 2021/22 Series X Subordinated Bonds of such Series. Such withdrawal shall, however, not be made unless immediately thereafter (a) such Refunded Subordinated Bonds are deemed to have been paid pursuant to the Subordinated Resolution and (b) the amount remaining in the Subordinated Indebtedness Fund, after giving effect to the issuance of the 2021/22 Series X Subordinated Bonds of such Series and the refunding of the Refunded Subordinated Bonds being refunded thereby, shall not be less than the amount

required to be maintained therein. There shall be transferred to the Escrow Agent, if any, for deposit in the Escrow Account the amount so withdrawn, otherwise, such amount shall be applied together with the funds described in Section 10(C) above to the payment of the Refunded Subordinated Bonds.

SECTION 12. 2021/22 SERIES X SUBORDINATED BONDS TO CONSTITUTE ADDITIONALLY SECURED BY THE INITIAL SUBORDINATED DEBT SERVICE RESERVE FUND. The payment of the principal or sinking fund redemption price, if any, thereof and interest the 2021/22 Series X Subordinated Bonds shall be secured, in addition to the pledge created pursuant to Section 5.01 of the Subordinated Resolution in favor of the Subordinated Bonds, by amounts on deposit in the Initial Subordinated Debt Service Reserve Fund. In furtherance of the foregoing, simultaneously with the authentication and delivery of any particular Series of the 2021/22 Series X Subordinated Bonds, JEA shall cause to be deposited to the credit of the Initial Subordinated Debt Service Reserve Fund cash from the proceeds of such Series of the 2021/22 Series X Subordinated Bonds, in an amount equal to the difference (if any) between (a) the Subordinated Debt Service Reserve Requirement with respect to the Initial Subordinated Debt Service Reserve Fund calculated immediately after the authentication and delivery of the 2021/22 Series X Subordinated Bonds of such Series and (b) the sum of the amounts then on deposit in the Initial Subordinated Debt Service Reserve Fund and the reserve fund credit instruments credited thereto, if any.

SECTION 13. TAX COVENANTS. (A) JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2021/22 Series X Subordinated Bonds under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the date of issuance of each Series of the 2021/22 Series X Subordinated Bonds concerning certain matters pertaining to the use of proceeds of the 2021/22 Series X Subordinated Bonds of such Series, including any and all exhibits attached thereto (the "Tax Certificate"). This covenant shall survive payment in full or defeasance of the 2021/22 Series X Subordinated Bonds.

(B) Notwithstanding any provisions of this Section, if JEA shall obtain an opinion of nationally recognized municipal bond attorneys to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the applicable Series of the 2021/22 Series X Subordinated Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(C) Notwithstanding any other provision of the Bond Resolution to the contrary, (a) upon JEA's failure to observe or refusal to comply with the above covenants with respect to the 2021/22 Series X Subordinated Bonds of a Series, the holders of the 2021/22 Series X Subordinated Bonds of such Series shall be entitled to the rights and remedies provided to the Holders of Subordinated Bonds under the Subordinated Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the

covenants of this Section) to declare the principal of all Subordinated Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of any Subordinated Bonds other than the 2021/22 Series X Subordinated Bonds of the applicable Series shall not be entitled to exercise any right or remedy provided to Holders of Subordinated Bonds under the Subordinated Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to the 2021/22 Series X Subordinated Bonds of such Series.

SECTION 14. REDEMPTION OF REFUNDED SUBORDINATED BONDS. The Refunded Subordinated Bonds to be refunded by the 2021/22 Series X Subordinated Bonds are hereby designated for redemption and the Escrow Agent (if any) or the respective Refunded Bonds Paying Agents, as applicable, are hereby directed to redeem such Refunded Subordinated Bonds on the respective dates determined by the Managing Director/CEO pursuant to clause (C) of the second paragraph of Section 5 hereof and at a redemption price equal to the principal amount of the Refunded Subordinated Bonds to be redeemed plus the redemption premium(s) for the applicable redemption date(s) (in each case, together with the interest accrued thereon to the date fixed for redemption).

Such designation for redemption, and such direction to the Escrow Agent (if any) or the respective paying agents for the Refunded Subordinated Bonds, as applicable, shall be, and hereby are declared to be, irrevocable upon the delivery of the 2021/22 Series X Subordinated Bonds to or upon the order of the Underwriters; *provided*, that notice of such redemption as provided below shall be revocable and conditional upon the issuance of the 2021/22 Series X Subordinated Bonds of the applicable Series.

In order to effectuate this designation, on or prior to the applicable Delivery Date, an Authorized Officer of JEA shall give the Escrow Agent or the Subordinated Bond Registrar, as applicable, for any Refunded Subordinated Bonds to be redeemed prior to maturity instructions to mail, postage prepaid, not less than 30 days (or such lesser period as required by the applicable supplemental resolution(s) for the Refunded Subordinated Bonds) prior to the redemption date therefor, to (i) all registered owners of such Refunded Subordinated Bonds at their addresses as they appear of record on the books of the Subordinated Bond Registrar as of 45 days (or such lesser number of days as is permitted pursuant to the applicable supplemental resolution(s) for the Refunded Subordinated Bonds) prior to such redemption date and (ii) the paying agent for such Refunded Subordinated Bonds (or its successor), a notice of redemption in substantially the following form:

REVOCABLE NOTICE OF [PARTIAL] REDEMPTION

JEA

WATER AND SEWER SYSTEM SUBORDINATED REVENUE BONDS DESCRIBED BELOW

Notice is hereby given to the holders of the outstanding JEA Variable Rate Water and Sewer System Subordinated Revenue Bonds, described below (the "Subordinated Bonds") that the Subordinated Bonds have been called for redemption prior to maturity on _____ ___, 20___ in accordance with their terms at a redemption price of [100 percent of the principal amount thereof, together with accrued interest thereon to _____ ___, 20___]. **[The source of funds to be used for such redemption is certain moneys heretofore deposited with _____, as Escrow Agent.]**

Series	Maturity Date (October 1)	Interest Rate %	Principal Amount $	CUSIP

THIS CALL FOR REDEMPTION IS REVOCABLE AND IS CONDITIONED UPON THE ISSUANCE BY JEA OF ITS SUBORDINATED REFUNDING BONDS TO REFUND SUCH SUBORDINATED BONDS ON OR PRIOR TO _____ ___, 20___. In the event that JEA's refunding bonds are not issued on or prior to _____ ___, 20___, this notice shall be of no further force or effect and the Subordinated Bonds shall continue to bear interest until paid at the same rates they would have borne had this notice not been given. If JEA's refunding bonds are not issued on or prior to _____ ___, 20___, the undersigned, on behalf of JEA, shall give notice forthwith of such fact to the holders of the Subordinated Bonds, and this notice shall thereupon be revoked and shall be of no further force and effect.

Subject to the foregoing, the redemption price of and accrued interest on the Subordinated Bonds shall become due and payable on _____ ___, 20___ and from and after _____ ___, 20___ interest on the Subordinated Bonds shall cease to accrue and be payable.

Holders of the Subordinated Bonds will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the principal corporate trust offices of [specify names of current Paying Agents].

Dated this ___ day of _____, 20___.

JEA

By: _____
as [Escrow Agent/Registrar]

SECTION 15. AUTHORIZATION AND APPROVAL OF THE NEGOTIATED SALE OF THE 2021/22 SERIES X SUBORDINATED BONDS AND EXECUTION AND DELIVERY OF THE BOND PURCHASE AGREEMENT; DELEGATION OF AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH. The terms and conditions of the bond purchase agreement between JEA and the Underwriters, providing for the negotiated sale and purchase of the 2021/22 Series X Subordinated Bonds of a particular Series, in substantially the form attached as Exhibit A to Resolution No. 2020-14 (the "Bond Purchase Agreement"), are hereby approved. At such time or times as the Managing Director/CEO of JEA shall determine is (are) advantageous to JEA, such officer shall execute and deliver the Bond Purchase Agreement(s) (with such changes as are necessary to reflect, among other things, the terms of the 2021/22 Series X Subordinated Bonds of a particular Series), such determination to be evidenced by the execution and delivery thereof; *provided*, *however*, that at or prior to the time of the execution and delivery of the Bond Purchase Agreement(s), JEA shall have received from the senior managing underwriter the disclosure statement required pursuant to Section 218.385(6), Florida Statutes. The purchase price of the 2021/22 Series X Subordinated Bonds of such Series to be paid by the Underwriters pursuant to

the Bond Purchase Agreement shall be determined as provided in Section 5 hereof, subject to the limitations set forth therein.

SECTION 16. AUTHORIZATION OF AUTHENTICATION. In the event that the Managing Director/CEO shall determine that it is desirable to sell and issue a particular Series of 2021/22 Series X Subordinated Bonds as provided herein, U.S. Bank National Association, as Subordinated Bond Registrar for the 2021/22 Series X Subordinated Bonds, is hereby requested and authorized to authenticate and deliver such 2021/22 Series X Subordinated Bonds in the aggregate principal amount determined for such Series as provided in Section 5 hereof, to or upon the order of the Underwriters, upon payment to JEA of the sum to be specified in the applicable Bond Purchase Agreement.

SECTION 17. APPOINTMENT OF ESCROW AGENT AND AUTHORIZATION AND APPROVAL OF ESCROW DEPOSIT AGREEMENT. The Managing Director/CEO is hereby authorized to appoint U.S. Bank National Association, The Bank of New York Mellon Trust Company, N.A. or any other bank or trust company selected pursuant to JEA's purchasing code to act as Escrow Agent under an Escrow Deposit Agreement in connection with the refunding of Refunded Subordinated Bonds. One or more Escrow Deposit Agreement(s) are hereby approved in substantially the form attached hereto as Exhibit A The Escrow Deposit Agreement(s) may be executed and delivered as provided in Section 22 hereof. Pursuant to the Escrow Deposit Agreement(s), the Escrow Agent may be directed to invest the funds held thereunder in the manner provided therein.

In connection with the refunding of the Refunded Subordinated Bonds as provided herein, each Authorized Officer of JEA is hereby authorized, if deemed desirable, to cause proceeds of the 2021/22 Series X Subordinated Bonds and other available amounts, and earnings thereon, to be invested in United States Treasury Securities – State and Local Government Series ("SLGS") or other obligations permitted to be used to accomplish the defeasance of such Refunded Subordinated Bonds in such amounts, at such times, maturing at such times and having such rate or rates of interest as any Authorized Officer of JEA shall determine is necessary or desirable; and each such Authorized Officer of JEA and, upon receipt of instructions from an Authorized Officer of JEA, any authorized officer of the Escrow Agent is hereby authorized in the name and on behalf of JEA to submit subscriptions to the Bureau of Public Debt of the United States Department of the Treasury for the purchase of book-entry form SLGS, and to take such other action as such person deems necessary or appropriate to effectuate such purposes or to purchase such other obligations.

SECTION 18. APPROVAL OF THE FORM AND USE OF PRELIMINARY OFFICIAL STATEMENT. The form and use of a preliminary official statement for each Series of the 2021/22 Series X Subordinated Bonds, in substantially the form of the Preliminary Official Statement relating to Water and Sewer System Subordinated Revenue Bonds, 2020 Series A or any other Preliminary Official Statement more recently executed and delivered by JEA in connection with the sale of bonds, in each case with such changes, omissions, insertions and revisions as an Authorized Officer of JEA shall deem necessary or appropriate (collectively, the "Form Preliminary Official Statement"), is hereby authorized and approved in connection with the offering and sale of the 2021/22 Series X Subordinated Bonds of each Series.

In the event that the Managing Director/CEO shall determine that it is desirable to issue and sell the 2021/22 Series X Subordinated Bonds of one or more Series as provided herein, the Managing Director/CEO is hereby authorized and directed to cause to be prepared a Preliminary Official Statement with respect to such bonds in substantially the form of the Form Preliminary Official Statement and with such changes thereto as are necessary so that such Preliminary Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and, in such case, to cause such Preliminary Official Statement to be used in connection with the offering and sale of the 2021/22 Series X Subordinated Bonds of such Series and, if applicable, the Managing Director/CEO, the Chief Financial Officer or the Treasurer of JEA are hereby authorized to deem said Preliminary Official Statement final for purposes of Rule 15c2-12. In the event that the Managing Director/CEO shall cause to be prepared a Preliminary Official Statement for such 2021/22 Series X Subordinated Bonds as aforesaid, an Official Statement relating to the 2021/22 Series X Subordinated Bonds of such Series, in substantially the form of said Preliminary Official Statement, with such changes thereto as are necessary (a) to reflect the terms of such 2021/22 Series X Subordinated Bonds of such Series and (b) so that such Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, is hereby authorized and approved for use in connection with the offering and sale of such 2021/22 Series X Subordinated Bonds. In such event, such Official Statement shall be executed as provided in Section 22 hereof.

SECTION 19. APPROVAL WITH RESPECT TO REGISTRATION OR QUALIFICATION OF THE 2021/22 SERIES X SUBORDINATED BONDS UNDER THE BLUE SKY OR SECURITIES LAWS OF VARIOUS STATES. The Authorized Officers of JEA shall be, and hereby are, authorized in the name and on behalf of JEA, to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the 2021/22 Series X Subordinated Bonds of each Series for issue, offer, sale or trade under the Blue Sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports, consents to service of process, appointments of attorneys to receive service of process and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters.

SECTION 20. CONTINUING DISCLOSURE. For the benefit of holders and beneficial owners from time to time of the 2021/22 Series X Subordinated Bonds of each Series, JEA agrees, as an obligated person with respect to the 2021/22 Series X Subordinated Bonds of such Series under Rule 15c2-12, to provide or cause to be provided such financial information and operating data, audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5) of Rule 15c2-12. In order to describe and specify certain terms of JEA's continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Authorized Officers of JEA are, and each of them hereby is, authorized and directed to sign and deliver, in the name and on behalf of JEA, one or more Continuing Disclosure Agreements with respect to the 2021/22 Series X Subordinated Bonds substantially in the form of Appendix F to the Form Preliminary Official

Statement, with any changes or amendments that: (i) are not inconsistent with this resolution, (ii) are not substantially adverse to JEA, or (iii) may be required by Rule 15c2-12, and that are approved by the Authorized Officer of JEA executing the same on behalf of JEA, all of which shall be conclusively evidenced by the signing of that agreement or amendments to it. The agreement formed, collectively, by this paragraph and that agreement, shall be JEA's continuing disclosure agreement with respect to the 2021/22 Series X Subordinated Bonds for purposes of Rule 15c2-12, and its performance shall be subject to the annual appropriation of any funds that may be necessary to perform it.

The Authorized Officers of JEA are, and each of them hereby is, further authorized and directed to take such actions as shall be necessary to comply with each such continuing disclosure agreement, including timely provision of information and notices. Prior to making any filing in accordance with any such agreement or providing notice of the occurrence of any other events, any such officer of JEA shall consult with and obtain legal advice from, as appropriate, the Office of the General Counsel and bond or other qualified independent special counsel selected by JEA. Any such officer of JEA, acting in the name and on behalf of JEA, shall be entitled to rely upon any such legal advice in determining whether a filing should be made.

SECTION 21. REPRESENTATIONS AND COVENANTS REGARDING THE PLEDGE OF THE SUBORDINATED RESOLUTION. JEA represents that, pursuant to the Act, the Subordinated Resolution creates a valid and binding lien on (i) the amounts on deposit in the Revenue Fund established pursuant to the Resolution as may from time to time be available therefor, including the investments, if any, thereof and (ii) the amounts on deposit in the Funds established under the Subordinated Resolution, including the investments, if any, thereof (collectively, the "Subordinate Lien Pledged Assets"), in each such case, except as described below, prior and superior to all other liens or encumbrances on such amounts, subject only to the provisions of the Resolution and the Subordinated Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, for the benefit of the Holders of the Subordinated Bonds, including the 2021/22 Series X Subordinated Bonds, as security for the payment of the Subordinated Bonds, including the 2021/22 Series X Subordinated Bonds, to the extent set forth therein, enforceable in accordance with the terms thereof; *provided*, *however*, that such pledge (other than with respect to amounts on deposit in the Subordinated Bond Construction Fund) is junior and subordinate in all respects to the Bonds as to lien on and source and security for payment from the Revenues.

Except for the pledge and lien created by the Resolution in favor of the holders of the Bonds, JEA has not heretofore made or granted a pledge or assignment of, lien on or security interest in the Subordinate Lien Pledged Assets that ranks on a parity with or prior to the lien and pledge made or granted in the Subordinated Resolution. JEA shall not hereafter make or grant a pledge or assignment of, lien on or security interest in such Subordinate Lien Pledged Assets that ranks prior to or on a parity with the lien and pledge made or granted in the Subordinated Resolution, except as expressly permitted thereby.

SECTION 22. AUTHORIZATION OF THE EXECUTION AND DELIVERY OF 2021/22 SERIES X SUBORDINATED BONDS AND RELATED DOCUMENTS. The Authorized Officers of JEA are hereby authorized to execute the 2021/22 Series X Subordinated Bonds of each Series, the Bond Purchase Agreement(s), the Escrow Deposit Agreement(s), if any, the Continuing Disclosure Agreement(s) and the Official Statement(s), each subject to completion

thereof, and with such changes therein as they may approve as necessary and desirable and in the best interest of JEA, such approval to be evidenced by the execution and delivery thereof; *provided*, *however*, that the 2021/22 Series X Subordinated Bonds shall be executed and delivered pursuant to the Resolution and applicable law. The Secretary of JEA is hereby authorized (but not required) to cause the seal of JEA to be affixed to the 2021/22 Series X Subordinated Bonds and the foregoing documents and to attest the same. Such Authorized Officers of JEA are each hereby authorized to deliver such 2021/22 Series X Subordinated Bonds and documents on behalf of JEA.

SECTION 23. FURTHER ACTIONS. Each Authorized Officer of JEA is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all administrative acts and things as may be necessary or desirable in connection with: the approval, execution and delivery of the Bond Purchase Agreement(s), the Escrow Deposit Agreement(s), if any, and the Continuing Disclosure Agreement(s); and the carrying out of their terms and the terms of the Subordinated Resolution and this Twentieth Supplemental Subordinated Resolution; the issuance, sale, execution and delivery of the 2021/22 Series X Subordinated Bonds and the refunding and redemption of the Refunded Subordinated Bonds; and the use of the Preliminary Official Statement(s) and the Official Statement(s). Without limiting the generality of the foregoing, the Managing Director/CEO is hereby authorized to execute the certificates referred to in Section 5 hereof. In the absence of the Managing Director/CEO for any reason, the authority granted to him in this resolution is hereby delegated to the Vice President and General Manager, Water and Wastewater Systems, the Chair of JEA's governing board and the Chair of the Finance and Audit Committee of JEA's governing board, in that order.

SECTION 24. REMAINING AUTHORIZATION UNDER RESOLUTION NO. 2018-18 SUPERSEDED. Any remaining authorization to issue additional debt under Resolution No. 2018-18 adopted by JEA on December 11, 2018 is hereby superseded by this Resolution and repealed. The foregoing shall not affect in any manner the authorization of debt previously issued pursuant to Resolution No. 2018-18.

SECTION 25. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof and shall in no way affect the validity or enforceability of such remaining provisions.

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SECTION 26. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

ADOPTED THIS 15TH DAY OF DECEMBER, 2020.



JEA

By: _____
Name:
Title:

ATTEST:

By: _____
Secretary

Approved as to Form:

By: _____
Office of General Counsel

VOTE: In Favor: ___ Opposed: __ Abstained: __

EXHIBIT A

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT

relating to

JEA
WATER AND SEWER SYSTEM SUBORDINATED REVENUE BONDS,
2021/22 SERIES X

THIS ESCROW DEPOSIT AGREEMENT, dated as of _____ __, 20__, by and between JEA, a public body corporate and politic organized under the laws of the State of Florida and _____, as Escrow Agent;

WITNESSETH:

WHEREAS, JEA has previously authorized and issued obligations of JEA as hereinafter set forth and defined as the "Refunded Obligations," as to which the Aggregate Debt Service (as hereinafter defined) is set forth on Schedule A attached hereto; and

WHEREAS, JEA has determined to provide for refunding of the Aggregate Debt Service of the Refunded Obligations by depositing with the Escrow Agent cash and Defeasance Securities, which will be sufficient to pay the Aggregate Debt Service on the Refunded Obligations; and

WHEREAS, in order to obtain a portion of the funds needed for such purpose JEA has authorized and is, concurrently with the delivery of this Agreement, issuing its Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X; and

WHEREAS, JEA has determined that the amount to be on deposit, from time to time, in the Escrow Account, as defined herein, will be sufficient to pay the Aggregate Debt Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, JEA and the Escrow Agent agree as follows:

SECTION 1. Definitions. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution (as defined below). As used herein, the following terms shall have the following meanings:

(a) "Aggregate Debt Service" means the sum of all present and future Annual Debt Service payments then remaining unpaid with respect to the Refunded Obligations through the final Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(b) "Agreement" means this Escrow Deposit Agreement.

(c) "Annual Debt Service" means, in any year, the redemption price or principal of, and interest on, the Refunded Obligations coming due or being redeemed on the respective Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(d) "Defeasance Securities" has the meaning ascribed to such term in the Resolution.

(e) "Escrow Account" means the Escrow Account identified in Section 2 herein and established and held by the Escrow Agent pursuant to this Agreement in which a portion of the proceeds from the sale of the Bonds and certain other funds will be held for payment of the Refunded Obligations.

(f) "Escrow Agent" means _____ with the power to accept trusts in the State of Florida.

(g) "Escrow Deposit Requirement" means, as of any date of calculation, the principal amount of cash and any Defeasance Securities in the Escrow Account which, together with the interest due on the Defeasance Securities, will be sufficient to pay, as the installments thereof become due, the Aggregate Debt Service.

(h) "Paying Agent" means _____ in its capacity as the paying agent for the Refunded Obligations.

(i) "Redemption Date" means the redemption date or dates for the Refunded Obligations, as set forth in Schedule B hereto.

(j) "Refunded Obligations" means the Water and Sewer System Subordinated Revenue Bonds listed in Schedule B hereto.

(k) "Resolution" means the resolution duly adopted by JEA on May 15, 2003, as amended and supplemented, and particularly as supplemented by resolutions adopted by JEA authorizing the issuance of the Refunded Obligations.

(l) "2021/22 Subordinated Bonds" means the Water and Sewer System Subordinated Revenue Bonds, 2021/22 Series X of JEA.

SECTION 2. Deposit of Funds. With respect to the Refunded Obligations, JEA hereby deposits $_____ with the Escrow Agent in immediately available funds (the "Escrow Deposit Amount"), to be held in irrevocable escrow by the Escrow Agent in a separate escrow trust fund (the "Escrow Account") and applied solely as provided in this Agreement. JEA represents that (i) $_____ of such funds are derived by JEA from a portion of the proceeds of the 2021/22 Subordinated Bonds and (ii) $_____ of such funds are derived by JEA from amounts on deposit in the Subordinated Indebtedness Fund established pursuant to the Resolution.

JEA represents, that such funds, when applied pursuant to Section 3 below, will at least equal the Escrow Deposit Requirement as of the date hereof.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sum described in Section 2 and agrees:

(a) Concurrently with the receipt of the proceeds and other moneys as described in Section 2, the Escrow Agent will apply $_____ of such amount to the purchase of

$_____ aggregate principal or par amount of Defeasance Securities specifically described in Schedule D, and the remaining $_____ will be held as cash for the benefit of the holders of the Refunded Obligations. Defeasance Securities held by the Escrow Agent are to mature in such principal amounts and pay interest in such amounts and at such times so that sufficient moneys are available to pay when due the principal of and interest on all outstanding Refunded Obligations as further set forth in Schedule B;

(b) there will be no investment of funds except as set forth in this Section 3 and in Section 5;

(c) to hold the proceeds of all investments in the Escrow Account in such Account in trust (separate from all other funds of the Escrow Agent) for the benefit of the owners of the Refunded Obligations from the date of receipt thereof to the date on which such proceeds are scheduled to be paid out of the Escrow Account and applied only for the purposes thereof, as set forth on Schedule A attached hereto; and

(d) to hold the funds and securities in the Escrow Account in irrevocable escrow during the term of this Agreement.

SECTION 4. Payment of Refunded Obligations.

(a) ***Payment of Refunded Obligations.*** The Escrow Agent shall pay to the Paying Agent for the Refunded Obligations, from the cash on hand in the Escrow Account, a sum sufficient to pay the Annual Debt Service coming due on such date with respect to the Refunded Obligations, as shown on Schedule A attached hereto.

(b) ***Surplus.*** On the Redemption Date, after making the payment from the Escrow Account described in Subsection 4(a), the Escrow Agent shall pay to JEA the remaining cash, if any, in the Escrow Account. JEA shall apply the payment made to it hereunder to the payment of the principal of and interest on the 2021/22 Subordinated Bonds or for other uses permitted under the Resolution, but the Escrow Agent shall have no duty or responsibility to ensure that JEA does so.

(c) ***Payments Due on Saturdays, Sundays and Holidays.*** If any payment date shall be a legal holiday or a day on which banking institutions in the city in which is located the designated office of the Paying Agent are authorized by law to remain closed, then the Escrow Agent may make the payments required by Subsections 4(a) and 4(b) to the Paying Agent or JEA, as the case may be, on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed.

SECTION 5. Reinvestment.

(a) Except as provided in Section 3 and this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Defeasance Securities held hereunder.

(b) At the written request of JEA and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of any of the

Defeasance Securities acquired hereunder and shall substitute other Defeasance Securities and reinvest any excess receipts in Defeasance Securities. JEA will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which will cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation. Such substitutions and reinvestments may be effected only if (i) an independent certified public accountant selected by JEA shall certify or opine in writing to JEA and the Escrow Agent that the cash and principal amount of Defeasance Securities remaining on hand after the transactions are completed will be not less than the Escrow Deposit Requirement, and (ii) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to JEA to the effect that the transactions, in and by themselves, will not cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation and such substitution is in compliance with this Agreement. Subsection 4(b) above notwithstanding, cash in excess of the Escrow Deposit Requirement caused by substitution of Defeasance Securities shall, as soon as practicable, be paid to JEA.

SECTION 6. Redemption of Refunded Obligations. JEA has exercised its option to redeem the Refunded Obligations prior to the maturity thereof on the Redemption Date as shown on Schedule B attached hereto.

SECTION 7. Redemption and Defeasance Notices. JEA has previously directed the Bond Registrar for the Refunded Obligations to give notice of redemption of such Refunded Obligations. JEA hereby directs _____ as Bond Registrar to provide notice of defeasance in the form provided in Schedule E attached hereto for the Refunded Obligations. Redemption notices and defeasance notices distributed by the Bond Registrar will be sent to bondholders pursuant to the Resolution, as supplemented, and will be distributed to the Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access system.

SECTION 8. Indemnity. To the extent permitted by applicable law, including but not limited to Section 768.28, Florida Statutes, JEA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by JEA or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; *provided*, *however*, that JEA shall not be required to indemnify the Escrow Agent, its successors, assigns, agents and servants against the negligence or willful misconduct of the Escrow Agent or its successors, assigns, agents and servants. In no event shall JEA or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section

shall survive the termination of this Agreement. Nothing in this Section contained shall give rise to any liability on the part of JEA in favor or any person other than the Escrow Agent.

SECTION 9. Responsibilities of Escrow Agent; Fees. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the retention of the Defeasance Securities or the proceeds thereof or any investment, payment, transfer, or other application of money or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties or non-willful misconduct. The Escrow Agent shall, however, be liable to JEA for its negligent acts, omissions or errors or willful misconduct which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of JEA. The fees of the Escrow Agent shall be paid by JEA at the time this Agreement is executed and delivered, such fees to be as set forth on Schedule C attached hereto. The Escrow Agent shall have no lien whatsoever upon any of the moneys or investments in the Escrow Account for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Obligations have been paid and discharged in accordance with the proceedings authorizing the Refunded Obligations.

SECTION 11. Amendments. This Agreement is made for the benefit of JEA and the holders from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and JEA; *provided*, *however*, that JEA and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Obligations, any additional rights, remedies, power or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject additional funds, securities or properties to this Agreement.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of JEA or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as duplicate originals and shall constitute and be one and the same instrument.

SECTION 14. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

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IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be executed by their duly authorized officers and JEA's official seal to be hereunto affixed and attested as of the date first above written.



JEA

ATTEST:

By: _____
Title:

By: _____
Secretary

Form Approved:

_____
Office of General Counsel

_____,
as Escrow Agent

By: _____
Its: _____

SCHEDULE A
REFUNDED OBLIGATIONS

The Aggregate Debt Service for the Refunded Obligations is shown in the following table:

Date	Interest	Principal Redeemed	Redemption Premium	Total
	$	$		$

SCHEDULE B
LIST OF REFUNDED OBLIGATIONS

The Refunded Bonds will consist of the Water and Sewer System Subordinated Revenue Bonds listed in the following table.

Series	Maturity Date (October 1)	Amount to be Refunded	Redemption Date	Redemption Price (expressed as a percentage of principal amount)	CUSIP*
		$		%	
Total					

* The CUSIP numbers listed here are provided for the convenience of readers. JEA is not responsible for the accuracy or completeness of such numbers.

SCHEDULE C
FEES OF ESCROW AGENT

The fee of the Escrow Agent for its services hereunder shall be $____; provided, JEA agrees to reimburse the Escrow Agent for its reasonable out-of-pocket expenses at cost.

SCHEDULE D

ESCROW DESCRIPTIONS DETAIL

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost

SCHEDULE E

NOTICE OF DEFEASANCE AND DESIGNATION OF CERTAIN BONDS FOR PRIOR REDEMPTION

JEA

WATER AND SEWER SYSTEM SUBORDINATED REVENUE BONDS

described in Exhibit A hereto*

NOTICE IS HEREBY GIVEN to the holders of JEA's Water and Sewer System Subordinated Revenue Bonds described above and in Exhibit A attached hereto (the "Refunded Bonds") that JEA has (i) deposited on _____ with _____, the Escrow Agent for the Refunded Bonds, cash and Defeasance Securities which will provide monies sufficient to pay when due the interest on the Refunded Bonds through the redemption date or maturity date, as applicable, and the principal together with any applicable redemption premium thereon, free and clear of any trust, lien or pledge securing said Refunded Bonds or otherwise existing under the Resolution (as defined below) and (ii) irrevocably designated the Refunded Bonds which are subject to redemption prior to maturity for redemption as aforesaid. As a result of such deposit, said Refunded Bonds are deemed to have been paid and to be no longer Outstanding in accordance with the resolution authorizing the issuance of Water and Sewer System Subordinated Revenue Bonds, adopted by JEA on May 15, 2003, as amended (the "Resolution"). Any such redemption does not apply to any bonds issued under the Resolution other than the Refunded Bonds. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution.

JEA

By: _____,
as Escrow Agent

Dated:

* No representation is made as to the accuracy of the CUSIP number either as printed on the Refunded Bonds or as set forth in this Notice.

EXHIBIT A

REFUNDED BONDS

Refunded Bonds	Par Amount to be Refunded	Outstanding Par Amount Prior to Refunding	Maturity (October 1)	Interest Rate	Redemption Date	Redemption Price	Original CUSIP* Number	Refunded CUSIP* Number	Unrefunded CUSIP* Number

RESOLUTION NO. 2020-16

A RESOLUTION SUPPLEMENTING A RESOLUTION ENTITLED "ST. JOHNS RIVER POWER PARK SYSTEM SECOND REVENUE BOND RESOLUTION," PROVIDING FOR THE ISSUANCE IN ONE OR MORE SERIES OF NOT EXCEEDING $250,000,000 ST. JOHNS RIVER POWER PARK SYSTEM REVENUE BONDS, ISSUE THREE, SERIES X OF JEA AUTHORIZED THEREIN, FOR THE PURPOSES OF PAYING A PORTION OF THE COST OF REFUNDING A PORTION OF THE OUTSTANDING ST. JOHNS RIVER POWER PARK SYSTEM REVENUE BONDS, ISSUE THREE AND PAYING COSTS OF ISSUANCE OF SAID BONDS; FIXING THE DATE AND OTHER DETAILS OF SAID BONDS; DELEGATING THE AUTHORITY TO DETERMINE SERIES DESIGNATION, MATURITIES, INTEREST RATES, SINKING FUND INSTALLMENTS, REDEMPTION PROVISIONS AND CERTAIN OTHER DETAILS FOR EACH SUCH SERIES OF ISSUE THREE BONDS; APPOINTING A PAYING AGENT FOR SAID BONDS; DESIGNATING SUCH ISSUE THREE SERIES X BONDS AS AN "ADDITIONALLY SECURED SERIES"; MAKING CERTAIN COVENANTS AND DESIGNATIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AUTHORIZING THE NEGOTIATED SALE OF SAID BONDS AND APPROVING THE FORM OF, AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE BOND PURCHASE AGREEMENTS WITH RESPECT TO NEGOTIATED SALES, AND DELEGATING THE AUTHORITY TO DETERMINE CERTAIN MATTERS IN CONNECTION THEREWITH; PROVIDING FOR THE REFUNDING OF CERTAIN OUTSTANDING ST. JOHNS RIVER POWER PARK SYSTEM REVENUE BONDS, ISSUE THREE; APPROVING THE FORM OF AND USE OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE PREPARATION AND USE OF AN OFFICIAL STATEMENT FOR EACH SERIES OF SAID BONDS; AUTHORIZING THE AUTHENTICATION AND DELIVERY OF EACH SERIES OF SAID ISSUE THREE SERIES X BONDS; PROVIDING FOR THE APPOINTMENT OF AN ESCROW AGENT FOR THE ISSUE THREE BONDS TO BE REFUNDED THROUGH THE ISSUANCE OF EACH SERIES OF SAID ISSUE THREE SERIES X BONDS AND APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT, IF APPLICABLE, BETWEEN JEA AND SUCH ESCROW AGENT; AUTHORIZING THE REGISTRATION OR QUALIFICATION OF EACH SERIES OF SAID ISSUE THREE SERIES X BONDS UNDER THE BLUE SKY LAWS OF VARIOUS STATES; AUTHORIZING CERTAIN OFFICIALS OF JEA TO TAKE OTHER ACTION IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF EACH SERIES OF SAID ISSUE THREE SERIES X BONDS; AGREEING TO PROVIDE CONTINUING DISCLOSURE INFORMATION WITH RESPECT TO SAID BONDS AND PROVIDING FOR THE EXECUTION OF CONTINUING DISCLOSURE

AGREEMENTS IN CONNECTION THEREWITH; PROVIDING FOR THE NECESSARY INSTRUMENTS AND AGREEMENTS RELATING TO SAID ISSUE THREE SERIES X BONDS; SUPERSEDING AND REPEALING RESOLUTION NO. 2018-19 OF JEA AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, JEA has heretofore, by a resolution entitled "St. Johns River Power Park System Second Revenue Bond Resolution" adopted on February 20, 2007 (the "Second Bond Resolution"), authorized the issuance of St. Johns River Power Park System Revenue Bonds, Issue Three (the "Issue Three Bonds"); and

WHEREAS, JEA deems it in its best interest that not exceeding $250,000,000 principal amount of St. Johns River Power Park System Revenue Bonds, Issue Three, Series X (the "Issue Three Series X Bonds") be authorized and sold in one or more Series for the purpose of paying a portion of the cost of refunding the Refunded Bonds (as defined herein); and

WHEREAS, current and anticipated conditions in the market for obligations such as the Issue Three Series X Bonds and the need for flexibility in timing the issuance of each Series of the Issue Three Series X Bonds make it necessary and in the best interest of JEA that the Issue Three Series X Bonds be sold on a negotiated basis, and that the Managing Director/CEO (as defined herein) be delegated the authority to determine certain matters in connection with the sale and issuance of each Series of the Issue Three Series X Bonds, in the manner provided, and subject to the limitations set forth, herein; and

WHEREAS, in order to fix the date, Paying Agent and Bond Registrar, form and certain other details of each Series of the Issue Three Series X Bonds, to designate each Series of the Issue Three Series X Bonds as an "Additionally Secured Series" as such term is defined in the Second Bond Resolution, and to delegate the authority to determine maturities, principal amounts, interest rates, Sinking Fund Installments, redemption provisions and certain other details of each Series of the Issue Three Series X Bonds, it is necessary that this resolution be adopted; and

WHEREAS, JEA may desire to enter into an Escrow Deposit Agreement with the Escrow Agent with respect to a particular Series of the Issue Three Series X Bonds to ensure that the procedure required for the paying and retiring of the Refunded Bonds will be followed.

NOW, THEREFORE, BE IT RESOLVED BY JEA AS FOLLOWS:

ARTICLE I
DEFINITIONS AND AUTHORITY

SECTION 1.01 **Definitions**. All terms used but not defined herein shall have the same meanings as specified in the Second Bond Resolution and as used in this resolution. In addition, the following terms shall have the meanings set forth below:

"Authorized Officer of JEA" shall mean (1) the Chair, the Vice Chair, the Secretary and any Assistant Secretary of JEA, (2) the Managing Director/CEO, (3) the President and Chief Operating Officer, (4) the Vice President and General Manager, Electric Systems, the Chief Financial Officer and the Treasurer of JEA (or any officer of JEA hereafter serving in a capacity

equivalent to that of any of the foregoing officers) or (5) any other officer or employee of JEA authorized to perform specific acts or duties by resolution duly adopted by JEA.

"Bond Purchase Agreement" shall have the meaning assigned to such term in Section 4.01 hereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement to be delivered by JEA in connection with the issuance of the Issue Three Series X Bonds of a particular Series, a form of which is attached as Appendix C to the Form Preliminary Official Statement.

"Delivery Date" shall mean the Date of Issuance of a particular Series of the Issue Three Series X Bonds (however such Issue Three Series X Bonds are identified upon initial issuance and delivery pursuant to the certificate referred to in Section 2.03 hereof relating to the Issue Three Series X Bonds of such Series).

"DTC" shall mean The Depository Trust Company.

"Escrow Account" shall mean (i) the account by that name created under the Escrow Deposit Agreement or (ii) the trust account by that name established by the Paying Agent for the purposes of Section 1201 of the Second Bond Resolution.

"Escrow Agent" shall mean the bank or trust company appointed as escrow agent under an Escrow Deposit Agreement, and its duly appointed successors, such appointment, with respect to a particular Series of the Issue Three Series X Bonds, to be made in the certificate referred to in Section 2.03 hereof relating to the Issue Three Series X Bonds of such Series.

"Escrow Deposit Agreement" shall mean the escrow deposit agreement between JEA and an Escrow Agent that may be entered into concurrently with the authentication and delivery of the Issue Three Series X Bonds of a particular Series.

"Form Preliminary Official Statement" shall have the meaning assigned to such term in Section 4.02 hereof.

"Initial Subaccount" shall mean the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d established pursuant to the Second Bond Resolution.

"Letter of Representations" shall mean the Blanket Issuer Letter of Representations, dated May 6, 2004, from JEA to DTC, providing for the issuance of certain obligations of JEA (including the Issue Three Series X Bonds) in book-entry form through the facilities of DTC.

"Managing Director/CEO" shall mean the Managing Director and Chief Executive Officer of JEA.

"Refunded Bonds" shall mean, for any particular Series of the Issue Three Series X Bonds, the Issue Three Bonds of the Series and maturities (and, if applicable, interest rates within maturities) and in the respective principal amounts to be refunded thereby, as identified by the Managing Director/CEO in the certificate described in Section 2.03 hereof relating to the Issue Three Series X Bonds of such Series.

"Rule" means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Sale Date" with respect to a particular Series of the Issue Three Series X Bonds shall mean the date on which JEA enters into a Bond Purchase Agreement with respect to such Series of the Issue Three Series X Bonds.

"Underwriters" shall mean any or all of the investment banking firms under contract with JEA for the purpose of underwriting negotiated sales of JEA's debt named in the Bond Purchase Agreement.

SECTION 1.02 **Authority for this Resolution**. This resolution is adopted pursuant to the provisions of the Acts and Articles II and X of the Second Bond Resolution and shall be and constitute a "Supplemental Resolution" within the meaning of the Second Bond Resolution.

ARTICLE II
AUTHORIZATION OF ISSUE THREE SERIES X BONDS

SECTION 2.01 **Principal Amount Designation and Series**. Pursuant to the provisions of the Second Bond Resolution, one or more Series of Bonds entitled to the benefit, protection and security of the Second Bond Resolution are hereby authorized in the aggregate principal amount of not to exceed $250,000,000; *provided*, that such Series of Bonds be sold pursuant to one or more Bond Purchase Agreements entered into no later than December 31, 2022. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "St. Johns River Power Park System Revenue Bonds, Issue Three, Series X"; *provided*, that the Managing Director/CEO may alter the designation for any Series as he deems appropriate to reflect the other Issue Three Bonds then previously issued by JEA or as he otherwise deems desirable. Such determination shall be set forth in the certificate referred to in Section 2.03 hereof relating to the Issue Three Series X Bonds of such Series. Notwithstanding any such alteration of the Series designation for the Issue Three Series X Bonds, references in this resolution to "Issue Three Series X Bonds" shall include all bonds issued pursuant to the authority contained in this Section 2.01. The actual aggregate principal amount of the Issue Three Series X Bonds of a particular series to be issued shall be determined by the Managing Director/CEO on or prior to the Sale Date therefor as the amount necessary to accomplish the purposes for which the Issue Three Series X Bonds of such Series are being issued, such determination to be set forth in the certificate referred to in Section 2.03 hereof to be executed with respect to the Issue Three Series X Bonds of such Series. Notwithstanding any other provision of the Second Bond Resolution or this resolution, each such particular Series of the Issue Three Series X Bonds shall be and be deemed to be a separate Series of Bonds for all purposes of the Second Bond Resolution, including (without limitation) for the purpose of determining satisfaction of the conditions to the issuance of the Issue Three Series X Bonds of such Series set forth in Article II of the Second Bond Resolution.

SECTION 2.02 **Purpose**. The Issue Three Series X Bonds shall be issued to provide a portion of the moneys necessary to refund the Refunded Bonds to be refunded thereby and paying the costs of issuance of the Issue Three Series X Bonds.

SECTION 2.03 **Maturities and Interest Rates; Certain Determinations with Respect to the Issue Three Series X Bonds**. The Issue Three Series X Bonds of each Series shall be issued as fully registered bonds in the denomination of $5,000 each or integral multiples thereof shall be numbered from 1 upward, shall bear interest from their date (payable semiannually thereafter on April 1 and October 1 in each year, commencing on either of the April 1 or October 1 next following the Delivery Date of such Series of Issue Three Series X Bonds, as determined by the Managing Director/CEO) at such rates per annum and shall mature on October 1 in such years and amounts, all as shall be determined by the Managing Director/CEO in the manner hereinafter set forth.

On or prior to the Sale Date for a particular Series of the Issue Three Series X Bonds, as applicable, the Managing Director/CEO shall execute a certificate setting forth the following determinations and the Managing Director/CEO may rely on a certificate from JEA's financial advisor in order to confirm the savings determinations made in clause (f) below:

(a) the aggregate principal amount of the Issue Three Series X Bonds of such Series; *provided*, that, aggregate principal amount of all Issue Three Series X Bonds shall not exceed $250,000,000;

(b) the number, if any, and any other designation and the Delivery Date for such Series of Issue Three Series X Bonds;

(c) the Refunded Bonds to be refunded through the issuance of the Issue Three Series X Bonds of such Series and the date or dates on which such Refunded Bonds are to be redeemed, which shall be such date or dates as the Managing Director/CEO determines to be the earliest date or dates on which such Refunded Bonds may be redeemed in light of the circumstances then existing; and the identity of the Escrow Agent, if any, for such Refunded Bonds and the Sinking Fund Installments, if any, to which the principal amount of the Refunded Bonds shall be credited;

(d) the principal amounts of the Issue Three Series X Bonds of such Series coming due on any particular date;

(e) the respective dates on which the Issue Three Series X Bonds of such Series shall mature and the principal amount of each such maturity; *provided*, *however*, (i) that the Issue Three Series X Bonds of each Series shall have a weighted average life no greater than the weighted average life of the Refunded Bonds refunded thereby, plus one year and (ii) that the final maturity date of the Issue Three Series X Bonds shall be no later than October 1, 2039;

(f) the respective rate or rates of interest to be borne by the Issue Three Series X Bonds of such Series maturing on each such date; *provided*, *however*, that (A) for any Issue Three Series X Bonds maturing on the October 1 next following the Delivery Date of such Series of Issue Three Series X Bonds, such refunding shall result in positive net

present value savings for such maturity; (B) for any Issue Three Series X Bonds maturing on an October 1 occurring at least one year and less than three years after the Delivery Date of such Series of Issue Three Series X Bonds, the present value savings shall not be less than 3.00 percent of the aggregate principal amount of such Refunded Bonds; (C) for any Issue Three Series X Bonds maturing on an October 1 occurring at least three years and less than nine years after the Delivery Date of such Series of Issue Three Series X Bonds, the present value savings shall not be less than 4.00 percent of the aggregate principal amount of such Refunded Bonds; (D) for any Issue Three Series X Bonds maturing after on or after the October 1 occurring at least nine years after the Delivery Date of such Series of Issue Three Series X Bonds, the present value savings shall not be less than 5.00 percent of the aggregate principal amount of such Refunded Bonds; or (E) in lieu of complying with the requirements of sub-clauses (A), (B), (C) and (D) above, the present value savings resulting from the issuance of such Issue Three Series X Bonds shall not be less than 5.00 percent of the aggregate principal amount of such Refunded Bonds; *provided*, *further*, compliance with the foregoing requirements of this clause (f) shall be effected by dividing the issue into its constituent purposes (*i.e.*, refunding of the respective maturities described in subclauses (A) through (E) above) and allocating on a ratable basis (based on the respective issue prices for federal income tax purposes) costs of issuance, underwriting discount, any deposit to the Initial Subaccount and any other items to the purposes that gave rise to such expenses; *provided*, *however*, that if the Managing Director/CEO determines that some other allocation method will result in a more accurate determination of the present value savings attributable to such constituent purposes (which determination shall be confirmed by JEA's financial advisor), then such other allocation method shall be used in lieu of the foregoing method;

(g) the commencement date of interest payments on the Issue Three Series X Bonds of such Series, which shall be either of the April 1 or October 1 next following the Delivery Date of such Series of Issue Three Series X Bonds;

(h) if the Issue Three Series X Bonds of a Series maturing on a particular date and bearing interest at a particular rate are to be subject to redemption prior to maturity as provided in Article IV of the Second Bond Resolution by operation of the Debt Service Fund 2d from mandatory Sinking Fund Installments, the due dates and amounts of such Sinking Fund Installments; *provided*, *however*, that each Sinking Fund Installment due date shall fall upon an October 1 interest payment date for the Issue Three Series X Bonds;

(i) if the Issue Three Series X Bonds of a Series maturing on a particular date and bearing interest at a particular rate are to be subject to optional redemption, the terms upon which such Issue Three Series X Bonds shall be subject to redemption at the election of JEA; *provided*, *however*, that the highest redemption price at which such Issue Three Series X Bonds may be so redeemed shall not be greater than 101 percent of the principal amount thereof, plus accrued interest to the date of redemption and the first such optional redemption date shall not be less than four years nor more than 10 years from the date of issuance;

(j) the purchase price for the Issue Three Series X Bonds of such Series to be paid by the Underwriters pursuant to the Bond Purchase Agreement; *provided*, *however*, that such purchase price shall result in compliance with the limitations set forth in this Section 2.03;

(k) the identity of the senior managing underwriter and co-senior managing underwriter, if applicable, for such Series of Issue Three Series X Bonds from any of the Underwriters; and

(l) the amount, if any, of the proceeds of the Issue Three Series X Bonds of such Series to be deposited in the Initial Subaccount, if any.

In the event that one or more Series of Issue Three Series X Bonds are issued on the same day as part of a common plan of finance for the same Bond financing, JEA may demonstrate compliance with the savings requirements set forth in clause (f) above by calculating such savings either on an aggregate basis (e.g., each Series of Issue Three Series X Bonds issued on the same day as part of the same Bond financing are combined into one Series and compliance with the savings criteria is measured using the combined Series) or on a Series by Series basis (e.g., each individual Series that is issued as part of the same Bond financing must satisfy the savings criteria independently of any other Series issued on the same day).

ARTICLE III
ADDITIONAL PROVISIONS RELATING TO ISSUE THREE SERIES X BONDS

SECTION 3.01 **Minimum Denomination, Dates, Numbers and Letters**. The Issue Three Series X Bonds of each Series shall be issued in fully registered form in the denominations of $5,000 or any integral multiple of $5,000. Each Issue Three Series X Bond shall be dated the date of its authentication, except that all Issue Three Series X Bonds issued prior to the first interest payment date shall be dated the applicable Delivery Date thereof. Unless an Authorized Officer of JEA shall otherwise direct, the Issue Three Series X Bonds of each Series shall be numbered, from one upward, preceded by the letter "R" prefixed to the number.

SECTION 3.02 **Place of Payment; Appointment of Paying Agent and Bond Registrar**. Except as provided in subsection 5 of Section 309 of the Second Bond Resolution and subsection (3) of Section 3.04 hereof, the principal and Redemption Price of the Issue Three Series X Bonds shall be payable at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (or such other city as may be designated by such bank), and such institution is hereby appointed Paying Agent for the Issue Three Series X Bonds. The principal and Redemption Price of the Issue Three Series X Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Paying Agent or Paying Agents as permitted by the Second Bond Resolution. Except as provided in subsection (3) of Section 3.04 of this resolution, the interest on the Issue Three Series X Bonds shall be payable by check or draft of U.S. Bank National Association, as Paying Agent, mailed to the persons entitled thereto at the addresses of such persons shown on the registration books of JEA kept for that purpose at the office of U.S. Bank National Association, and such institution is hereby appointed Bond Registrar for the Issue Three Series X Bonds.

SECTION 3.03 Designation of Issue Three Series X Bonds as an Additionally Secured Series. In accordance with the provisions of subsection 1 of Section 509 of the Second Bond Resolution, the Issue Three Series X Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount and, as such, shall be Initial Subaccount Additionally Secured Bonds.

SECTION 3.04 Designation of the Issue Three Series X Bonds as Book Entry Bonds; Appointment of Securities Depository for the Issue Three Series X Bonds. (1) Except as provided in subsection (4) below, the Issue Three Series X Bonds are hereby authorized to be and shall be issued as Book Entry Bonds within the meaning of and subject to Section 309 of the Second Bond Resolution.

(2) DTC is hereby appointed as the initial Securities Depository for the Issue Three Series X Bonds.

(3) The Issue Three Series X Bonds of each Series shall be issued initially in the form of a separate single, fully registered Bond in the amount of each separate stated maturity (and, if applicable, each interest rate within a maturity) of such Series. So long as DTC serves as Securities Depository for a particular Series of the Issue Three Series X Bonds, the registered holder of all Issue Three Series X Bonds of such Series shall be, and each of the Issue Three Series X Bonds of such Series shall be registered in the name of Cede & Co. ("Cede"), as nominee of DTC. Upon delivery by DTC to JEA or the Bond Registrar for the Issue Three Series X Bonds of such Series of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of the Second Bond Resolution, the word "Cede" in this resolution shall refer to such new nominee of DTC. Notwithstanding any other provisions of the Second Bond Resolution or this resolution to the contrary, so long as any Issue Three Series X Bond of a particular series is registered in the name of Cede, as nominee of DTC in its capacity as Securities Depository for the Issue Three Series X Bonds of such Series, all payments with respect to the principal or Redemption Price of, and interest on, such Issue Three Series X Bond of such Series and all notices with respect to such Issue Three Series X Bond of such Series shall be made or given, as the case may be, to DTC as provided in DTC's Operational Arrangements (as defined in the Letter of Representations); *provided*, *however*, that if a substitute securities depository shall be appointed, all payments with respect to the principal or Redemption Price of, and interest on, the Issue Three Series X Bonds of such Series and all notices with respect to the Issue Three Series X Bonds of such Series shall be made and given, respectively, to such substitute securities depository (or any nominee thereof) as provided in the procedures of such substitute securities depository.

(4) (a) DTC may determine to discontinue providing its services as Securities Depository for a particular Series of the Issue Three Series X Bonds at any time by giving reasonable notice thereof to JEA or the Paying Agent and the Bond Registrar for the Issue Three Series X Bonds of such Series. Upon the discontinuance of the services of DTC as Securities Depository for the Issue Three Series X Bonds of such Series pursuant to the preceding sentence, JEA may within 90 days thereafter appoint a substitute securities depository which, in the opinion of JEA, is willing and able to undertake the functions of Securities Depository under the Second Bond Resolution upon reasonable and customary terms. In such event, and subject to the transfer provisions of the Second Bond Resolution, the word "DTC" in this resolution shall refer to such

substitute securities depository and the word "Cede" in this resolution shall refer to the nominee, if any, of such substitute securities depository (or, if there shall be no such nominee, then the word "Cede" in this resolution shall refer to such substitute securities depository). If no such successor can be found within such period, the Issue Three Series X Bonds of such Series no longer shall be restricted to being registered in the registration books kept by the Bond Registrar for the Issue Three Series X Bonds of such Series in the name of a Securities Depository.

(b) In the event that the Issue Three Series X Bonds of a Series no longer shall be restricted to being registered in the registration books kept by the Bond Registrar for the Issue Three Series X Bonds of such Series in the name of a Securities Depository as provided in paragraph (a) of this subsection (4), (i) JEA shall execute and such Bond Registrar for the Issue Three Series X Bonds of such Series shall authenticate and deliver, upon presentation and surrender of the Issue Three Series X Bonds of such Series bond certificates as requested by the Securities Depository therefor of like Series, aggregate principal amount, maturity and interest rate, in authorized denominations, to the identifiable beneficial owners in replacement of such beneficial owners' beneficial ownership interests in the Issue Three Series X Bonds of such Series, and (ii) such Bond Registrar shall notify the Paying Agents for the Issue Three Series X Bonds of such Series that the Issue Three Series X Bonds of such Series no longer are restricted to being registered in the registration books kept by such Bond Registrar in the name of a Securities Depository.

SECTION 3.05 Redemption Prices and Terms. (1) If the Managing Director/CEO determines that the Issue Three Series X Bonds of a Series maturing on a particular date and bearing interest at a particular rate shall be subject to redemption prior to maturity as provided in Article IV of the Second Bond Resolution by operation of the Debt Service Fund 2d to satisfy the Sinking Fund Installments, and such determination is set forth in the certificate referred to in Section 2.03 hereof relating to such Series of the Issue Three Series X Bonds, then the Issue Three Series X Bonds of such Series maturing on such date and bearing interest at such rate shall be subject to redemption prior to maturity as provided in Article IV of the Second Bond Resolution, on the respective dates and in the respective amounts set forth in such certificate, in each such case, at a Redemption Price equal to 100 percent of the principal amount thereof, together with accrued interest to the redemption date.

(2) If the Managing Director/CEO determines that the Issue Three Series X Bonds of a Series maturing on a particular date and bearing interest at a particular rate shall be subject to optional redemption, such Issue Three Series X Bonds shall be subject to redemption prior to maturity at the election of JEA, as a whole or in part, at any time on and after the initial date on which such Issue Three Series X Bonds may be so redeemed set forth in the certificate referred to in Section 2.03 hereof relating to such Series of the Issue Three Series X Bonds, in either such case, at the respective Redemption Prices set forth in such certificate, in each case, together with accrued interest to the redemption date.

SECTION 3.06 Application of Proceeds of Issue Three Series X Bonds. In accordance with Article II of the Second Bond Resolution, the proceeds of the Issue Three Series X Bonds of such Series shall be applied simultaneously with the delivery of such Series of the Issue Three Series X Bonds as follows:

(a) There shall be delivered to the Escrow Agent or the Paying Agent, as applicable, simultaneously with the delivery of the Issue Three Series X Bonds of each Series, for deposit in the Escrow Account, an amount determined by an Authorized Officer of JEA as being equal to the amount necessary, when combined with the moneys, if any, transferred to the Escrow Account as provided in Section 3.07 hereof, to purchase such securities as are permitted by Section 1201 of the Second Bond Resolution, the principal of and interest to be received on which, together with any initial cash balance, will provide moneys which will be, or if such amount is to be held uninvested, the amount which will be sufficient to pay when due the principal or Redemption Price, as applicable, of the Refunded Bonds being refunded thereby on the respective maturity dates of such Refunded Bonds or the respective dates such Refunded Bonds are to be called for redemption, as applicable, and the interest to become due on such Refunded Bonds on and prior to such respective maturity or redemption dates, as the case may be;

(b) There shall be deposited in the Initial Subaccount an amount equal to the difference, if any, between (i) the Debt Service Reserve Requirement for the Initial Subaccount calculated immediately after the authentication and delivery of the Issue Three Series X Bonds of such Series and (ii) the sum of the amounts then on deposit in the Initial Subaccount, valued as provided in Section 604 of the Second Bond Resolution; and

(c) The remaining balance of the proceeds shall be deposited in the Construction Fund 2d in order to pay (i) the costs and expenses of issuing the Issue Three Series X Bonds of such Series and (ii) if the Issue Three Series X Bonds of such Series are being issued to refund any Refunded Bonds that are not being defeased within the meaning of Section 1201 of the Second Bond Resolution, the principal of or Redemption Price, as applicable, of such Refunded Bonds when due.

SECTION 3.07 **Transfer of Certain Amounts**. (a) Subject to the provisions of subsection 5 of Section 507 of the Second Bond Resolution, simultaneously with the delivery of each Series of the Issue Three Series X Bonds, there shall be transferred from the Debt Service Account in the Debt Service Fund 2d to the Escrow Agent or Paying Agent, as applicable, for deposit in the Escrow Account, moneys in an amount determined by an Authorized Officer of JEA as not being greater than the Debt Service accrued on the Refunded Bonds being refunded thereby to the date of delivery of such Issue Three Series X Bonds. Such withdrawal shall, however, not be made if and to the extent that the effect thereof would cause the amount remaining on deposit in the Debt Service Account to be less than the Accrued Aggregate Debt Service calculated immediately after the issuance of such Issue Three Series X Bonds.

(b) Subject to the provisions of subsection 5 of Section 508 of the Second Bond Resolution, simultaneously with the delivery of each Series of the Issue Three Series X Bonds, there shall be withdrawn from the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d for transfer to the Escrow Agent or Paying Agent, as applicable, for deposit in the Escrow Account, moneys in an amount determined by an Authorized Officer of JEA. Such withdrawal shall, however, not be made if and to the extent that the effect thereof would cause the amount remaining on deposit in Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund to be less than the Debt Service Reserve Requirement calculated immediately after the issuance of such Issue Three Series X Bonds.

SECTION 3.08 **Authorization of Refunding**. There is hereby authorized the refunding of the Refunded Bonds in the manner provided herein.

SECTION 3.09 **Redemption of Refunded Bonds**. (1) In the case of any Refunded Bonds to be refunded by a Series of the Issue Three Series X Bonds that are to be redeemed prior to maturity, such Refunded Bonds are hereby designated for redemption and the Escrow Agent (if any) or the respective Paying Agents therefor, as applicable, are hereby directed to redeem such Refunded Bonds on the respective dates determined by the Managing Director/CEO pursuant to clause (b) of the second paragraph of Section 2.03 hereof at a Redemption Price equal to the principal amount of the Refunded Bonds to be redeemed plus the redemption premium(s) for the applicable redemption date(s) (in each case, together with accrued interest thereon to the date fixed for redemption).

(2) The designation for redemption set forth in the foregoing subsection (1), and the direction to the Escrow Agent (if any) or the respective Paying Agents for the Refunded Bonds, as applicable, set forth therein, shall be, and hereby are declared to be, irrevocable upon the original issuance of the applicable Series of the Issue Three Series X Bonds.

(3) In order to effectuate such designation, on or prior to the applicable Delivery Date, an Authorized Officer of JEA shall give the Escrow Agent or the Bond Registrar, as applicable, for any Refunded Bonds to be redeemed prior to maturity instructions to mail, postage prepaid, not less than 30 days (or such lesser number of days as is permitted pursuant to the applicable supplemental resolution(s) for the Refunded Bonds) prior to the redemption date therefor, to all registered owners of such Refunded Bonds at their last addresses appearing on the registry books of JEA kept by the Bond Registrar therefor, a notice of redemption in substantially the following form:

[REVOCABLE][1] NOTICE OF [FULL] [PARTIAL] REDEMPTION

JEA

ST. JOHNS RIVER POWER PARK SYSTEM REVENUE BONDS, ISSUE THREE DESCRIBED BELOW

Notice is hereby given to the holders of the outstanding JEA St. Johns River Power Park System Revenue Bonds, Issue Three described below (the "Bonds") that the Bonds have been called for redemption prior to maturity on _____ ___, 20___ in accordance with their terms at a redemption price of _____ percent of the principal amount thereof [, together with accrued interest thereon to _____ ___, 20___]. **[The source of funds to be used for such redemption is certain moneys heretofore deposited with [_____, as Escrow Agent.][_____, as Paying Agent.]**

[1] To be included in any redemption notice given prior to the Delivery Date of the Issue Three Series X Bonds of the Series issued to refund such Refunded Bonds.

Series	Maturity Date (October 1)	Interest Rate	Principal Amount	CUSIP
		_____%	$____	

[THIS CALL FOR, REDEMPTION IS REVOCABLE AND IS CONDITIONED UPON THE ISSUANCE BY JEA OF ITS REFUNDING BONDS ON OR PRIOR TO _____ ___, 20___. In the event that JEA's refunding bonds are not issued on or prior to _____ ___, 20___, this notice shall be of no further force or effect and the Bonds shall continue to bear interest until paid at the same rates they would have borne had this notice not been given. If JEA's refunding bonds are not issued on or prior to _____ ___, 20___, the undersigned, on behalf of JEA, shall give notice forthwith of such fact to the holders of the Bonds, and this notice shall thereupon be revoked and shall be of no further force and effect.]

[Subject to the foregoing, t] [T]he redemption price of [and accrued interest on] the Bonds shall become due and payable on _____ ___, 20___ and from and after _____ ___, 20___ interest on the Bonds shall cease to accrue and be payable. [Interest will be paid in the usual manner.]

Holders of the Bonds will receive payment of the redemption price [and accrued interest] to which they are entitled upon presentation and surrender thereof at the principal corporate trust offices of [specify names of current Paying Agents].

Dated this ___ day of _____, 20___.

JEA

By: _____
as [Escrow Agent/ Bond Registrar]

SECTION 3.10 **Tax Covenants**. (1) JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Issue Three Series X Bonds of such Series under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of the Tax Certificate, to be executed and delivered on the Date of Issuance of any Series of the Issue Three Series X Bonds concerning certain matters pertaining to the use of proceeds of the Issue Three Series X Bonds of such Series, including any and all exhibits attached thereto (the "Tax Certificate"). This covenant shall survive payment in full or defeasance of the Issue Three Series X Bonds.

(2) Notwithstanding any provisions of this Section, if JEA shall obtain a Counsel's Opinion that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on any Series of the Issue Three Series X Bonds, JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(3) Notwithstanding any other provision of the Second Bond Resolution to the contrary, (a) upon JEA's failure to observe or refusal to comply with the above covenants with respect to any Series of the Issue Three Series X Bonds, the Holders of the Issue Three Series X Bonds of such Series shall be entitled to the rights and remedies provided to Holders of Bonds under the Second Bond Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all Issue Three Series X Bonds of such Series then outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of any Issue Three Bonds other than the Issue Three Series X Bonds of such Series shall not be entitled to exercise any right or remedy provided to Holders under the Second Bond Resolution based upon JEA's failure to observe, or refusal to comply with, the above covenants with respect to Issue Three Series X Bonds of such Series.

SECTION 3.11 Representations and Covenants Regarding the Pledge of the Second Bond Resolution. JEA represents that, pursuant to the Acts, the Second Bond Resolution creates a valid, binding and irrevocable pledge of (a) the proceeds of the sale of the Issue Three Series X Bonds of each particular Series, (b) the Revenues and (c) all Funds and Accounts established by the Second Bond Resolution (other than the Debt Service Reserve Account in the Debt Service Fund 2d and the Renewal and Replacement Fund 2d), including the investments and investment income, if any, thereof (collectively, the "Trust Estate"), in each such case, prior to all other liens or encumbrances on the Trust Estate, subject only to the provisions of the Second Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Second Bond Resolution, for the benefit of the Holders of the Bonds, including the Issue Three Series X Bonds, as security for the payment of the Bonds, including the Issue Three Series X Bonds, to the extent set forth therein, enforceable in accordance with the terms thereof.

JEA has not heretofore made or granted a pledge or assignment of, lien on or security interest in the Trust Estate that ranks on a parity with or prior to the pledge made or granted in the Second Bond Resolution. JEA shall not hereafter make or grant a pledge or assignment of, lien on or security interest in the Trust Estate that ranks prior to or on a parity with the pledge made or granted in the Second Bond Resolution, except as expressly permitted thereby.

SECTION 3.12 Form of Bonds. The form of the Issue Three Series X Bonds and the Bond Registrar's Certificate of Authentication thereon shall be substantially as set forth as Exhibit A hereto, with such variations, omissions and insertions, not inconsistent with the provisions of the Second Bond Resolution, as shall be approved by the Managing Director/CEO, such approval to be conclusively evidenced by his execution of the instruments necessary to issue the Issue Three Series X Bonds.

ARTICLE IV
SALE OF THE ISSUE THREE SERIES X BONDS; OFFICIAL STATEMENT; ESCROW DEPOSIT AGREEMENT; CONTINUING DISCLOSURE

SECTION 4.01 Negotiated Sale. For the reasons stated in the recitals to this resolution, it is necessary and in the best interests of JEA to sell the Issue Three Series X Bonds of each Series on a negotiated basis. The terms and conditions of the bond purchase agreement between JEA and the Underwriters, providing for the negotiated sale and purchase of the Issue Three Series X Bonds of a particular Series, in substantially the form attached hereto as Exhibit B

(the "Bond Purchase Agreement"), are hereby approved. At such time or times as the Managing Director/CEO shall determine is (or are) advantageous to JEA, such officer shall execute and deliver the Bond Purchase Agreement (with such changes as are necessary to reflect, among other things, the terms of the Issue Three Series X Bonds of the particular Series) as provided in Section 5.01 hereof, such determination to be evidenced by the execution and delivery thereof; *provided*, *however*, that at or prior to the time of the execution and delivery of the Bond Purchase Agreement, JEA shall have received from the senior managing underwriter(s) the disclosure statement required pursuant to Section 218.385(6), Florida Statutes. The purchase price of the Issue Three Series X Bonds to be paid by the Underwriters pursuant to the applicable Bond Purchase Agreement shall be determined as provided in Section 2.03 of this resolution, subject to the limitations set forth therein.

SECTION 4.02 Preliminary Official Statement and Official Statement. The form and use of a preliminary official statement for the Issue Three Series X Bonds, in substantially the form of the Preliminary Official Statement relating to St. Johns River Power Park System Revenue Bonds, Issue Three Series Eight or any other Preliminary Official Statement more recently executed and delivered by JEA in connection with the sale of bonds with such changes, omissions, insertions and revisions as an Authorized Officer of JEA shall deem necessary or appropriate (collectively, the "Form Preliminary Official Statement"), is hereby authorized and approved in connection with the offering and sale of the Issue Three Series X Bonds of each Series.

In the event that the Managing Director/CEO shall determine that it is desirable to issue and sell the Issue Three Series X Bonds of one or more Series as provided in Section 4.01 or Section 4.02 hereof, the Managing Director/CEO is hereby authorized and directed to cause to be prepared a Preliminary Official Statement with respect to such bonds substantially in the form of the Form Preliminary Official Statement and with such changes thereto as are necessary (a) to reflect, among other things, the terms of such Issue Three Series X Bonds and the security and sources of payment therefor and (b) so that such Preliminary Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and, in such case, to cause such Preliminary Official Statement to be used in connection with the offering and sale of such Issue Three Series X Bonds and, if applicable, the Treasurer of JEA, the Chief Financial Officer or the Managing Director/CEO is hereby authorized to deem said Preliminary Official Statement final for purposes of the Rule. In the event that the Managing Director/CEO shall cause to be prepared a Preliminary Official Statement for such Issue Three Series X Bonds as aforesaid, an Official Statement relating to such Issue Three Series X Bonds, in substantially the form of said Preliminary Official Statement, with such changes as are necessary (a) to reflect, among other things, the terms of such Issue Three Series X Bonds and the security and sources of payment therefor and (b) so that such Official Statement will not contain any untrue statement of a material fact or omit to state any material fact that is required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, is hereby authorized and approved for use in connection with the offering and sale of such Issue Three Series X Bonds.

SECTION 4.03 Appointment of the Escrow Agent and Authorization and Approval of the Escrow Deposit Agreement; Authorization to Purchase SLGS and Other Investments. The Managing Director/CEO is hereby authorized to appoint U.S. Bank National

Association, The Bank of New York Mellon Trust Company, N.A. or any other bank or trust company selected pursuant to JEA's procurement code to act as Escrow Agent with respect to a particular Series of the Issue Three Series X Bonds. An Escrow Deposit Agreement is hereby approved in substantially the form attached hereto as Exhibit C, with such changes thereto as are necessary to reflect, among other things, the terms of the relevant transaction. Pursuant to the Escrow Deposit Agreement, the Escrow Agent shall be directed to invest the funds held thereunder in the manner provided therein.

In connection with the refunding of the Refunded Bonds as provided herein, each Authorized Officer of JEA is hereby authorized, if deemed desirable, to cause proceeds of the Issue Three Series X Bonds and other available amounts, and earnings thereon, to be invested in United States Treasury Securities - State and Local Government Series ("SLGS") or other obligations permitted to be used to accomplish the defeasance of such Refunded Bonds in such amounts, at such times, maturing at such times and having such rate or rates of interest as any Authorized Officer of JEA shall determine is necessary or desirable; and each such Authorized Officer of JEA and, upon receipt of instructions from an Authorized Officer of JEA, any authorized officer of the Escrow Agent is hereby authorized in the name and on behalf of JEA to submit subscriptions to the Bureau of Public Debt of the United States Department of the Treasury for the purchase of book-entry form SLGS, and to take such other action as such person deems necessary or appropriate to effectuate such purposes or to purchase such other obligations.

SECTION 4.04 Continuing Disclosure. For the benefit of the holders and beneficial owners from time to time of the Issue Three Series X Bonds of a particular Series, JEA agrees, as an obligated person with respect to the Issue Three Series X Bonds of such Series under the Rule, to provide or cause to be provided such financial information and operating data, audited financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5) of the Rule. In order to describe and specify certain terms of JEA's continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Authorized Officers of JEA are, and each of them hereby is, authorized and directed to sign and deliver, in the name and on behalf of JEA, a Continuing Disclosure Agreement with respect to the Issue Three Series X Bonds of such Series substantially in the form of Appendix C to the Form Preliminary Official Statement, with any changes or amendments that: (i) are not inconsistent with this resolution and (ii) are not substantially adverse to JEA or (iii) may be required by Rule 15c2-12, and that are approved by the officer of JEA executing the same on behalf of JEA, all of which shall be conclusively evidenced by the signing of that agreement or amendments to it. The agreement formed, collectively, by this paragraph and that agreement, shall be JEA's continuing disclosure agreement with respect to the Issue Three Series X Bonds of such Series for purposes of the Rule, and its performance shall be subject to the annual appropriation of any funds that may be necessary to perform it.

The Authorized Officers of JEA are, and each of them hereby is, further authorized and directed to take such actions as shall be necessary to comply with each such continuing disclosure agreement, including timely provision of information and notices. Prior to making any filing in accordance with any such agreement or providing notice of the occurrence of any other events, an Authorized Officer of JEA shall consult with and obtain legal advice from, as appropriate, the General Counsel and bond or other qualified independent special counsel selected by JEA. Any

Authorized Officer of JEA, acting in the name and on behalf of JEA, shall be entitled to rely upon any such legal advice in determining whether a filing should be made.

ARTICLE V
OTHER PROVISIONS

SECTION 5.01 **Authorization of the Execution and Delivery of Any Series of Issue Three Series X Bonds and Related Documents; Authorization of Authentication**. The Authorized Officers of JEA are hereby authorized to execute the Issue Three Series X Bonds of any Series, the Bond Purchase Agreements, the Escrow Deposit Agreements, if any, the Continuing Disclosure Agreements, and the Official Statements on behalf of JEA, each subject to completion thereof, and with such changes therein as they may approve as necessary and desirable and in the best interest of JEA, such approval to be evidenced by the execution and delivery thereof; *provided*, *however*, that the Issue Three Series X Bonds of each Series shall be executed and delivered pursuant to the Second Bond Resolution and applicable law. The Secretary or an Assistant Secretary of JEA is hereby authorized (but not required) to cause the seal of JEA to be affixed to the Issue Three Series X Bonds of each Series and the foregoing documents and to attest the same. Such Authorized Officers of JEA are each hereby authorized to deliver such Bonds and documents on behalf of JEA.

In the event that the Managing Director/CEO shall determine that it is desirable to sell and issue the Issue Three Series X Bonds of a particular Series as provided in this resolution, U.S. Bank National Association, as Bond Registrar for the Issue Three Series X Bonds, is hereby requested and authorized to authenticate and deliver the Issue Three Series X Bonds of such Series in the aggregate principal amount for such Series determined as provided in this resolution, to or upon the order of the Underwriters, upon payment to JEA of the sum to be specified in the Bond Purchase Agreement with respect to such Issue Three Series X Bonds and pursuant to the terms of the Second Bond Resolution and such Bond Purchase Agreement.

SECTION 5.02 **Further Actions**. Each Authorized Officer of JEA is hereby authorized and empowered to execute and deliver or cause to be executed and delivered such other documents and opinions and to do all administrative acts and things as may be necessary or desirable in connection with the adoption of this resolution and the approval, execution and delivery of the Bond Purchase Agreements, the Escrow Deposit Agreements, if any, and the Continuing Disclosure Agreements, the carrying out of the terms of the Second Bond Resolution and this resolution; the issuance, sale, execution and delivery of the Issue Three Series X Bonds of each Series; and the use of the Preliminary Official Statements and the Official Statements. Without limiting the generality of the foregoing, the Managing Director/CEO is hereby authorized to execute the certificates referred to in Section 2.03 of this resolution, in order to evidence the determinations referred to in Sections 2.01, 4.01 and 4.02 hereof. In the absence of the Managing Director/CEO of JEA for any reason, the authority granted to him in this resolution is hereby delegated to the Vice President and General Manager, Electric Systems of JEA, the Chair of JEA's governing board and the Chair of the Finance and Audit Committee of JEA's governing board, in that order.

SECTION 5.03 **Approval with Respect to Registration or Qualification of the Issue Three Series X Bonds Under the Blue Sky or Securities Laws of Various States**. The Authorized Officers of JEA shall be, and hereby are, authorized in the name and on behalf of JEA, to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of the Issue Three Series X Bonds of a Series for issue, offer, sale or trade under the Blue Sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports, consents to service of process, appointments of attorneys to receive service of process and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters.

SECTION 5.04 **Severability**. If any one or more provisions of this resolution should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be deemed to be severable from the remaining provisions hereof and shall in no way affect the validity or enforceability of such remaining provisions.

ARTICLE VI
REPEAL OF RESOLUTION NO. 2018-19

SECTION 6.01 **Repeal of Resolution No. 2018-19**. Any remaining authorization to issue additional debt under Resolution No. 2018-19 adopted by JEA on December 11, 2018 and the authorization of the issuance of St. Johns River Power Park System Revenue Bonds, Issue Three, Series X thereunder are hereby superseded by this Resolution and said Resolution No. 2018-19 is hereby repealed. The foregoing shall not affect in any manner the authorization of debt previously issued pursuant to Resolution No. 2018-19.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ARTICLE VII
EFFECTIVE DATE

SECTION 7.01 **Effective Date**. This resolution shall take effect immediately upon its adoption.

ADOPTED THIS 15TH DAY OF DECEMBER, 2020.



JEA

By: _____
Name:
Title:

ATTEST:

By: _____
Secretary

Approved as to Form:

By: _____
Office of General Counsel

EXHIBIT A

FORM OF BONDS

AS PROVIDED IN THE RESOLUTION REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE RESOLUTION, "DTC"), AND NOTWITHSTANDING ANY OTHER PROVISION OF THE RESOLUTION TO THE CONTRARY, (A) THIS BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR A NOMINEE OF DTC, OR BY DTC OR A NOMINEE OF DTC TO ANY SUCCESSOR SECURITIES DEPOSITORY OR ANY NOMINEE THEREOF AND (B) A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT. DTC OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF DTC OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE RESOLUTION.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF DTC (A) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF DTC OR ITS NOMINEE OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO DTC OR ITS NOMINEE, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, CEDE & CO., AS NOMINEE OF DTC, HAS AN INTEREST HEREIN.

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF FLORIDA
JEA
ST. JOHNS RIVER POWER PARK SYSTEM REVENUE BONDS
ISSUE THREE, SERIES X

RATE OF INTEREST	MATURITY DATE	DATE OF ORIGINAL ISSUE	CUSIP
_____%	October 1, 20___	_____, 20____	46613Q_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that JEA, a body politic and corporate and an independent agency of the City of Jacksonville, Florida (the "City"), acknowledges itself indebted to, and for value received hereby promises to pay to the Registered Owner or registered assigns set forth above on the Maturity Date set forth above, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of U.S. Bank National Association in Jacksonville, Florida (such bank and any successors thereto being herein called the "Paying Agent"), the Principal Sum set forth above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay to the Registered Owner hereof interest on such Principal Sum in like coin or currency, from the date hereof until JEA's obligation with respect to the payment of such Principal Sum shall be discharged, at the rate of interest per annum set forth above, payable on the first days of April and October in each year, commencing [April 1] [October 1], 20___. Interest payments shall be made by check or draft of the Paying Agent, mailed to the person in whose name this bond is registered at such person's address as it appears on the registration books maintained by U.S. Bank National Association (the "Bond Registrar") on behalf of JEA at the close of business on the 15th day of the month (whether or not a business day) next preceding the applicable interest payment date (the "Record Date"), irrespective of any transfer or exchange of this bond subsequent to such Record Date and prior to such interest payment date, unless JEA shall default in the payment of interest due on such interest payment date. In the event of any such default in the payment of interest, such defaulted interest shall be payable to the person in whose name this bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Bond Registrar on behalf of JEA to the registered owner (as of the fifth calendar day preceding such mailing) of this bond not less than 15 calendar days preceding such special record date. However, so long as this bond and the issue of which it is one are held in book entry form pursuant to the Resolution (hereinafter referred to), the provisions of the Resolution governing such book entry form shall govern repayment of the principal or redemption price of, and interest on, such bonds.

This bond is one of a duly authorized issue of bonds of JEA designated "St. Johns River Power Park System Revenue Bonds, Issue Three" (hereinafter called the "Issue Three Bonds"), and is part of the Series of such Issue Three Bonds in the principal amount of $_____ designated as "Issue Three, Series X" (the "Series X Bonds"). This bond is issued under and in full compliance with the Constitution and laws of the State of Florida, and particularly Chapter 80-513, Laws of Florida, and Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof (the "Acts"), and under and pursuant to a resolution of JEA adopted by the Governing Body of JEA on February 20, 2007, entitled "St. Johns River Power Park System Second Revenue Bond Resolution" and approved by Ordinance 2006-793-E of the Council of the City enacted on September 26, 2006 and Ordinance No. 2009-11-E of the Council of the City enacted on February 10, 2009 and Resolution No. 2020-16 of JEA adopted on December 15, 2020, supplemental to the Resolution, authorizing the Series X Bonds ("Resolution No. 2020-16") (said Resolution as supplemented and amended being herein collectively called the "Resolution").

The Series X Bonds are being issued (a) to provide a portion of the moneys necessary to refund $_____ aggregate principal amount of certain of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three (the "Refunded Bonds") and (b) to pay the costs of issuance of the Bonds.

As provided in the Resolution, the Series X Bonds and all other bonds issued under the Resolution on a parity with the Issue Three Bonds (herein collectively called the "bonds") are direct and special obligations of JEA payable solely from and secured as to payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by (a) the proceeds of the sale of the bonds, (b) the Revenues (as defined in the Resolution), and (c) all funds and accounts established by the Resolution (other than the Debt Service Reserve Account in the Debt Service Fund 2d and the Renewal and Replacement Fund 2d (as defined in the Resolution)) including the investments and investment income, if any, thereof, subject only to the provisions of the Resolution permitting the application

thereof for the purposes and on the terms and conditions set forth in the Resolution. Copies of the Resolution are on file at the office of JEA and at the above-mentioned office of the Bond Registrar, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Acts is made for a description of the security interest, pledge and covenants securing the bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the bonds with respect thereto, the terms and conditions upon which the bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and all covenants, agreements and obligations of JEA under the Resolution may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specified securities shall have been deposited with the Bond Registrar, and for the other terms and provisions thereof.

The Series X Bonds maturing on or prior to October 1, 20___ are not subject to redemption. The Series X Bonds maturing on October 1, 20___ will be redeemable at the election of JEA on and after October 1, 20___, at any time, as a whole or in part, at the redemption price of 100 percent of the principal amount of the Series X Bonds so to be redeemed, together with accrued interest to the redemption date. The Series X Bonds maturing on October 1, 20___ at an interest rate of _____% will be redeemable at the election of JEA on and after October 1, 20___, at any time, as a whole or in part, at the redemption price of 100 percent of the principal amount of the Series X Bonds so to be redeemed, together with accrued interest to the redemption date.

The Series X Bonds maturing on October 1, 20___, as set forth in the table below, are subject to mandatory redemption by lot prior to maturity on October 1 in the years and amounts shown below at par (plus accrued interest to the redemption date) from Sinking Fund Installments required to be paid in such years and amounts:

Series X Bonds
Maturing on October 1, 20___

Year	Principal Amount
	$
	*

_____
* Final Maturity.

Such Sinking Fund Installments shall be applied to the redemption of the applicable Series X Bonds on October 1 of each of the applicable years set forth above, and may also be so applied on the immediately preceding April 1.

The Resolution requires JEA to mail a notice of any redemption of the Series X Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date to the Holders of any Series X Bonds or portions thereof which are to be redeemed, at their last address, if any, appearing upon the registry books but failure to do will not affect the validity of the proceedings for the redemption of any other Bonds. The notice will provide that it can be revoked in accordance with its terms.

As provided in the Resolution, bonds may be issued from time to time pursuant to supplemental resolutions in one or more issues, and in one or more Series of an issue, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of bonds which may be issued under the Resolution is not limited except as provided in the Resolution, and all bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by JEA, with the written consent of the holders of not less than a majority in principal amount of the bonds affected by such modification or amendment then outstanding; *provided*, *however*, that if such modification or amendment will, by its terms, not take effect so long as any bonds of any specified like Series and maturity remain outstanding, the consent of the holders of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of any calculation of outstanding bonds pursuant to the Resolution. No such modification or amendment shall permit a change in the teams of redemption or maturity of the principal of any outstanding bond or of any installment of interest thereon or a reduction in the principal amount or the redemption price thereof or in the rate of interest thereon without the consent of the holder of such bond, or shall reduce the percentages or otherwise affect the classes of bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Bond Registrar or of any Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Resolution, only upon the books of JEA kept for that purpose at the above-mentioned office of the Bond Registrar by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney, and thereupon a new bond or bonds, of the same issue, Series and maturity, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. JEA, the Bond Registrar and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Series X Bonds are issuable in the form of fully registered bonds without coupons. Subject to the conditions and upon the payment of the charges provided in the Resolution, the registered owner of any bond or bonds may surrender the same (together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of bonds of the same issue, Series and maturity of any other authorized denominations.

The principal or redemption price of, and interest on, the Series X Bonds are payable solely from the Revenues (as defined in the Resolution) and other funds pledged therefor under the Resolution and neither the State of Florida nor any political subdivision thereof, other than JEA, is obligated to pay the principal or redemption price of, or interest on, this bond and the issue of which it is one and neither the faith and credit nor the taxing power of the State of Florida or any political subdivision thereof is pledged to the payment of the principal or redemption price of, or interest on, this bond or the issue of which it is one.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of JEA, complies in all respects with the applicable laws of the State of Florida.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Bond Registrar of the Bond Registrar's Certificate of Authentication hereon.

IN WITNESS WHEREOF, JEA has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chair, and its corporate seal or a facsimile thereof to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary, and this bond to be dated _____, 20___.

JEA



By: _____
Chair

ATTEST:

By: _____
Secretary

Form Approved:

By: _____
Office of General Counsel

VOTE: In Favor: ___ Opposed: ___ Abstained: ___

[FORM OF
BOND REGISTRAR'S
CERTIFICATE OF AUTHENTICATION]

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds delivered pursuant to the within mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By: _____
Authorized Signatory

Date of Authentication: _____, 20___

[Insert Statement of Insurance, if applicable.]

The following abbreviations, when used in the inscription on the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

The following abbreviations, when used in the inscription on the within bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	as tenants in common	UNIF GIF MIN ACT _____ (Cust.)
TEN ENT	as tenants by the entireties	Custodian for _____ (Minor)
JT TEN	as joint tenants with right of survivorship and not as tenants in common	Under Uniform Gifts to Minors Act of _____ (State)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____

_____

[PLEASE INSERT NAME, ADDRESS AND SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE]

the within bond and does hereby irrevocably constitute and appoint the Registrar as his agent to transfer the bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature guaranteed: (Bank, Trust Company or Firm)

_____ _____

(Authorized Officer)

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guaranty program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP) or New York Stock Exchange Medallion Signature Program (MSP), a member firm of the New York Stock Exchange or a commercial bank or a trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name or names of the Transferee(s), unless the signature(s) to this assignment correspond(s) with the name or names as it/they appear(s) upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or Federal Employer Identification. Numbers of the Transferee(s) is/are supplied.

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

EXHIBIT C

FORM OF ESCROW DEPOSIT AGREEMENT

BOND PURCHASE AGREEMENT

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida 32202

Re: $000,000,000 JEA St. Johns River Power Park Revenue Bonds,
Issue Three, Series X

Ladies and Gentlemen:

The Underwriters (as defined below) jointly and severally hereby propose to purchase all (but not less than all) of the Bonds (as defined below) from JEA, a public body corporate and politic organized and existing under the laws of the State of Florida, and to make a public offering of the Bonds subject to the acceptance of this proposal by JEA on or before 5:00 p.m. local time then prevailing in Jacksonville, Florida, on _____, 20__, and subject to the following provisions:

Section 1. **Definitions**. The following terms shall have the following meanings in this Agreement unless another meaning is plainly intended:

"Accountants" means Ernst & Young LLP, independent certified public accountants.

"Agreed Upon Procedures Letter" means the letter from the Accountants to the governing body of JEA and the Representative in a form acceptable to JEA and the Representative and with the procedures described therein to be applied at least through _____, 20__, the date of the last meeting of the Board of JEA prior to the Closing.

"Agreement" means this Bond Purchase Agreement between the Representative, acting on behalf of the Underwriters, and JEA.

"Bond Counsel" means _____, _____, _____.

"Bond Registrar" means _____ or its corporate successor, in its capacity as Bond Registrar and Paying Agent for the Bonds under the Resolution.

"Bonds" means the Series X Bonds.

"City" means the City of Jacksonville, Florida.

"Closing" refers to the transaction at which the Bonds are delivered by JEA to or on behalf of the Underwriters, and paid for by the Underwriters, pursuant to this Agreement.

"Closing Date" means the date specified in Section 7 hereof, or such other date as is mutually agreeable to the Representative and JEA pursuant to Section 7 hereto.

"Closing Documents" means the documents described in Section 8 hereof and required to be delivered to the Underwriters at the Closing.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Continuing Disclosure Agreement" means the agreement of JEA to be dated the Closing Date in substantially the form set forth in Appendix C to the Preliminary Official Statement, which JEA hereby agrees to provide to assist the Underwriters in complying with Rule 15c2-12.

"DTC" means The Depository Trust Company.

"Electric System Resolution" means the resolution of JEA adopted on March 30, 1982, as supplemented, amended and restated authorizing the issuance of bonds to finance improvements to the Electric System (as defined in the Preliminary Official Statement), particularly as supplemented by Resolution No. 2020-12 adopted on December 15, 2020.

"Escrow Agent" means _____.

"Escrow Deposit Agreement" means the Escrow Deposit Agreement, to be delivered in connection with the issuance of the Bonds, between JEA and the Escrow Agent relating to the refunding of the Refunded Bonds.

"Final Official Statement" means the final Official Statement of JEA relating to the Bonds, substantially in the form of the Preliminary Official Statement, with such changes as may be approved by the Representative, to be delivered pursuant to Section 6 hereof.

"JEA's Counsel" means the Office of the General Counsel of the City.

"Letter of Representations" means the Blanket Issuer Letter of Representations dated May 6, 2004 from JEA to DTC.

"MSRB" means the Municipal Securities Rulemaking Board.

"Official Statements" means the Preliminary Official Statement and the Final Official Statement.

"Preliminary Official Statement" means the Preliminary Official Statement of JEA relating to the Bonds, dated _____, 20__, including the cover page and appendices thereto and the information included by reference therein.

"Refunded Bonds" means JEA's outstanding St. Johns River Power Park System Revenue Bonds, Issue Three, Series _____, all as described as Annex G hereto.

"Representative" means _____, as representative of the Underwriters.

"Resolution" means the resolution of JEA adopted on February 20, 2007, as amended and supplemented, authorizing the issuance of the Bonds, particularly as supplemented by Resolution No. 2020-16 of JEA adopted December 15, 2020.

"SEC" means the Securities and Exchange Commission.

"Series X Bonds" means JEA's St. Johns River Power Park Revenue Bonds, Issue Three, Series X in the aggregate principal amount of $000,000,000, with maturities, amounts, interest rates and yields set out in Annex A hereto and as further described in the Final Official Statement.

"Underwriters" means _____, acting for and on behalf of themselves and such other securities dealers, if any, as may from time to time be designated by JEA or the Underwriters.

"Underwriters' Counsel" means _____, _____, _____.

["Verification Agent" means _____.]

["Verification Report" means the report dated the date of Closing of the Verification Agent to the effect that such Verification Agent has verified the accuracy of (a) the adequacy of the maturing principal of and interest on certain federal securities to be held under the Escrow Deposit Agreement, together with other moneys held under the Escrow Deposit Agreement, to pay when due or upon earlier redemption, the principal or redemption price of and interest on the Refunded Bonds, and (b) certain mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under the Code.]

Section 2. **Purchase Price**. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriters shall purchase and JEA shall sell all, but not less than all, of the Bonds at an aggregate purchase price of $_____ (representing the aggregate principal amount of the Bonds of $000,000,000, less Underwriters' discount of $_____ [plus/minus net] original issue [premium/discount] of $_____).

JEA acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between JEA and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or a fiduciary of JEA, (iii) the Underwriters have not assumed a fiduciary responsibility in favor of JEA with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters have advised or are currently advising JEA on other matters) or any other obligation to JEA except the obligations expressly set forth in this Agreement, (iv) the Underwriters have financial interests that differ from those of JEA and are not acting as municipal advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) and (v) JEA has consulted with its own legal and financial advisors to the extent it deemed it appropriate in connection with the offering of the Bonds.

Section 3. **Establishing Issue Price.** The Representative, on behalf of the Underwriters, agrees to assist JEA in establishing the issue price of the Bonds and shall execute and deliver to JEA at Closing, a Certificate of Underwriter Regarding Issue Price, or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Annex B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, JEA and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

Except as provided in Schedule A to Annex B and below, JEA will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Agreement, the Representative shall report to JEA the price or prices at which the Underwriters have sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to JEA the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue (but only with respect to any maturity to which the hold-the-offering-price rule described below does not apply), whether or not the Closing Date has occurred, until either (i) all Securities of that maturity have been sold or (ii) the 10% test has been satisfied as to the Securities of that maturity, provided that, the Underwriters' reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, JEA or bond counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Agreement at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule A to Annex B attached hereto, except as otherwise set forth therein. Schedule A to Annex B also sets forth, as of the date of this Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which JEA and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow JEA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language

obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Bonds of that maturity; *provided,* that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any series of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriter or selling group agreement relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (a) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10 percent test has been satisfied as to the Securities of that maturity, provided, that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

JEA acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or a dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements

for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. JEA further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Agreement by all parties.

In connection with the public offering of the Bonds, the Underwriters have delivered to JEA a letter containing the information required by Section 218.385, Florida Statutes in the form attached as Annex F.

Section 4. **Good Faith Deposit**. [If by wire transfer: There has been delivered to JEA herewith a wire transfer in the amount of $_____ (the "Good Faith Deposit") as security

for the performance by the Underwriters of their obligation to accept and pay for the Bonds on the Closing Date in accordance with the provisions hereof. In the event of the Underwriters' compliance with their obligations hereunder, the Good Faith Deposit shall be netted from the purchase price of the Bonds payable by the Underwriters to JEA pursuant to Section 2 hereof. In the event JEA does not accept this offer the Good Faith Deposit shall be immediately returned by JEA to the Representative by wire transfer. Upon the failure of JEA to deliver the Bonds on the Closing Date, or if JEA shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if such obligations shall be terminated for any reasons permitted by this Agreement except for the reasons set forth in Section 10 hereof, the Good Faith Deposit shall immediately be repaid by JEA to the Representative by wire transfer. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by JEA on the Closing Date as herein provided, the Good Faith Deposit shall be retained by JEA as and for full and agreed upon liquidated damages, and not as a penalty, to JEA for such failure, and the retention of the Good Faith Deposit shall constitute a full release and discharge of all claims and damages for such failure and of any and all defaults hereunder on the part of the Underwriters.]

[If by check: Delivered to JEA herewith is a check payable to the order of JEA in the amount of $_____ (the "Good Faith Deposit") as security for the performance by the Underwriters of their obligation to accept and pay for the Bonds on the Closing Date in accordance with the provisions hereof. JEA shall hold such check uncashed until the Closing Date. In the event of the Underwriters' compliance with their obligations hereunder, the Good Faith Deposit shall be returned to the Representative on the Closing Date upon payment to JEA as provided in Section 7 hereof of the purchase price of the Bonds. In the event JEA does not accept this offer, or upon the failure of JEA to deliver the Bonds on the Closing Date, or if JEA shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Agreement, or if such obligations of the Underwriters shall be terminated for any reason permitted by this Agreement except for the reasons set forth in Section 10 hereof, the Good Faith Deposit shall immediately be returned to the Representative. If the Underwriters fail (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by JEA on the Closing Date as herein provided, the Good Faith Deposit shall be retained by JEA as and for full and agreed upon liquidated damages, and not as a penalty, to JEA for such failure, and the retention of the Good Faith Deposit shall constitute a full release and discharge of all claims and damages for such failure and of any and all defaults hereunder on the part of the Underwriters.

Section 5. **Representations of JEA**. JEA represents to the Underwriters that: (a) the Preliminary Official Statement has been "deemed final" by JEA as of its date for the purpose of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); (b) as of their respective dates and on the date hereof the statements and information contained in the Official Statements are, and on the Closing Date the statements and information contained in the Final Official Statement will be, true and complete in all material respects, and the Preliminary Official Statement, as of its date, did not and the Final Official Statement, as of its date, does not on the date hereof, and will not on the Closing Date, contain any untrue statement of a material fact or omit any statement or information which is required to be stated therein or necessary to make the statements and information therein, in light of the circumstances under which they are made, not misleading; (c) the Preliminary Official Statement, as of its date, did not and does not on the date hereof, and the Final Official Statement, as of its date did not and does not on the date hereof, and

will not on the Closing Date, omit any information with respect to JEA or its business, properties and affairs which might in a material respect adversely or unfavorably affect the transactions contemplated by the Preliminary Official Statement or the Final Official Statement; (d) JEA has full title to the Electric System (as defined in the Official Statement) and the power and authority to operate the same and collect the Revenues (as defined in the Electric System Resolution) therefrom; (e) the resolution or resolutions of, or other appropriate actions taken by, JEA establishing the rates and charges for services of the Electric System described in the Official Statement have been duly adopted or taken and are in full force and effect; (f) JEA's obligation to make payments from the Electric System with respect to the System, including debt service on the Bonds is a "Contract Debt" payable as a "Cost of Operation and Maintenance" of the Electric System; (g) the Electric System Resolution and the Resolution have been duly adopted and are in full force and effect and JEA is not in default in the performance of its obligations thereunder; (h) when delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of JEA of the character referred to in the Final Official Statement, in conformity with, and entitled to the benefit and security of, the Resolution; (i) JEA is empowered and has been duly authorized to enter into this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Letter of Representations and to adopt the Resolution; (j) the execution and delivery of this Agreement, the Continuing Disclosure Agreement, the Letter of Representations[, the Escrow Deposit Agreement] and the Bonds and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of JEA a breach of or default under any agreement or other instrument to which JEA is a party, or any existing law, administrative regulation, court order or consent decree to which JEA is subject; (k) no litigation or proceeding (to which JEA is a party) is pending or to the best of JEA's knowledge is threatened against or affecting JEA to restrain or enjoin the issuance or delivery of the Bonds or other indebtedness of JEA relating to its electric utility functions or in any way contesting or affecting the authority for the issuance of the Bonds or other indebtedness of JEA relating to its electric utility functions or the validity of the Bonds or other indebtedness of JEA, the Electric System Resolution, the Resolution, this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] or the Letter of Representations or in any way contesting the corporate existence or the powers of JEA; (l) except as may be disclosed in the Official Statements, no litigation or proceeding (to which JEA is a party) is pending or, to the best of its knowledge, is threatened against or affecting JEA or involving any of the business, property or affairs of JEA which involves the possibility of any judgment or liability which may result in any material adverse change in the property, business or assets or in the condition, financial or otherwise, of JEA relating to its electric utility functions; (m) JEA has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon; (n) subsequent to the date of the last audited financial statements included in the Official Statements there have been no material adverse changes in the assets, liabilities or condition of JEA related to its electric utility functions, financial or otherwise, except as disclosed in or contemplated by the Official Statements, and neither the business, the properties, nor the affairs of JEA related to its electric utility functions have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of the public enemy; (o) all permits or licenses which JEA is required to maintain in order to operate the Electric System and the Scherer 4 Project (as such

terms are defined in the Official Statement) are in full force and effect; (p) the proceeds of the Bonds will be used by JEA to redeem all of the Refunded Bonds within 90 days of the Closing; (q) other than as disclosed in the Preliminary Official Statement, JEA has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under the Rule; and (r) JEA has not been in default any time after December 31, 1975 as to principal or interest with respect to any of its debt obligations.

Section 6. **Final Official Statement; Public Offering**. JEA shall prepare, and shall deliver to the Underwriters as promptly as practicable but, in any event, not later than seven business days after the acceptance by JEA of this Agreement and in sufficient time to allow the Underwriters to deliver copies thereof to purchasers of the Bonds at least two business days prior to the Closing, copies of the Final Official Statement in sufficient quantity to comply with the Rule and the rules of the Municipal Securities Rulemaking Board and in form and substance satisfactory to the Representative and JEA, executed on behalf of JEA by its Managing Director and Chief Executive Officer. JEA agrees that the Preliminary Official Statement, the Final Official Statement, audited financial statements, if any, and copies of the Resolution, the Electric System Resolution, audited financial statements, if any, prepared by or on behalf of JEA may be used by the Underwriters in the public offering of the Bonds and that it will cooperate with the Underwriters if the Underwriters decide to qualify the Bonds under the securities laws of any state; provided, however, JEA shall not be required to register as a dealer or broker in any such state or to qualify to do business in connection with any such qualification of the Bonds for sale in any state. To the extent required by MSRB Rules, JEA confirms that it does not object to the distribution of the Official Statements in electronic form. The Final Official Statement shall be provided in a "designated electronic format" (as defined in MSRB Rule G-32). The term "designated electronic format" is defined in MSRB Rule G-32 to mean portable document format, with files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. For files submitted to the Electronic Municipal Market Access system operated by the MSRB on or after January 1, 2010, documents in designated electronic format must be word searchable (without regard to diagrams, images and other non-textual elements).

JEA further agrees to provide the Underwriters with copies of the Escrow Deposit Agreement and any other advance refunding documents (as defined in MSRB Rule G-32) in a word-searchable pdf format as described in the MSRB's Rule G-32 and shall provide such electronic copy of the word-searchable pdf format of such advance refunding documents to the Underwriters no later than four business days after the Closing Date to enable the Underwriters to comply with MSRB Rule G-32.

JEA authorizes the Representative to file, to the extent required by applicable SEC or MSRB rule, and the Representative agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including submission to the MSRB's Electronic Municipal Market Access System ("EMMA")) or (ii) other repositories approved from time to time by the SEC (either in addition to or in lieu of the filings referred to above). If a supplement to the Final Official Statement is prepared in accordance with Section 11 hereof during the "primary offering disclosure period," and if required by applicable SEC or MSRB rule, the Representative shall also make the required submission of the supplement to the Final Official Statement to EMMA. The "primary

offering disclosure period" is used as defined in MSRB Rule G-32 and shall end on the 25th day after the Closing.

Section 7. **Closing, Delivery and Payment**. The Bonds shall be printed or reproduced in definitive form as fully registered Bonds and shall be registered initially in the name of Cede & Co., as nominee of DTC, shall be in the denominations of the aggregate par amount of the Bonds of each series and maturity of each series (and, if applicable, each interest rate within a maturity) and shall be made available to, or on behalf of, DTC, 55 Water Street, New York, New York, which shall act as securities depository for the Bonds not less than one business day prior to the closing. The Representative may inspect the Bonds prior to the Closing.

The Closing shall be held beginning at 9:00 a.m. on _____, 20__ (the "Closing Date") at the offices of JEA, 21 West Church Street, Jacksonville, Florida, or at such other time and other place as is mutually agreeable to the Representative and JEA. At the Closing and subject to the conditions contained herein, the Representative shall accept the delivery of the Bonds from JEA and shall make payment therefor as provided herein in federal funds or other immediately available funds upon (i) tender by JEA of the definitive Bonds to or on behalf of DTC on behalf of the Underwriters; and (ii) the delivery by JEA to the Underwriters of all the Closing Documents.

Section 8. **Closing Documents**. The Closing Documents shall consist of the following, each properly executed, certified or otherwise verified, dated as of the Closing Date except as otherwise provided below, and in such form as may be satisfactory to Bond Counsel, the Representative and Underwriters' Counsel, including, but not limited to, the matters hereinafter set forth:

(a) Certified copies of the Resolution;

(b) JEA's closing certificate confirming (i) the representations made by JEA herein; (ii) the application of the proceeds of the sale of the Bonds and certain other amounts as described in the Final Official Statement; (iii) the adoption and present effectiveness of all resolutions considered necessary, in the opinion of Bond Counsel, in connection with the transactions contemplated hereby, together with copies of said resolutions; (iv) that the Electric System Resolution and the Resolution have not been amended since the date of this Agreement, except as may have been consented to in writing by the Representative; and (v) that, except as described in the Official Statements, no material adverse change has occurred with respect to the Electric System and the Scherer 4 Project (all as defined therein), including, without limitation, the financial condition thereof, for the period from September 30, 20___ through the Closing Date;

(c) The approving opinion of Bond Counsel, dated the Closing Date, in substantially the form attached to the Preliminary Official Statement as Appendix D;

(d) The supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriters in substantially the form set forth as Annex C hereto;

(e) An opinion of JEA's Counsel to the effect that (i) JEA is a public body corporate and politic and an independent agency of the City, duly organized and validly

existing under the laws of the State of Florida and has all the necessary power and authority to issue the Bonds and enter into this Agreement and the Continuing Disclosure Agreement; (ii) the Electric System Resolution and the Resolution have been duly adopted by JEA and this Agreement, the Letter of Representations, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Bonds have been duly authorized, executed and delivered by JEA and such documents and the Electric System Resolution and the Resolution constitute legal, valid and binding obligations of JEA enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights generally, and no opinion need be expressed as to the availability of any discretionary equitable remedy; (iii) JEA has approved the distribution of the Preliminary Official Statement and the Final Official Statement and the execution and delivery of the Final Official Statement to the purchasers of the Bonds; (iv) the ordinances of the city council of the City approving the issuance of the Bonds were duly enacted by the City; (v) the execution and delivery of the Bonds, this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] and the Letter of Representations, the adoption of the Electric System Resolution and the Resolution and the issuance of the Bonds pursuant to the Resolution and compliance with the provisions of the Electric System Resolution and the Resolution under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with or constitute on the part of JEA a breach of or default under any existing law, regulation, court order or consent decree to which JEA is subject; (vi) nothing has come to such counsel's attention which would lead such counsel to believe that the Final Official Statement (with the exception of the tax treatment of interest on the Bonds, Blue Sky or other securities registration matters, and financial and statistical information, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact required or necessary to be stated therein to make the statements therein, in light of the circumstances under which they were made, not misleading; (vii) no litigation or proceeding (to which JEA or the City is a party) is pending or to the best of such counsel's knowledge is threatened against or affecting JEA or the City to restrain or enjoin the issuance or delivery of the Bonds or the refunding of the Refunded Bonds or in any way contesting or affecting the authority for the issuance of the Bonds, or the validity of the Bonds or this Agreement, the Continuing Disclosure Agreement[, the Escrow Deposit Agreement] or the Letter of Representations, the Electric System Resolution and the Resolution or in any way contesting the corporate existence or the powers of JEA; (viii) except as may be disclosed in the Preliminary Official Statement and the Final Official Statement, no litigation or proceeding (to which JEA or the City is a party) is pending or to the best of such counsel's knowledge is threatened against or affecting JEA or involving any of the business, property or affairs of JEA which involves the possibility of any judgment or liability which may result in any material adverse change in the financial condition of JEA relating to its electric utility functions; and (ix) JEA has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the consummation of the transaction contemplated hereby;

(f) The opinion of Disclosure Counsel, dated the Closing Date, in substantially the form attached hereto as Annex D;

(g) The opinion of Underwriters' Counsel, dated the Closing Date, in substantially the form attached hereto as Annex E;

(h) An executed copy of the Agreed Upon Procedures Letter, dated no later than one business day prior to the Closing Date;

(i) A consent, manually signed by the Accountants, to the use of their report in the Official Statements and to the references to their firm therein, dated the business day prior to the Closing Date;

(j) Appropriate arbitrage certifications and tax covenants with respect to the Bonds by JEA in form and substance satisfactory to Bond Counsel and Underwriters' Counsel;

(k) Appropriate evidence that the Bonds have been assigned ratings of "__" by Fitch Ratings ("Fitch"), "__" by Moody's Investors Service, Inc. ("Moody's") and "__" by S&P Global Ratings ("S&P");

(l) A certificate of the Bond Registrar and Paying Agent as to the incumbency of its officers and its power to serve as Bond Registrar and Paying Agent in form and substance acceptable to Bond Counsel and Underwriters' Counsel;

(m) A certificate of the Escrow Agent, dated the Closing Date as to (i) the incumbency of its officers, (ii) that the Escrow Agent is a banking corporation, duly organized and validly existing under the laws of the United States of America or the state of its incorporation and authorized to do business in the State, (iii) that the Escrow Agent has duly accepted its duties under the Escrow Deposit Agreement, and (iv) that the Escrow Agent has taken all necessary corporate action required to act as escrow agent under the Escrow Deposit Agreement and to perform its duties thereunder;

(n) A certified copy of the Letter of Representations;

(o) An executed counterpart of the Continuing Disclosure Agreement;

(p) An executed counterpart of the Escrow Deposit Agreement;

(q) [The Verification Report;] and

(r) Such additional legal opinions, certificates, instruments and other documents and such multiple copies of the above listed documents as the Representative, Underwriters' Counsel or Bond Counsel may reasonably request to evidence compliance by JEA with legal requirements; the truth and accuracy, as of the Closing Date, of the respective representations contained herein and in the Final Official Statement; and the due performance or satisfaction by JEA of all agreements to be performed by it and all conditions to be satisfied by it at or prior to the Closing.

Section 9. **Termination by Underwriters**. This Agreement may be terminated in writing prior to the Closing by the Representative acting on behalf of the Underwriters if any of

the following shall occur subsequent to the execution hereof: (i) this Agreement shall not have been accepted by JEA within the time herein provided; (ii) the copies of the Final Official Statement shall not have been provided within the time required by this Agreement; (iii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriters as of 2:00 p.m. on the Closing Date; (iv)(a) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or (b) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (c) an order, ruling, regulation or communication (including a press release) shall have been issued by the Treasury Department of the United States, the Internal Revenue Service or the Securities and Exchange Commission, or (d) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, which indicates or implies that interest on the Bonds may not be excludable from gross income for federal income tax purposes or that legislation will be introduced in the next scheduled session of the United States Congress, in each case referred to in clauses (a), (b), (c) and (d), with the purpose or effect, directly or indirectly, of (y) imposing federal income taxation upon interest to be received by any holders of the Bonds or (z) requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933 or the Resolution to be qualified as an indenture under the Trust Indenture Act of 1939; (v) there shall exist any event or circumstance which, in the opinion of the Representative, either makes untrue or incorrect in a material respect any statement or information contained in the Final Official Statement, or any event or circumstance is not reflected in the Final Official Statement but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading in a material respect; (vi) there shall have occurred any outbreak of hostilities (or the escalation of any hostilities existing on the date hereof) or other national or international calamity or crisis, the effect of such outbreak or escalation, calamity or crisis on the financial markets of the United States of America being such as, in the opinion of the Representative, would make it impracticable for the Underwriters to sell the Bonds, including an effect generally on the market which affects the marketability of the Bonds; (vii) there shall be in force a general suspension of trading on the New York Stock Exchange, or any other major United States stock exchange, or minimum or maximum prices for trading shall have been fixed and be in force; (viii) in the judgment of the Representative, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters; (ix) a general banking moratorium shall have been declared by either federal, New York or Florida authorities having jurisdiction, and shall be in force, or there shall occur any other material disruption in commercial banking or securities settlement or clearance services in the United

States; or (x) the rating on the Bonds shall have been suspended, withdrawn or downgraded by any of the three rating agencies referred to in paragraph (j) of Section 8 hereof.

Section 10. **Termination by JEA**. In the absence of a termination of this Agreement by the Representative as permitted by Section 9 hereof, this Agreement may be terminated in writing by JEA in the event that the Underwriters shall fail to accept delivery and pay the purchase price of the Bonds at the Closing upon (i) tender thereof to or on behalf of the Underwriters by JEA and (ii) delivery to the Underwriters of all of the Closing Documents, all as provided in Section 8 hereof, and in such event JEA shall retain the Good Faith Deposit as provided in Section 4 hereof.

Section 11. **Changes Affecting the Final Official Statement After the Closing**. If during the period from the date of this Agreement and a date 25 days after the End of the Underwriting Period (as defined herein), any event relating to or affecting JEA shall occur the result of which shall make it necessary, in the reasonable opinion of (i) JEA and (ii) the Representative or Underwriters' Counsel, to amend or supplement the Final Official Statement in order to make it not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made not misleading, JEA shall forthwith prepare and furnish to the Underwriters, at JEA's expense, a reasonable number of copies of an amendment of or supplement to the Final Official Statement in form and substance satisfactory to the Representative, so that it then will not contain an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances existing at that time, not misleading; provided, however, JEA will not adopt any amendment or supplement to the Final Official Statement except with the written consent of the Representative, which consent shall not be unreasonably withheld. The "End of the Underwriting Period" shall mean the Closing Date unless the Representative shall in writing advise JEA that the Underwriting Period must be extended, in which case the End of the Underwriting Period shall be the date set forth in such writing, but in no event later than 90 days after the Closing Date.

Section 12. **Expenses**. The Underwriters shall pay their own out-of-pocket expenses, the fees and expenses of Underwriters' Counsel, and the fees and expenses in connection with the preparation of the Blue Sky memorandum and the registration of the Bonds for "Blue Sky" purposes. JEA acknowledges that the expense component of the Underwriters' discount includes the fees and expenses incurred by the Underwriters as described in the preceding sentence and includes an amount intended to reimburse the Underwriters for incidental expenses (including, but not limited to, transportation, lodging and meals of JEA and Underwriters personnel) incurred by the Underwriters in connection with the transaction contemplated by this Agreement.

JEA acknowledges that it has had an opportunity to consult with its financial advisor in order to evaluate and consider the fees and expenses being incurred as a part of the issuance of the Bonds. JEA shall pay all of the other costs and expenses in connection with the financing contemplated by this Agreement, including, but not limited to: (i) the fees and expenses of Bond Counsel and JEA's Counsel and the expenses of JEA, if any; (ii) any fees and expenses incurred for filing fees; (iii) the fees and expenses of any experts or consultants; (iv) the fees and expenses of the Bond Registrar and Paying Agent, the Escrow Agent and the Verification Report; (v) the cost of preparation and printing of the Bonds; (vi) the cost of printing and duplication for the

Official Statements and any amendments or supplements thereto; (vii) the fees and expenses of the Accountants; and (viii) bond rating agency fees. JEA acknowledges that a portion of the Underwriters' expenses are intended to reimburse the Underwriters for incidental expenses (including, but not limited to, transportation, lodging and meals of JEA and Underwriters personnel) incurred by the Underwriters (on their own behalf or on behalf of JEA personnel), as applicable, in connection with the transaction contemplated by this Agreement.

Section 13. **Notices**. Any notice or other communication to be given to JEA under this Agreement may be given by delivering the same in writing to the address set forth above; and any such notice or other communication to be given to the Underwriters may be given by delivering the same in writing to the Underwriters in care of _____, _____, _____, _____, Attention: _____.

Section 14. **Authority of Representative**. The Representative has been duly authorized to execute this Agreement and, pursuant to an agreement among the Underwriters, has been duly authorized to act hereunder by and on behalf of the Underwriters.

Section 15. **Parties and Interests; Survival of Representations**. This Agreement is made solely for the benefit of JEA and the Underwriters, including the successors and assigns of the Underwriters, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof. All representations and agreements by JEA in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriters, and shall survive the delivery of and payment for the Bonds.

Section 16. **Truth-In-Bonding Statement**. For purposes of subsections (2) and (3) of Section 218.385, Florida Statutes, as amended, the following Truth in Bonding Statement is made with respect to the Bonds:

> JEA is proposing to issue $_____ of the Bonds. The Bonds are to be issued for the purposes of refunding the Refunded Bonds and paying cost of issuance of the Bonds. The Bonds are expected to be repaid over a period of approximately ____ years. At the interest rates set out in Annex A hereto (being a true interest cost of _____%), total interest paid over the life of the Bonds will be $_____.
>
> The source of repayment or security for the Bonds is primarily the revenues of the St. Johns River Power Park System derived from the revenues of the JEA's Electric System. Issuing the Bonds finances the items described in the preceding paragraph. Authorizing this debt will result in an average annual debt service payment of approximately $_____ from St. Johns River Power Park System revenues, which will not otherwise be available to finance the other services or expenditures of JEA each year for approximately _____ years.

Section 17. **Counterparts**. This Agreement may be executed in counterparts, each of which shall constitute an original but all of which taken together shall constitute one instrument.

Section 18. **Entire Agreement Clause**. This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties regarding the transaction contemplated by this Agreement and the process leading thereto. This Bond Purchase Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS]

Very truly yours,

_____,
as Representative of the Underwriters

By: _____
Name:
Title:

Accepted by JEA on _____, 20__

By: _____
Name:
Title:

FORM APPROVED:

_____
Office of General Counsel

ANNEX A

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

$000,000,000 St. Johns River Power Park System Revenue Bonds, Issue Three, Series X

Maturity October 1,	Amount $	Interest Rate %	Yield %

$_____ ____% Term Bond Due October 1, 20__ - Yield _____%

Redemption Provisions

[to come]

ANNEX B

CERTIFICATE OF UNDERWRITER REGARDING ISSUE PRICE

$000,000,000 St. Johns River Power Park System Revenue Bonds, Issue Three, Series X

The undersigned, on behalf of _____ (the "Representative"), on behalf of itself and _____ (collectively, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

Hold-the-Offering-Price Maturities

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price set forth in Schedule A attached hereto.

2. ***Initial Offering Price of the Hold-the-Offering–Price Maturities.***

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule B (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule C.

(b) As set forth in the Bond Purchase Agreement for the Bonds, the members of the Underwriting Group have agreed in writing that, (i) for each of the Hold-the-Offering-Price-Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for each Maturity during the Holding Period for such Maturity (the "hold-the-offering-price-rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any of the Hold-the-Offering-Price-Maturities at a price higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 20__), or (ii) the date on which the Underwriting Group has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(d) *Issuer* means JEA.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [_____ __, 20__].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Greenberg Traurig, P.A. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

_____, as representative of the Underwriters

By: _____
Name:

Dated:

ANNEX C

[Form of Supplemental Opinion of Bond Counsel]

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida

[Underwriters]
c/o _____
_____
_____

Re: 000,000,000 JEA St. Johns River Power Park Revenue Bonds, Issue Three, Series X (the "Series X Bonds")

Ladies and Gentlemen:

We have served as Bond Counsel to JEA in connection with the issuance of the above-captioned Series X Bonds (the "Bonds"). This letter is addressed to the underwriters addressed above (the "Underwriters"), pursuant to Section 8(d) of the Bond Purchase Agreement, dated _____, 20__ (the "Bond Purchase Agreement"), between _____, as Representative of the Underwriters, and JEA, providing for the purchase of the Bonds. The Bonds are issued pursuant to the Constitution and laws of the State of Florida, including, in particular, Article 21 of the Charter of the City of Jacksonville, Florida (the "City"), as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof, and other applicable provisions of law and, under and pursuant to a resolution of JEA adopted on February 20, 2007, as supplemented and amended (the "Resolution"), including as supplemented by Resolution No. 2020-16 of JEA adopted on December 15, 2020. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution, or, if not defined in the Resolution, in the Bond Purchase Agreement.

On the date hereof, we have delivered our approving opinions (the "Bond Counsel Opinion") concerning the validity of the Bonds and certain other matters to JEA. The opinions and conclusions expressed herein are subject to the same qualifications, limitations and reliances as stated in the Bond Counsel Opinion. The Underwriters may rely on the Bond Counsel Opinion as though such opinions were addressed to them.

In connection with our role as Bond Counsel, we have reviewed the Bond Purchase Agreement; a certified copy of the Resolution; a certified copy of Ordinance 2006-793-E enacted by the Council of the City September 26, 2006 and Ordinance No. 2009-11-E enacted by the Council of the City February 10, 2009 approving, among other things, the issuance and sale by JEA of the Bonds, the Continuing Disclosure Agreement; the Official Statement of JEA, dated

_____, 20__, relating to the Bonds, including those portions of the Annual Disclosure Report (as defined therein) which are included by reference therein (the "Official Statement"); the Tax Certificate executed and delivered by JEA on the date hereof in connection with the issuance of the Bonds (the "Tax Certificate"); an opinion of the Office of General Counsel of the City, attorney for JEA; certificates of JEA and others; and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions and conclusions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than JEA. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof (except that we have not relied on any such legal conclusions that are to the same effect as the opinions or conclusions set forth herein). We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Second Power Park Resolution, the Tax Certificate, the Continuing Disclosure Agreement and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against bodies politic and corporate of the State of Florida. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. JEA is a public body corporate and politic and an independent agency of the City, duly created and existing under the Constitution and laws of the State of Florida.

2. The Bonds have been duly authorized by JEA and all conditions precedent to the issuance of the Bonds have been fulfilled, including, without limitation, all necessary approvals of the City.

3. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Second Power Park Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

4. The statements contained in the Official Statement under the captions "REFUNDING PLAN," "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES X BONDS," "DESCRIPTION OF THE SERIES X BONDS," and "TAX MATTERS" and the statements contained in [List appendices covered] insofar as such statements expressly summarize certain provisions of the Electric System Resolution, the Second Power Park Resolution, and our Bond Opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects.

5. We are not passing upon and do not assume any responsibility for the accuracy (except as explicitly stated in paragraph 4 above), completeness or fairness of any of the statements contained in the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as Bond Counsel in connection with the issuance of the Bonds, we participated in conferences with your representatives, your counsel, representatives of JEA, representatives of PFM Financial Advisors LLC, JEA's Financial Advisor, representatives of Ernst & Young LLP, independent certified public accountants, JEA's auditors, and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-referenced conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters herein mentioned (as set forth above), subject to the limitations on our role as Bond Counsel, we advise you as a matter of fact and not opinion that no facts came to the attention of the attorneys in our firm rendering legal services in connection with such issuance which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, statistical, economic or engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion (other than our opinions relating to the Bonds), any information about book-entry or DTC and the information contained in Appendices A, B and C to the Official Statement, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

6. The Continuing Disclosure Agreement has been duly executed and delivered by JEA and is a valid and binding agreement of JEA, enforceable in accordance with its terms. No opinion regarding the adequacy of the Continuing Disclosure Agreement for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1934, as amended, may be inferred from this opinion.

This letter is furnished by us as Bond Counsel to JEA. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. This letter is delivered to you as Underwriters of the Bonds, is solely for your benefit as such Underwriters and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Respectfully submitted,

_____

ANNEX D

[Form of Disclosure Counsel Opinion]

_____, 20__

JEA
Jacksonville, Florida

Re: $000,000,000 JEA St. Johns River Power Park System Revenue Bonds, Issue Three, Series X

Ladies and Gentlemen:

We have acted as Disclosure Counsel to JEA in connection with the issuance of the above-captioned obligations (the "Bonds") which are today being delivered _____, as senior managing underwriter on behalf of itself and _____ (the "Underwriters"). In such capacity, we have reviewed such proceedings, records, certificates, documents and questions of law as we have considered necessary to enable us to render this opinion.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters and because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Preliminary Official Statement dated _____, 20___ and the Official Statement dated _____, 20___ related to the Bonds (collectively, the "Official Statements"), we are not passing on and do not assume any responsibility for, except as set forth below, the accuracy, completeness or fairness of the statements contained in the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. Our engagement has necessarily involved a review of certain demographic, financial, statistical and operating data or information, however we express no opinion regarding the accuracy and completeness of any such information.

We have generally reviewed information furnished to us by, and have participated in telephone conferences and meetings with, representatives of JEA, JEA's Counsel, PFM Financial Advisors LLC, the financial advisor to JEA, the Underwriters and others, in which such contents of the Official Statements and related matters were discussed. We have reviewed information concerning JEA's audited financial statements and meeting minutes and other materials we deemed relevant. With your permission, we have relied upon certificates of officials of JEA and others, and upon certain other opinions, certificates and/or letters delivered in connection with the issuance of the Bonds, including, without limitation, those received from JEA's Counsel. In addition, we have reviewed such proceedings, records, certificates, documents and questions of law as we have considered necessary to enable us to render this opinion.

Based on the foregoing assumptions and reliances, and subject to the qualifications stated herein, we are of the opinion that:

1. Based solely upon our review and discussions noted above, and in reliance upon the accuracy of the information contained in the aforementioned certificates, letters and opinions, but without having undertaken any independent investigation or verification of such information, nothing has come to the attention of the attorneys in our firm rendering legal services in accordance with this representation which leads us to believe that the Official Statements contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that we express no opinion regarding historical or projected financial information, demographic, statistical or operating data or information included in the Official Statements, including but not limited to appendices, schedules and exhibits thereto, or any information about The Depository Trust Company and its book entry system of registration.

2. The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Bond Resolution and the Subordinated Bond Resolution (as both terms are defined in the Official Statements) are exempt from qualification under the Trust Indenture Act of 1939, as amended.

The opinions expressed herein are predicated upon present law, facts and circumstances; and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof or of any subsequent events or developments which might affect the opinions expressed herein. The opinions expressed herein represent professional judgment, and are not a guarantee of result.

The opinions expressed herein are limited to the laws of the State of Florida and the United States of America.

This opinion letter may be relied upon by you only and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent. This opinion letter is not rendered to, and may not be relied upon by, holders or owners of the Bonds. The opinions expressed herein are limited to the matters set forth herein, and to the documents referred to herein and do not extend to any other agreements, documents or instruments executed by the Issuer, and no other opinion should be inferred beyond the matters expressly stated herein.

Respectfully submitted,

ANNEX E

[Form of Underwriters' Counsel Opinion]

_____, 20__

[Underwriters]
c/o _____
_____
_____

Re: $000,000,000 JEA St. Johns River Power Park System Revenue Bonds, Issue Three, Series X

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriters") in connection with the purchase by the Underwriters from JEA of the captioned obligations designated (the "Bonds"). As such counsel, we have examined the Official Statement, dated _____, 20__, relating to the Bonds (the "Official Statement"), the Bond Purchase Agreement, dated _____, 20__, by and between _____, as Representative of the Underwriters named therein and JEA, with respect to the Bonds (the "Bond Purchase Agreement"), the Resolution (as defined in the Bond Purchase Agreement), the Continuing Disclosure Agreement (as defined in the Bond Purchase Agreement), and such other matters as we have deemed necessary; and we have participated in discussions and conferences with members of JEA and its staff, bond counsel, JEA's financial advisor, and the independent certified public accountants with respect to matters contained and included by reference in the Official Statement.

From such examination, we are of the opinion that the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

We are not passing upon, do not assume responsibility for, and have not independently verified the accuracy, completeness, or fairness of the statements contained or included by reference in the Official Statement. In addition, we are not experts in evaluating the business, operations, or financial condition of public power authorities in general or JEA in particular. As your counsel we have participated in the preparation of the Official Statement and in the discussions referred to above with respect to the Official Statement. In the course of such preparation, discussions and review nothing has come to our attention which leads us to believe that the Official Statement (except for the appendices thereto and references to such appendices and the graphic, engineering, financial and statistical information, any information about book-entry or DTC (as such term is defined in the Official Statement), as to which we express no view) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

We are further of the opinion that the Continuing Disclosure Agreement satisfies the requirements contained in Securities and Exchange Commission Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Bonds to provide the information at the times and in the manner required by said Rule.

We are furnishing this letter to you pursuant to Section 8(f) of the Bond Purchase Agreement solely for your benefit as Underwriters. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Respectfully submitted,

_____

ANNEX F

_____
_____
_____

_____, 20__

JEA
21 West Church Street
Jacksonville, Florida 32202

Re: $000,000,000 JEA St. Johns River Power Park System Revenue Bonds, Issue Three, Series X

Ladies and Gentlemen:

In connection with the proposed issuance by JEA (the "Issuer") of $000,000,000 in aggregate principal amount of St. Johns River Power Park System Revenue Bonds, Issue Three, Series X (the "Bonds"), [Underwriters] (collectively, the "Underwriters") are preparing to underwrite a public offering of the Bonds. Arrangements for underwriting the Bonds will be pursuant to a Bond Purchase Agreement between the Issuer and the Underwriters.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, as amended, certain information in respect of the arrangements contemplated for the underwriting of the Bonds as follows:

(a) The nature and estimated amounts of expenses to be incurred by the Underwriters in connection with the purchase and reoffering of the Bonds are set forth in Schedule I attached hereto.

(b) Based upon representations of the Underwriters, there are no "finders," as defined in Section 218.386, Florida Statutes, as amended, connected with the issuance of the Bonds.

(c) The underwriting spread (*i.e.*, the difference between the price at which the Bonds will be initially offered to the public by the Underwriters and the price to be paid to the Issuer for the Bonds) will be $_____ per $1,000 bond or $_____.

(d) The Underwriters will charge no management fee.

(e) There is no other fee, bonus or other compensation to be paid by the Underwriters in connection with the issuance of the Bonds to any person not regularly employed or retained by the Underwriters, except as specifically enumerated as expenses referred to in paragraph (a) above to be incurred by the Underwriters as set forth in Schedule I attached hereto.

(f) The names and addresses of the Underwriters are:

_____
_____
_____
_____
_____

_____
_____
_____
_____
_____

_____
_____
_____
_____
_____

We understand that you do not require any further disclosure from the Underwriters pursuant to Section 218.385(6), Florida Statutes, as amended.

Very truly yours,

[Underwriters]

_____

By: _____
Name:
Title:

SCHEDULE I

ESTIMATED UNDERWRITERS' FEE AND EXPENSES

Underwriters' Fee	Dollar Amount	Per $1,000 Bond
Average Takedown	$_____	$_____
Expenses:		
Underwriters' Counsel	_____	_____
Dalcomp	_____	_____
Dalnet	_____	_____
CUSIP	_____	_____
DTC	_____	_____
Total Fees and Expenses	$_____	$_____

ANNEX G

REFUNDED BONDS

[Insert name(s) of Series]

ESCROW DEPOSIT AGREEMENT

relating to

JEA
ST. JOHNS RIVER POWER PARK SYSTEM
REVENUE BONDS
ISSUE THREE, SERIES X

THIS ESCROW DEPOSIT AGREEMENT, dated as of _____ __, 20__, by and between JEA, a public body corporate and politic organized under the laws of the State of Florida and _____, as Escrow Agent;

WITNESSETH:

WHEREAS, JEA has previously authorized and issued obligations of JEA as hereinafter set forth and defined as the "Refunded Obligations," as to which the Aggregate Debt Service (as hereinafter defined) is set forth on Schedule A attached hereto; and

WHEREAS, JEA has determined to provide for refunding of the Aggregate Debt Service of the Refunded Obligations by depositing with the Escrow Agent cash and Defeasance Securities, which will be sufficient to pay the Aggregate Debt Service on the Refunded Obligations; and

WHEREAS, in order to obtain a portion of the funds needed for such purpose JEA has authorized and is, concurrently with the delivery of this Agreement, issuing its St. Johns River Power Park System Revenue Bonds, Issue Three, Series X; and

WHEREAS, JEA has determined that the amount to be on deposit, from time to time, in the Escrow Account, as defined herein, will be sufficient to pay the Aggregate Debt Service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, JEA and the Escrow Agent agree as follows:

SECTION 1. Definitions. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution (as defined below). As used herein, the following terms shall have the following meanings:

(a) "Aggregate Debt Service" means the sum of all present and future Annual Debt Service payments then remaining unpaid with respect to the Refunded Obligations through the final Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(b) "Agreement" means this Escrow Deposit Agreement.

(c) "Annual Debt Service" means, in any year, the redemption price or principal of, and interest on, the Refunded Obligations coming due or being redeemed on the respective Redemption Date or maturity date, as set forth on Schedule A attached hereto.

(d) "Defeasance Securities" means securities permitted by Section 101 of the Resolution.

(e) "Escrow Account" means the Escrow Account identified in Section 2 herein and established and held by the Escrow Agent pursuant to this Agreement in which a portion of the proceeds from the sale of the Bonds and certain other funds will be held for payment of the Refunded Obligations.

(f) "Escrow Agent" means _____ with the power to accept trusts in the State of Florida.

(g) "Escrow Deposit Requirement" means, as of any date of calculation, the principal amount of cash and any Defeasance Securities in the Escrow Account which, together with the interest due on the Defeasance Securities, will be sufficient to pay, as the installments thereof become due, the Aggregate Debt Service.

(h) "Paying Agent" means _____ in its capacity as the paying agent for the Refunded Obligations.

(i) "Redemption Date" means the redemption date or dates for the Refunded Obligations, as set forth in Schedule B hereto.

(j) "Refunded Obligations" means the St. Johns River Power Park System Revenue Bonds, Issue Three listed in Schedule B hereto.

(k) "Resolution" means the resolution entitled the "St. Johns River Power Park System Second Revenue Bond Resolution" duly adopted by JEA on February 20, 2007, as amended and supplemented, and particularly as supplemented by resolutions adopted by JEA authorizing the issuance of the Refunded Obligations.

(l) "Series X Bonds" means JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series X.

SECTION 2. Deposit of Funds. With respect to the Refunded Obligations, JEA hereby deposits $_____ with the Escrow Agent in immediately available funds (the "Escrow Deposit Amount"), to be held in irrevocable escrow by the Escrow Agent in a separate escrow trust fund (the "Escrow Account") and applied solely as provided in this Agreement. JEA represents that (i) $_____ of such funds are derived by JEA from a portion of the proceeds of the Series X Bonds and (ii) $_____ of such funds are derived by JEA from amounts on deposit in the Debt Service Fund established pursuant to the Resolution.

JEA represents, that such funds, when applied pursuant to Section 3 below, will at least equal the Escrow Deposit Requirement as of the date hereof.

SECTION 3. Use and Investment of Funds. The Escrow Agent acknowledges receipt of the sum described in Section 2 and agrees:

(a) Concurrently with the receipt of the proceeds and other moneys as described in Section 2, the Escrow Agent will apply $_____ of such amount to the purchase of $_____ aggregate principal or par amount of Defeasance Securities specifically described in Schedule D, and the remaining $_____ will be held as cash for the benefit of the holders of the Refunded Obligations. Defeasance Securities held by the Escrow Agent are to mature in such principal amounts and pay interest in such amounts and at such times so that sufficient moneys are available to pay when due the principal of and interest on all outstanding Refunded Obligations as further set forth in Schedule B;

(b) there will be no investment of funds except as set forth in this Section 3 and in Section 5;

(c) to hold the proceeds of all investments in the Escrow Account in such Account in trust (separate from all other funds of the Escrow Agent) for the benefit of the owners of the Refunded Obligations from the date of receipt thereof to the date on which such proceeds are scheduled to be paid out of the Escrow Account and applied only for the purposes thereof, as set forth on Schedule A attached hereto; and

(d) to hold the funds and securities in the Escrow Account in irrevocable escrow during the term of this Agreement.

SECTION 4. Payment of Refunded Obligations.

(a) ***Payment of Refunded Obligations.*** The Escrow Agent shall pay to the Paying Agent for the Refunded Obligations, from the cash on hand in the Escrow Account, a sum sufficient to pay the Annual Debt Service coming due on such date with respect to the Refunded Obligations, as shown on Schedule A attached hereto.

(b) ***Surplus.*** On the Redemption Date, after making the payment from the Escrow Account described in Subsection 4(a), the Escrow Agent shall pay to JEA the remaining cash, if any, in the Escrow Account. JEA shall apply the payment made to it hereunder to the payment of the principal of and interest on the Series X Bonds or for other uses permitted under the Resolution, but the Escrow Agent shall have no duty or responsibility to ensure that JEA does so.

(c) ***Payments Due on Saturdays, Sundays and Holidays.*** If any payment date shall be a legal holiday or a day on which banking institutions in the city in which is located the designated office of the Paying Agent are authorized by law to remain closed, then the Escrow Agent may make the payments required by Subsections 4(a) and 4(b) to the Paying Agent or JEA, as the case may be, on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed.

SECTION 5. Reinvestment.

(a) Except as provided in Section 3 and this Section, the Escrow Agent shall have no power or duty to invest any funds held under this Agreement or to sell, transfer or otherwise dispose of or make substitutions of the Defeasance Securities held hereunder.

(b) At the written request of JEA and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer or otherwise dispose of any of the Defeasance Securities acquired hereunder and shall substitute other Defeasance Securities and reinvest any excess receipts in Defeasance Securities. JEA will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which will cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation. Such substitutions and reinvestments may be effected only if (i) an independent certified public accountant selected by JEA shall certify or opine in writing to JEA and the Escrow Agent that the cash and principal amount of Defeasance Securities remaining on hand after the transactions are completed will be not less than the Escrow Deposit Requirement, and (ii) the Escrow Agent shall receive an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds acceptable to JEA to the effect that the transactions, in and by themselves, will not cause interest on the Refunded Obligations to be included in the gross income of the registered owners thereof for purposes of federal income taxation and such substitution is in compliance with this Agreement. Subsection 4(b) above notwithstanding, cash in excess of the Escrow Deposit Requirement caused by substitution of Defeasance Securities shall, as soon as practicable, be paid to JEA.

SECTION 6. Redemption of Refunded Obligations. JEA has exercised its option to redeem the Refunded Obligations prior to the maturity thereof on the Redemption Date as shown on Schedule B attached hereto.

SECTION 7. Redemption Notice. JEA has previously directed the Bond Registrar for the Refunded Obligations to give notice of redemption of such Refunded Obligations. JEA hereby directs _____ as Bond Registrar to provide notice of defeasance in the form provided in Schedule E attached hereto for the Refunded Obligations. Redemption notices and defeasance notices distributed by the Bond Registrar will be sent to bondholders pursuant to the Resolution, as supplemented, and will be distributed to the Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access system.

SECTION 8. Indemnity. To the extent permitted by applicable law, including but not limited to Section 768.28, Florida Statutes, JEA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and attorneys' disbursements and expenses) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by JEA or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Account, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; *provided*, *however*, that JEA shall not be required to indemnify the Escrow Agent, its successors, assigns, agents and servants against the negligence or willful misconduct of the Escrow Agent or its successors, assigns, agents and servants. In no event

shall JEA or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement. Nothing in this Section contained shall give rise to any liability on the part of JEA in favor or any person other than the Escrow Agent.

SECTION 9. Responsibilities of Escrow Agent; Fees. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Account, the retention of the Defeasance Securities or the proceeds thereof or any investment, payment, transfer, or other application of money or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties or non-willful misconduct. The Escrow Agent shall, however, be liable to JEA for its negligent acts, omissions or errors or willful misconduct which violate or fail to comply with the terms of this Agreement. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of JEA. The fees of the Escrow Agent shall be paid by JEA at the time this Agreement is executed and delivered, such fees to be as set forth on Schedule C attached hereto. The Escrow Agent shall have no lien whatsoever upon any of the moneys or investments in the Escrow Account for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate when the Refunded Obligations have been paid and discharged in accordance with the proceedings authorizing the Refunded Obligations.

SECTION 11. Amendments. This Agreement is made for the benefit of JEA and the holders from time to time of the Refunded Obligations and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Escrow Agent and JEA; *provided*, *however*, that JEA and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Obligations, any additional rights, remedies, power or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

(c) to subject additional funds, securities or properties to this Agreement.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or

elimination affects the rights of the holders of the Refunded Obligations, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of JEA or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement herein contained shall be null and void and shall be severed from the remaining covenants and agreements and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 13. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as duplicate originals and shall constitute and be one and the same instrument.

SECTION 14. Governing Law. This Agreement shall be construed under the laws of the State of Florida.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Deposit Agreement to be executed by their duly authorized officers and JEA's official seal to be hereunto affixed and attested as of the date first above written.



JEA

ATTEST:

By: _____
Title:

By: _____
Secretary

Form Approved:

_____
Office of General Counsel

_____,
as Escrow Agent

By: _____
Its: _____

[Signature page to Escrow Deposit Agreement relating to
JEA St. Johns River Power Park System Revenue Bonds Issue Three, Series

SCHEDULE A
REFUNDED OBLIGATIONS

The Aggregate Debt Service for the Refunded Obligations is shown in the following table:

Date	Interest	Principal Redeemed	Redemption Premium	Total
	$	$		$

SCHEDULE B
LIST OF REFUNDED OBLIGATIONS

The Refunded Bonds will consist of the St. Johns River Power Park Revenue Bonds, Issue Three listed in the following table.

Issue Three	Maturity Date (October 1)	Amount to be Refunded	Redemption Date	Redemption Price (expressed as a percentage of principal amount)	CUSIP*
		$		%	
Total					

* The CUSIP numbers listed here are provided for the convenience of readers. JEA is not responsible for the accuracy or completeness of such numbers.

SCHEDULE C
FEES OF ESCROW AGENT

The fee of the Escrow Agent for its services hereunder shall be $____; provided, JEA agrees to reimburse the Escrow Agent for its reasonable out-of-pocket expenses at cost.

SCHEDULE D

ESCROW DESCRIPTIONS DETAIL

Type of Security	Maturity Date	Par Amount	Rate	Yield	Price	Cost	Accrued Interest	Total Cost

SCHEDULE E

NOTICE OF DEFEASANCE AND DESIGNATION OF CERTAIN BONDS FOR PRIOR REDEMPTION

JEA

ST. JOHNS RIVER POWER PARK SYSTEM REVENUE BONDS

described in Exhibit A hereto*

NOTICE IS HEREBY GIVEN to the holders of JEA's St. Johns River Power Park System Revenue Bonds described above and in Exhibit A attached hereto (the "Refunded Bonds") that JEA has (i) deposited on _____ with _____, the Escrow Agent for the Refunded Bonds, cash and Defeasance Securities which will provide monies sufficient to pay when due the interest on the Refunded Bonds through the redemption date or maturity date, as applicable, and the principal together with any applicable redemption premium thereon, free and clear of any trust, lien or pledge securing said Refunded Bonds or otherwise existing under the Resolution (as defined below) and (ii) irrevocably designated the Refunded Bonds which are subject to redemption prior to maturity for redemption as aforesaid. As a result of such deposit, said Refunded Bonds are deemed to have been paid and to be no longer Outstanding in accordance with the resolution authorizing the issuance of St. Johns River Power Park System Revenue Bonds, adopted by JEA on February 20, 2007, as amended (the "Resolution"). Any such redemption does not apply to any bonds issued under the Resolution other than the Refunded Bonds. Capitalized terms used and not defined herein shall have the meanings for such terms provided in the Resolution.

JEA

By: _____,
as Escrow Agent

Dated:

* No representation is made as to the accuracy of the CUSIP number either as printed on the Refunded Bonds or as set forth in this Notice.

EXHIBIT A

REFUNDED BONDS

Refunded Bonds	Par Amount to be Refunded	Outstanding Par Amount Prior to Refunding	Maturity (October 1)	Interest Rate	Redemption Date	Redemption Price	Original CUSIP* Number	Refunded CUSIP* Number	Unrefunded CUSIP* Number

NEW ISSUE — BOOK-ENTRY ONLY

In the opinion of Nixon Peabody LLP, bond counsel ("Bond Counsel"), under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by JEA described herein, interest on the Series Eight Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations for purposes of computing the alternative minimum tax imposed on such corporations. Interest on the Series Eight Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations. See "TAX MATTERS" herein regarding certain other tax considerations.



(www.jea.com)

$63,925,000
ST. JOHNS RIVER POWER PARK SYSTEM
Revenue Bonds
Issue Three, Series Eight

Dated: Date of Delivery **Due: October 1, as shown on the inside cover page**

The St. Johns River Power Park System Revenue Bonds, Issue Three, Series Eight (the "Series Eight Bonds") will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Series Eight Bonds. Individual purchases of the Series Eight Bonds will be made in book-entry form only, in principal amounts of $5,000 or any integral multiple thereof. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto. Interest on the Series Eight Bonds is payable on October 1, 2014 and semiannually thereafter on April 1 and October 1 of each year.

The Series Eight Bonds are subject to redemption prior to maturity as described herein.

The Series Eight Bonds are being issued to (a) provide a portion of the funds required to refund certain of the Outstanding St. Johns River Power Park System Revenue Bonds, Issue Three as described herein (the "Refunded Bonds") and (b) pay costs of issuance of the Series Eight Bonds. See "REFUNDING PLAN" herein.

The Series Eight Bonds, together with any additional bonds which may be issued under the Second Power Park Resolution (as defined herein), and the interest thereon, are payable solely from and are secured by a pledge of and lien on all payments made from JEA from its Electric System into the Revenue Fund 2d and other available funds pledged under the Second Power Park Resolution. Payments from JEA's Electric System for the debt service on the Series Eight Bonds issued under the Second Power Park Resolution will be made as "Contract Debts" which are payable as a "Cost of Operation and Maintenance" of the Electric System.

The Series Eight Bonds shall not constitute general obligations of either JEA or the City of Jacksonville, Florida within the meaning of any constitutional, statutory or charter provision or limitation. JEA has no power to levy taxes for any purpose. The City of Jacksonville shall never be required to levy ad valorem taxes on any property of JEA or property of or in the City of Jacksonville to pay the principal or redemption price of, or interest on, any such Bonds.

Beneficial owners of the Series Eight Bonds will be deemed to have consented for all owners of the Series Eight Bonds to certain proposed amendments of certain provisions of the Second Power Park Resolution. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES EIGHT BONDS – Proposed Amendments to the Second Power Park Resolution."

MATURITY SCHEDULE — See Inside Front Cover

The Series Eight Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel. Certain legal matters will be passed upon for JEA by the Office of General Counsel of the City of Jacksonville, Florida, as counsel to JEA, and by Rogers Towers, P.A., Jacksonville, Florida, counsel to the Underwriters. It is expected that the Series Eight Bonds in definitive form will be available for delivery to DTC in New York, New York on or about July 8, 2014.

BofA Merrill Lynch		**Citigroup**	
Barclays	**BMO Capital Markets**	**Goldman, Sachs & Co.**	**Jefferies**
J.P. Morgan	**Loop Capital Markets**	**Morgan Stanley**	**Piper Jaffray**
Raymond James	**RBC Capital Markets**	**US Bancorp**	**Wells Fargo Securities**

June 5, 2014

MATURITIES, AMOUNTS, INTEREST RATES,
YIELDS OR PRICES AND CUSIP NUMBERS

$63,925,000
St. Johns River Power Park System
Revenue Bonds, Issue Three, Series Eight

Dated: Date of Delivery Due: October 1, as shown below

$46,085,000 Serial Bonds

Maturity (October 1)	Amount	Interest Rate	Yield or Price	CUSIP†
2014	$ 60,000	3.000%	0.22%	46613QKK9
2015	1,000,000	4.000	0.25	46613QKL7
2016	1,745,000	5.000	0.46	46613QKM5
2017	1,125,000	4.000	0.80	46613QKN3
2018	2,100,000	5.000	1.15	46613QKP8
2019	2,205,000	5.000	1.51	46613QKQ6
2020	2,235,000	2.000	2.01	46613QKR4
2021	1,570,000	2.250	2.38	46613QKS2
2022	2,175,000	2.500	2.66	46613QKT0
2023	2,230,000	2.750	2.87	46613QKU7
2024	2,295,000	3.000	100	46613QKV5
2025	2,360,000	3.000	3.10	46613QKW3
2026	2,430,000	3.000	3.22	46613QKX1
2027	2,505,000	3.125	3.30	46613QKY9
2028	2,580,000	3.250	3.42	46613QKZ6
2029	2,670,000	3.375	3.53	46613QLA0
2030	2,755,000	3.500	3.62	46613QLB8
2031	2,855,000	3.500	3.71	46613QLC6
2032	2,955,000	3.625	3.78	46613QLD4
2033	3,060,000	3.750	3.85	46613QLE2
2034	3,175,000	3.750	3.90	46613QLG7

$17,840,000 4.000% TERM BOND DUE OCTOBER 1, 2039 – YIELD 4.070% CUSIP† 46613QLF9

(Without Accrued Interest)

† The CUSIP numbers listed herein are provided for the convenience of bondholders. JEA is not responsible for the accuracy or completeness of such numbers.

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

JEA OFFICIALS

BOARD MEMBERSHIP

Chair	Michael R. Hightower
Vice Chair	Lisa Strange Weatherby
Secretary	Helen H. Albee
	Peter E. Bower
	Husein A. Cumber
	Ronald Townsend
	N. Wyman Winbush, II

MANAGEMENT

Managing Director and Chief Executive Officer	Paul E. McElroy
Vice President and General Manager, Electric Systems	Michael I. Brost
Vice President and General Manager, Water and Wastewater Systems	Brian J. Roche
Chief Financial Officer	Melissa H. Dykes
Chief Compliance Officer	Ted E. Hobson
Chief Customer Officer	Monica Whiting
Chief Human Resources Officer	Angelia R. Hiers
Chief Information Officer	Wanyonyi J. Kendrick
Chief Public Affairs Officer	P.G. Para
Treasurer	Joseph E. Orfano

GENERAL COUNSEL

Cindy A. Laquidara, Esq.[1]
General Counsel of the City of Jacksonville
Jacksonville, Florida

INDEPENDENT AUDITORS

Ernst & Young, LLP
Jacksonville, Florida

BOND COUNSEL

Nixon Peabody LLP
New York, New York

FINANCIAL ADVISOR

Public Financial Management, Inc.
Philadelphia, Pennsylvania

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association
Jacksonville, Florida

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[1] Ms. Laquidara has announced her resignation, effective July 1, 2014.

No dealer, broker, salesman or any other person has been authorized by JEA to give any information or to make any representations, other than as contained in this Official Statement or included herein by specific reference, and if given or made, such other information or representations must not be relied upon as having been authorized by JEA or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series Eight Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale in such jurisdiction.

THE SERIES EIGHT BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE SECOND POWER PARK SYSTEM RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion set forth herein or included herein by specific reference are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the affairs of JEA since the date hereof.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intent," "believe" and similar expressions are intended to identify forward-looking statements. A number of factors affecting JEA's business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

IN CONNECTION WITH THIS OFFERING OF THE SERIES EIGHT BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Except as specifically provided herein, none of the information on JEA's website is included by reference herein.

The CUSIP numbers listed herein are provided for the convenience of bondholders. JEA is not responsible for the accuracy or completeness of such numbers.

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OFFICIAL STATEMENT

Relating to



$63,925,000
St. Johns River Power Park System
Revenue Bonds
Issue Three, Series Eight

June 5, 2014

INTRODUCTION

General

The purpose of this Official Statement, including the cover page and inside cover page hereof, the appendices hereto and the information included by reference herein, is to provide information concerning the proposed issuance by JEA of $63,925,000 aggregate principal amount of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series Eight (the "Series Eight Bonds").

Beneficial owners of the Series Eight Bonds will be deemed to have approved and consented to the amendments contained in the April 2010 Amending Resolution No. 2010-7 (as defined herein). See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES EIGHT BONDS* – Proposed Amendments to the Second Power Park Resolution *– April 2010 Amending Resolution 2010-7" herein for a description of certain amendments to the Second Power Park Resolution that are not yet effective, but are expected to be effective on or about July 14, 2014.

The Series Eight Bonds are being offered to provide funds to (a) provide a portion of the funds required to refund certain of the St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three as described herein (the "Refunded Bonds") and (b) pay costs of issuance of the Series Eight Bonds. See "REFUNDING PLAN" herein.

On March 30, 1982, JEA adopted a resolution (as amended and supplemented, the "First Power Park Resolution") for the purpose of authorizing the issuance of bonds in order to finance and refinance the cost of acquisition and construction of the Power Park (as defined herein). The First Power Park Resolution remains in effect, and JEA expects to continue to issue bonds thereunder. On February 20, 2007, JEA adopted a resolution entitled the "St. Johns River Power Park System Second Revenue Bond Resolution" (the "Second Power Park Resolution") for the purpose of authorizing the issuance of bonds (the "Issue Three Bonds") to finance the acquisition and construction of additional capital improvements to the St. Johns River Power Park (the "Power Park"), a two-unit coal- and pet coke-fired, steam electric generating station currently rated at 1,276 MW, net.

As of the date of this Official Statement, $377,700,000 aggregate principal amount of the Issue Two Bonds issued pursuant to the First Power Park Resolution (the "Issue Two Bonds") were outstanding. As of the date of this Official Statement, there are $332,410,000 St. Johns River Power

Park System Revenue Bonds Outstanding under the Second Power Park Resolution (as defined herein), including $88,790,000 in aggregate principal amount of St. Johns River Power Park System Revenue Bonds, Issue Three, Series Seven (the "Series Seven Bonds") which refunded certain of the Outstanding St. Johns River Power Park System Revenue Bonds, Issue Three, Series Two (the "Refunded Series Two Bonds") on May 29, 2014. As more fully described under the caption "ELECTRIC UTILITY SYSTEM — *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* — Debt Relating to Electric Utility Functions — *Power Park Issue Two Bonds*" and "— *Power Park Issue Three Bonds*" in the Annual Disclosure Report referred to herein, JEA's obligation to make payments from the Electric System (as defined herein) with respect to the Power Park, including its share of debt service on the Issue Two Bonds and debt service on the Issue Three Bonds (as defined herein), is a "Contract Debt" payable as a "Cost of Operation and Maintenance" of the Electric System. Florida Power & Light Company ("FPL") is also obligated to pay a share of the debt service on the Issue Two Bonds. FPL has no obligation to make payments on debt service on the Issue Three Bonds.

Additionally, as of the date of this Official Statement, $119,100,000 aggregate principal amount of Bulk Power Supply System Revenue Bonds, Scherer 4 Project Issue (the "BPSS Bonds") are outstanding under JEA's Restated and Amended Bulk Power Supply System Resolution adopted by JEA on September 18, 2007. As more fully described under the caption "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* — Debt Relating to Electric Utility Functions — *Bulk Power Supply System Bonds*" in the Annual Disclosure Report referred to herein, JEA's obligation to make payments from the Electric System with respect to JEA's 23.64 percent ownership 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, including its share of debt service on the BPSS Bonds, is a "Contract Debt" payable as a "Cost of Operation and Maintenance" of the Electric System. All Contract Debt payments are payable on a parity basis. JEA's ownership interest in Scherer Unit 4 and proportionate ownership interest in associated common facilities and an associated coal stockpile are referred to herein as the "Bulk Power Supply System" or "BPSS."

The description herein of the Series Eight Bonds and the descriptions herein and in the Annual Disclosure Report referred to under "Inclusion of Information" below of the documents authorizing and securing the same and of the other debt of JEA and of the documents authorizing, securing and relating to the same do not purport to be comprehensive or definitive. All references herein and in the Annual Disclosure Report to such documents are qualified in their entirety by reference to such documents.

Unless otherwise defined herein, all capitalized terms in this Official Statement shall have the same meanings as given to them in the Second Power Park Resolution referred to below or, if not defined therein, in the Annual Disclosure Report.

JEA

General. 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"). JEA was established in 1968 to own and manage the electric utility which had been owned by the City since 1895 (as more particularly defined in the Annual Disclosure Report included by reference herein, the "Electric System"). In 1997, the City transferred to JEA the City's combined water and wastewater (sewer) utilities system (the "Water and Sewer System"). In 2004, the City authorized JEA to create a local district energy system and JEA established such a system (the "District Energy System") and transferred to it the chilled water production and distribution assets formerly held as part of the Electric System.

Electric System. In 2012, 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 its Fiscal Year ended September 30, 2013, the Electric System served an average of 426,772 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. JEA's total energy sales in its Fiscal Year ended September 30, 2013, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale (see "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* — Debt Relating to Electric Utility Functions — *Power Park Issue Two Bonds*" and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — St. Johns River Power Park — *Ownership*" in the Annual Disclosure Report included by reference herein), were approximately 11.9 billion kWh. Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2013, net of the revenues received by JEA from the FPL-Power Park Sale, were approximately $1,262,045,000.

Bulk Power Supply. 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. In accordance with that Act, JEA has acquired 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 proportionate ownership interests in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project"). See "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — Scherer 4" in the Annual Disclosure Report.

St. Johns River Power Park System. Pursuant to the Bulk Power Act, JEA has also acquired and constructed, and operates, an 80 percent undivided ownership interest in the St. Johns River Power Park (the "Power Park"), a two-unit, coal- and pet coke-fired, steam electric generating station currently rated at 1,276 MW, net, located in the northeast section of the City that is jointly-owned by JEA and FPL. See "ST. JOHNS RIVER POWER PARK" herein and "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — St. Johns River Power Park" in the Annual Disclosure Report.

Water and Sewer System. The Water and Sewer System is owned and operated by JEA as a combined utilities system, separate and apart from JEA's Electric Utility Functions (as defined in the Annual Disclosure Report). Accordingly, information relating to the Water and Sewer System is not relevant to the debt of JEA relating to JEA's Electric Utility Functions.

District Energy System. The District Energy System is owned and operated by JEA as a distinct utilities system, separate and apart from the Electric System and the Water and Sewer System. Accordingly, information relating to the District Energy System is not relevant to the debt of JEA relating to the Power Park.

Inclusion of Information. JEA previously has prepared a document entitled "Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2013," dated as of April 16, 2014 (the "Annual Disclosure Report"). The Annual Disclosure Report sets forth certain information concerning JEA, its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project (as defined herein). **As more fully described under the caption "Inclusion of Information" below, certain information contained in the Annual Disclosure Report is included by reference in this Official Statement.** Copies of the Annual Disclosure Report may be obtained in the manner and from the sources described under the caption "Inclusion of Information" below.

The Series Eight Bonds

The Series Eight Bonds are being issued under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly the Bulk Power Act, Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof and other applicable provisions of law and the Second Power Park Resolution. A summary of certain provisions of the Second Power Park Resolution is included as Appendix E to the Annual Disclosure Report. As of the date of this Official Statement, there are $332,410,000 St. Johns River Power Park System Revenue Bonds Outstanding under the Second Power Park Resolution, including $88,790,000 in aggregate principal amount of the Series Seven Bonds which refunded the Refunded Series Two Bonds on May 29, 2014.

The Series Eight Bonds and any additional bonds hereafter issued pursuant to the Second Power Park Resolution are referred to herein collectively as the "Bonds." Pursuant to the Second Power Park Resolution and the laws of Florida, the amount of Bonds that may be issued by JEA is not limited. The Second Power Park Resolution is available for viewing and downloading on JEA's website (http://www.jea.com) by selecting "About Us" then selecting "Investors," then selecting "Bond Resolutions" under the heading "Related Links" and then selecting "St. Johns River Power Park System Second Revenue Bond Resolution" under the heading "JEA Bond Resolutions."

Inclusion of Information

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, on April 16, 2014, JEA caused the document entitled "Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2013" to be filed with the Municipal Securities Rulemaking Board's (the "MSRB") Electronic Municipal Market Access ("EMMA") website, currently located at http://emma.msrb.org. The Annual Disclosure Report sets forth certain information concerning JEA (including, among other things, JEA's audited financial statements at September 30, 2013 and 2012 and for the Fiscal Years then ended), its outstanding debt, the Electric System, its interest in the Power Park and the Scherer 4 Project.

There is hereby included in this Official Statement by this reference the information contained in the Annual Disclosure Report, which information should be read in its entirety in conjunction with this Official Statement.

Copies of the Annual Disclosure Report may be obtained from the MSRB's EMMA website (http://emma.msrb.org). Copies of the Annual Disclosure Report also may be obtained via the Internet from JEA's website as described below.

The Annual Disclosure Report is available for viewing and downloading from JEA's website (http://www.jea.com) by selecting "About Us," then selecting "Investors," then selecting "Annual Disclosure Reports" under the heading "Related Links" and then selecting "2013 Annual Disclosure Report for Electric Utility System as filed with the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA)" under the heading "JEA Annual Disclosure Reports." (Please note that there also are available from JEA's website separate documents entitled "2013 Annual Report" and "2013 Annual Disclosure Report for Water and Sewer System as filed with the Municipal Securities Rulemaking Board Electronic Municipal Market Access (EMMA)"; these documents are not the Annual Disclosure Report included by reference herein, and are not included by reference herein.) *Furthermore,*

except for the Annual Disclosure Report (to the extent set forth herein), none of the other information contained on JEA's website is included by reference in this Official Statement. Included in the Annual Disclosure Report are the financial statements of JEA for its Fiscal Years 2013 and 2012 (which consist of statements of net position of JEA as of September 30, 2013 and 2012 and the related statements of revenues, expenses, and changes in net position and statements of cash flows for the years then ended and the notes thereto; such financial statements are hereinafter referred to as "JEA's 2013 Financial Statements"), together with the report of Ernst & Young LLP, independent auditors, on the financial statements as of September 30, 2013 and 2012 and for the years then ended, certain supplemental data as of September 30, 2013 and 2012 and for the years then ended (which consist of combining statement of net position, combining statement of revenues, expenses, and changes in net position and combining statement of cash flows) and certain statements of bond compliance information (which consist of schedules of debt service coverage for the years ended September 30, 2013 and 2012 for the Electric System, the Power Park, the BPSS and the Water and Sewer System), together with the reports of Ernst & Young LLP, independent auditors, on such schedules for the years ended September 30, 2013 and 2012. All such statements, information, data and schedules should be read in conjunction with the notes to JEA's 2013 Financial Statements, which are an integral part of the financial statements.

Except as described under the caption "INTRODUCTION – General" in the Annual Disclosure Report, for financing purposes, 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 (*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 and (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).

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Except as specifically provided herein, such web sites and the information or links contained therein, including specifically (but not limited to) the information on JEA's website and the City's website, are not included by reference herein, and are not part of this official statement for purposes of, and as that term is defined in, Rule 15c2-12.

The Issue Two Bonds (as defined herein) are referred to in the Annual Disclosure Report as the "Power Park Issue Two Bonds" and the Issue Three Bonds (as defined herein) are referred to in the Annual Disclosure Report as the "Power Park Issue Three Bonds."

Continuing Disclosure Undertakings

Pursuant to a Continuing Disclosure Agreement to be executed by JEA simultaneously with the issuance of the Series Eight Bonds (the "Continuing Disclosure Agreement"), JEA will covenant for the benefit of the holders and beneficial owners of the Series Eight Bonds to provide certain financial information and operating data relating to JEA by not later than the June 1 following the end of each of JEA's Fiscal Years, commencing with the report for the Fiscal Year ending September 30, 2014 (the "JEA Annual Information"), and to provide notices of the occurrence of certain specified events with respect to the Series Eight Bonds, as required by Rule 15c2-12. The JEA Annual Information and notices of such events will be filed by or on behalf of JEA with the MSRB. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the MSRB's website, currently located at http://emma.msrb.org. The specific nature of the information to be contained in the JEA

Annual Information or the event notices required by Rule 15c2-12 is set forth in the form of the Continuing Disclosure Agreement attached hereto as APPENDIX C.

The covenants described in the preceding paragraph have been made in order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12.

As provided in the Continuing Disclosure Agreement, if JEA fails to make a filing required under the Continuing Disclosure Agreement, any holder or beneficial owner of the Series Eight Bonds may institute and maintain, or cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of such obligation. In addition, as provided in the Continuing Disclosure Agreement, if JEA fails to perform any other obligation under the Continuing Disclosure Agreement, the holders or beneficial owners of not less than 10 percent in principal amount of the Series Eight Bonds then outstanding or a trustee appointed by the holders or beneficial owners of not less than 25 percent in principal amount of the Series Eight Bonds then outstanding may institute and maintain, or cause to be instituted and maintained, such proceedings (including any proceedings that contest the sufficiency of any pertinent filing) as may be authorized at law or in equity to obtain the specific performance by JEA of such obligation. IF ANY PERSON SEEKS TO CAUSE JEA TO COMPLY WITH ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE AGREEMENT, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A BENEFICIAL OWNER WITHIN THE MEANING OF THE CONTINUING DISCLOSURE AGREEMENT. A failure by JEA to comply with the provisions of the Continuing Disclosure Agreement does not constitute a default under the Second Power Park Resolution.

As of the date of this Official Statement, JEA has not failed to comply, in any material respect, with any previous continuing disclosure undertakings made by it pursuant to the provisions of Rule 15c2-12 in connection with the issuance of its bonds. Nonetheless, issues have been discovered with regard to certain of JEA's filings as described below. JEA inadvertently failed to timely file a notice relating to generally available information about the upgrade by Standard & Poor's of the ratings of Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.) ("AGM") from "AA-" to "AA" in March of 2014 as it relates to certain Electric System bonds insured by AGM. Such notice was filed on May 23, 2014. JEA may have inadvertently failed to file notices relating to generally available information about the downgrade by Fitch Ratings of the ratings of AGM from "AAA" to "AA+" and from "AA+" to "AA" in March and October of 2009, respectively. In March 2010, JEA entered into a Continuing Disclosure Agreement (the "MEAG Continuing Disclosure Agreement") in connection with the issuance by the Municipal Electric Authority of Georgia ("MEAG Power") of its Plant Vogtle Units 3&4 Project J Bonds, Taxable Series 2010A (Issuer Subsidy – Build America Bonds) and Plant Vogtle Units 3&4 Project J Bonds, Series 2010B (Tax-Exempt) (together, the "MEAG Bonds"). JEA is an "obligated person" with respect to the MEAG Bonds as a result of its payment obligations under the Project J Power Purchase Agreement between JEA and MEAG Power and therefore, as required, filed the necessary information with EMMA under the MEAG Continuing Disclosure Agreement. For JEA's annual disclosure reports for fiscal years ended 2009 and 2010, the reports were not linked to the CUSIP numbers for the MEAG Bonds on EMMA. JEA has since amended those filings by associating the appropriate CUSIP numbers for the MEAG Bonds.

As described under "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto, upon initial issuance, the Series Eight Bonds will be issued in book-entry only form through the facilities of The Depository Trust Company ("DTC"), and the ownership of one or more fully registered Series Eight Bonds for each Series and each maturity (and, if applicable, each interest rate within a maturity), in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC.

For a description of DTC's procedures with respect to the enforcement of bondholders' rights, see "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

REFUNDING PLAN

The Series Eight Bonds are being issued (a) to provide a portion of the funds required to refund certain of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three (the "Series Three Bonds") and (b) to pay costs of issuance of the Series Eight Bonds.

The Refunded Bonds will consist of the maturities of the Series Three Bonds listed in the following table. Such Refunded Bonds will be redeemed at a redemption price of 100 percent of the principal amount thereof plus interest accrued to October 1, 2014, the date of redemption.

Maturity Date (October 1)	Amount to be Refunded
2015	$ 735,000
2016	1,465,000
2017	805,000
2018	1,770,000
2019	1,840,000
2020	1,910,000
2021	1,215,000
2022	1,840,000
2023	1,925,000
2024	2,025,000
2025	2,125,000
2026	2,235,000
2027	2,355,000
2028	2,480,000
2029	2,615,000
2034	15,390,000
2039	20,110,000
Total	$62,840,000

Most of the proceeds of the Series Eight Bonds (along with other funds available under the Second Power Park Resolution) will be used to refund the Refunded Bonds and will be deposited with U.S. Bank National Association, as paying agent and as escrow agent under the Second Power Park Resolution, so that sufficient moneys will be available to pay, on the redemption date, principal of and interest accrued on the Refunded Bonds to the redemption date.

The moneys required to provide for the defeasance of the Refunded Bonds will be derived from the proceeds of the Series Eight Bonds and certain amounts available under the Second Power Park Resolution, which will be deposited into an escrow account to be established for the Series Three Bonds (the "Escrow Account") pursuant to that certain Escrow Deposit Agreement to be entered into between JEA and U.S. Bank National Association, as escrow agent (the "Escrow Agent"). The moneys on deposit in the Escrow Account will be held uninvested by the Escrow Agent or, at the direction of JEA, invested by the Escrow Agent in one or more United States treasury bills maturing at least one business day before October 1, 2014, the day on which the Escrow Agent will use the moneys on deposit in the Escrow Account to pay the redemption price of and interest on the Refunded Bonds which are Series Three Bonds. Irrevocable instructions will be given to the Escrow Agent or the Paying Agent, as

applicable, to publish timely notice of redemption of the Refunded Bonds pursuant to the Second Power Park Resolution. Upon such deposit of moneys in the Escrow Account and compliance with other provisions of the Second Power Park Resolution, the Refunded Bonds will be deemed paid and will cease to be entitled to any lien, benefit or security under the Second Power Park Resolution and all covenants, agreements and obligations of JEA to the holders of the Refunded Bonds will cease, terminate and become void and be discharged and satisfied.

The moneys held in the Escrow Account will not be available to pay debt service on the Series Eight Bonds.

Certain of the Underwriters or affiliates thereof may hold certain of the Refunded Bonds and as a result may receive a portion of the proceeds of this offering in connection with the redemption of such Refunded Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of the Series Eight Bonds are estimated to be as follows:

Sources:	
Principal Amount of the Series Eight Bonds	$63,925,000.00
Amounts available from the Debt Service Account in Debt Service Fund	880,056.08
Original Issue Premium (net of Discount)	291,176.90
TOTAL	$65,096,232.98
Uses:	
Deposit with Escrow Agent	$64,473,103.75
Underwriters' Discount	406,971.92
Costs of Issuance	216,157.31
TOTAL	$65,096,232.98

ST. JOHNS RIVER POWER PARK

General

The Power Park, a coal- and petcoke-fired steam electric generating station, consists of two units, each having a current average winter net capability of 638 MW (1,276 MW total). The Power Park is jointly owned and operated by JEA and FPL pursuant to the provisions of the Joint Ownership Agreement (hereinafter defined). JEA owns an undivided 80 percent interest in the Power Park and FPL owns the other 20 percent interest. JEA and FPL each fund a corresponding share of ongoing costs and are entitled to a corresponding share of the generating capacity of the Power Park and related energy.

Under the terms of the Joint Ownership Agreement:

FPL is contractually obligated 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 (resulting in each utility receiving 50 percent of the Power Park's generating capacity and related energy) until the Joint Ownership Agreement expires in 2022, subject to the limitation on FPL's right to receive such capacity and related energy described under the caption "Joint Ownership Agreement" below.

After expiration of the Joint Ownership Agreement, JEA will be entitled to receive the generating capacity and related energy produced from its full 80 percent ownership interest in the Power Park, while FPL will be entitled to receive the generating capacity and related energy produced from its 20 percent ownership interest.

For further information regarding the Power Park, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — St. Johns River Power Park" in the Annual Disclosure Report.

Power Park Operations

The Power Park is the largest generating facility in the JEA system. Recent Power Park operating highlights include:

Calendar year 2013 availability factor: 92.42 percent v. U.S. average of 83.93 percent.

Calendar year 2013 forced outage rate: 2.64 percent v. U.S. average of 8.81 percent.

(Note: the statistics shown regarding U.S. averages are for coal units between 600 and 799 MW in size as reported in the Generating Availability Report published by the North American Electric Reliability Corporation for the calendar years 2009-2013.)

For further information regarding the operating history of the Power Park, see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — St. Johns River Power Park — *Operation*" in the Annual Disclosure Report.

Joint Ownership Agreement

Pursuant to 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, between JEA and FPL, as amended (the "Joint Ownership Agreement"), JEA has agreed to sell, and FPL has agreed to purchase, 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), 37.5 percent of JEA's 80 percent share of the generating capacity of the Power Park and related energy until the Joint Ownership Agreement expires in 2022, subject to the limitation that FPL's right to receive such capacity and related energy shall be suspended if and when the receipt by FPL of any additional amount of energy from such sale would result in FPL having received energy from such sale in excess of 25 percent of the product of (a) the nameplate capacity of JEA's 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 Issue Two Bonds (such sale is referred to herein as the "FPL-Power Park Sale"). In April 1983, FPL obtained a ruling from the Internal Revenue Service that permitted JEA to finance its entire ownership interest in the Power Park (including the capacity sold to FPL pursuant to the FPL-Power Park Sale) with the proceeds of tax-exempt bonds so long as the foregoing limitation is not exceeded.

As of September 30, 2013, approximately 77.01 percent of the term of the FPL-Power Park Sale had passed. JEA has computed that FPL had received as of September 30, 2013 approximately 86.69 percent of the capacity and related energy to which it is entitled over the entire term of such sale.

JEA can make no predictions as to the manner in which FPL will schedule its right to receive the capacity and related energy being sold to it pursuant to the FPL-Power Park Sale over the remaining term of such sale. In the event that FPL continues to schedule such capacity and energy in the same manner as it has through September 30, 2013, FPL's right to receive such capacity and energy would be suspended on a date that is substantially earlier than the date on which the term of such sale expires, with the effect that FPL no longer would be entitled to receive such capacity and energy, but still would remain obligated to pay its share of the debt service on the Issue Two Bonds and the administrative fees and expenses incurred under the First Power Park Resolution.

The respective obligations of FPL and of JEA with respect to the Power Park are several and not joint. Thus, JEA's ability to provide for the operation of its interest in the Power Park is dependent upon the financial ability of JEA and FPL to provide the necessary funds to pay the costs thereof. Accordingly, JEA's ability to collect revenues sufficient to enable it to cause all of the obligations with respect to the Power Park, including debt service on the Issue Two Bonds and Issue Three Bonds, to be paid is dependent, in part, on the ability of FPL to make the payments due under its "take-or-pay" contract for the purchase of part of the generating capacity of JEA's interest in the Power Park. JEA cannot give any assurance as to the ability of FPL to abide by its obligation under its "take-or-pay" contract for the purchase of part of the generating capacity of JEA's interest in the Power Park. However, JEA currently has no knowledge of any facts or events that would cause FPL to be unable, or to fail, to comply with its obligations under the Power Park Joint Ownership Agreement.

Payments required to be made by FPL according to the Power Park Joint Ownership Agreement are not subject to any increase to make up for any deficiency in the payments made by JEA from the Electric System into the Revenue Fund established under the First Power Park Resolution. In the event of any failure by FPL to make when due any payment required by the Power Park Joint Ownership Agreement, JEA shall make available to the Electric System the energy and capacity of the Power Park which FPL was entitled to receive prior to its default, and JEA shall use its best efforts to sell to other utilities such Power Park output previously available to FPL and not taken for the account of the Electric System. Payments required to be made by JEA from the Electric System are not subject to any increase to make up for any deficiency in the payments to be made by FPL, except to the extent that the Electric System shall be able to use and shall take a portion of the energy and capacity of the Power Park which FPL was entitled to receive prior to its failure to make any payment.

In the event of a default by either JEA or FPL in any of their obligations under the Power Park Joint Ownership Agreement, the defaulting party has no right to take any of the capacity and associated energy of the Power Park. The non-defaulting party may take all of the Power Park's capacity and associated energy to which the defaulting party would otherwise be entitled; such a taking by the non-defaulting party will not relieve the defaulting party of its liability for such default, except in minor part as described in the Power Park Joint Ownership Agreement. If either JEA or FPL remains in default for a period of 365 days, the non-defaulting party has, among other rights, the right to purchase in full or in part the defaulting party's ownership interest in the Power Park at a price determined according to the Power Park Joint Ownership Agreement.

After expiration of the Joint Ownership Agreement or the earlier expiration of FPL's right to capacity related energy pursuant to the FPL-Power Park Sale, JEA will be entitled to receive the capacity and related energy produced from its full 80 percent ownership interest in the Power Park, while FPL will be entitled to receive the capacity and related energy produced from its 20 percent ownership interest.

As more fully described under "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES EIGHT BONDS — Source of Payment" herein, all payments made by FPL to JEA under the provisions of the Joint Ownership Agreement shall not be included in the calculation of "Revenues" as defined in the Second Power Park Resolution. FPL has no obligation to make payments on debt service in respect of the Issue Three Bonds.

For a more complete description of the Joint Ownership Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE POWER PARK JOINT OWNERSHIP AGREEMENT" in Appendix G to the Annual Disclosure Report.

Power Park Capital Improvements

For a discussion of JEA's projected capital expenditures at the Power Park for the five-year period ending Fiscal Year 2018 see "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — St. Johns River Power Park — *Capital Program*" in the Annual Disclosure Report.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES EIGHT BONDS

The Series Eight Bonds will be issued pursuant to the Constitution and laws of the State of Florida, particularly the Bulk Power Act, other applicable provisions of law and the Second Power Park Resolution. For a more extensive discussion of the terms and provisions of the Second Power Park Resolution, the levels at which the funds and accounts established thereby are to be maintained, the flow of funds under the Second Power Park Resolution and the purposes to which moneys in such funds and accounts may be applied, see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" in Appendix E to the Annual Disclosure Report.

Source of Payment

The payment of the principal, and interest on the Issue Three Bonds will be secured by a pledge of and a lien on (a) the proceeds of sale of the Issue Three Bonds, (b) the Revenues (as defined in the Second Power Park Resolution) and (c) all funds and accounts established by the Second Power Park Resolution (other than the Debt Service Reserve Account and the Renewal and Replacement Fund 2d). The term "Revenues" is defined in the Second Power Park Resolution to mean (i) so long as the First Power Park Resolution has not been satisfied and discharged, (a) all payments made by JEA from its Electric System into the Revenue Fund 2d (x) pursuant to subsection 1 of Section 712 in the Second Power Park Resolution and (y) as may be required to comply with the requirements of subsection 1 of Section 710 of the Second Power Park Resolution (the rate covenant) and (b) amounts received or to be received as described in sub-clause (z) of clause (ii) below and (ii) after the First Power Park Resolution has been satisfied and discharged, in addition to the payment received pursuant to the sub-sub-clause (x) and (y) of sub-clause (a) of clause (i) above, (x) all revenues, income, rents and receipts derived or to be derived by JEA from or attributable or relating to the ownership and operation of the Power Park, including all revenues attributable or relating to the Power Park or to the payment of the costs thereof received or to be received by JEA from FPL under Section Eight of the Joint Ownership Agreement (relating to the sale of electric capability to FPL) or otherwise payable to it for the sale of the output, capacity, use of service of the Power Park or any part thereof or otherwise with respect to the Power Park, including all payments made by JEA from its Electric System into the Revenue Fund 2d pursuant to subsection 1 of Section 712 of the Second Power Park Resolution, (y) the proceeds of any insurance covering business interruption loss relating to the Power Park derived or to be derived by JEA and (z) (A) interest received or to be received on any moneys or securities (other than moneys or securities in

the Construction Fund 2d) held pursuant to the Second Power Park Resolution and required to be paid into the Revenue Fund 2d and (B) any amounts received under any hedging instrument transaction (including a Designated Swap Obligation) entered into relating to indebtedness issued pursuant to the Second Power Park Resolution. Revenues do not include (I) any income, fees, charges, receipts, profits or other moneys derived by JEA from its ownership or operation of the Electric System (except that payments made by JEA into the Revenue Fund 2d from the Electric System pursuant to Section 712 of the Second Power Park Resolution, as referred to in the preceding sentence, shall become Revenues when and to the extent such payments are actually made) or of any other separate bulk power supply utility or system (including the Scherer 4 Project (as defined below)) of the nature referred to in the last sentence of the definition of System in the Second Power Park Resolution, or (II) any payments by FPL to JEA for transmission service under Section 6.17 of the Joint Ownership Agreement. JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant, a coal-fired, steam electric generating unit currently rated at 841 MW, net, located near Forsyth, Georgia and proportionate ownership interests in associated common facilities and an associated coal stockpile (such ownership interests are referred to herein as the "Scherer 4 Project").

Subsection 1 of Section 712 of the Second Power Park Resolution provides that JEA will allocate to and make available for the account of the Electric System in each year that portion of the output, capacity, use and service of the Power Park which is in excess of the output, capacity, use and service of the Power Park sold to FPL pursuant to Section Eight of the Joint Ownership Agreement. Subsection 1 of Section 712 also provides that JEA will make payments from the Electric System which will provide: (i) in each month, Revenues equal to: (a) Operation and Maintenance Expenses due and payable during such month (but with no duplication for amounts paid therefor pursuant to the First Power Park Resolution); (b) the amount, if any, to be set aside in the Revenue Fund 2d (other than amounts required to be paid into such Fund out of the proceeds of Issue Three Bonds) as a general reserve for Operation and Maintenance Expenses or as a reserve for the acquisition of fuel in accordance with the then current Annual Budget, (c) the Monthly Debt Service Deposit for such month, (d) the amount, if any, to be paid during such month into the Debt Service Reserve Account in the Debt Service Fund 2d (other than amounts required to be paid into such Account out of the proceeds of Issue Three Bonds), (e) to the extent not paid into the revenue fund established pursuant to the First Power Park Resolution, all other direct and indirect costs of operating and maintaining the Power Park, if any, which are not payable under subsection 1(i)(a) of Section 712 of the Second Power Park Resolution, but which are required to be paid by JEA under the Joint Ownership Agreement, including but not limited to (X) all costs, expenses, liabilities and charges which constitute "Costs of Operation" under the Joint Ownership Agreement and (Y) all losses, costs, damages and expenses payable to FPL under Section 13.6 of the Joint Ownership Agreement, and (f) all other charges or liens (other than Costs of Acquisition and Construction of Initial Facilities or any Additional Facilities) whosoever payable out of Revenues during such month including payment of damages awarded pursuant to judgment of any court; and (ii) in each 12-month period ending September 30, the Renewal and Replacement Requirement for such period.

For a discussion of JEA's payment obligations with respect to the use by the Electric System of the output, capacity, use or service of the Power Park, see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" in Appendix E to the Annual Disclosure Report.

The payments from the Electric System in respect of the Power Park are "Contract Debts" payable as a "Cost of Operation and Maintenance" (both terms as defined in the Electric System Resolution) of the Electric System. Debt service on the Issue Three Bonds is a Contract Debt of the Electric System. Such Contract Debt payments are payable from the revenues of the Electric System

prior to any payments from such revenues for indebtedness not constituting a Contract Debt issued for the Electric System, including the Electric System Bonds and the Subordinated Electric System Bonds, and are payable on a parity with Contract Debt payments from the Electric System made with respect to the Issue Two Bonds, the BPSS Bonds and any other separate bulk power supply utilities or systems that JEA may establish in the future and any other Contract Debt payments including bulk electric power purchase agreements. See "Contract Debts" below and "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* — Debt Relating to Electric Utility Functions — *Electric System Contract Debts*" in the Annual Disclosure Report. See also "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in Appendix B to the Annual Disclosure Report. ***For a description of certain proposed amendments to the foregoing provisions, see "Proposed Amendments to the Electric System Resolution" below.***

The lien of the Issue Three Bonds on the Revenues and other funds pledged therefor is prior and superior to all other liens or encumbrances on such Revenues and funds, subject only to the provisions of the Second Power Park Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Second Power Park Resolution.

Debt Service Reserve Account

There is created within the Debt Service Reserve Account in the Debt Service Fund 2d established pursuant to the Second Power Park Resolution a subaccount designated as the "Initial Subaccount" for the benefit of the Series Eight Bonds and other Issue Three Bonds designated to be secured thereby. The resolution supplemental to the Second Power Park Resolution authorizing the Series Eight Bonds specifies that the Series Eight Bonds shall be additionally secured by amounts on deposit in the Initial Subaccount.

If on any day on which the principal or interest on the Series Eight Bonds shall be due, the amount on deposit in the Debt Service Account in the Debt Service Fund 2d (exclusive of amounts, if any, set aside in said Account from the proceeds of the Issue Three Bonds, Subordinated Indebtedness or other evidences of indebtedness of JEA (including amounts, if any, transferred thereto from the Construction Fund 2d) for the payment of interest on the Issue Three Bonds on a future date) shall be less than the amount required to pay such principal, Redemption Price or interest, then JEA shall apply amounts from each separate subaccount in the Debt Service Reserve Account to the extent necessary to cure the deficiency that exists with respect to the Additionally Secured Series (as defined in the Second Power Park Resolution) secured thereby.

Pursuant to the Second Power Park Resolution, JEA is required to maintain on deposit in the Initial Subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d an amount equal to the Debt Service Reserve Requirement related thereto. The term "Debt Service Reserve Requirement" is defined in the Second Power Park Resolution to mean, with respect to each separate subaccount in the Debt Service Reserve Account in the Debt Service Fund 2d, unless otherwise specified in the Supplemental Resolution establishing such subaccount, as of any date of calculation, an amount equal to the maximum amount of interest to accrue on the Additionally Secured Series secured thereby during the then current, or any future, Fiscal Year (assuming, for this purpose, that all Additionally Secured Series secured thereby that bear interest at a variable or floating rate shall bear interest during such period at the greater of (i) the actual rate of interest then borne by such Bonds or (ii) the Certified Interest Rate applicable thereto). For a definition of the term "Certified Interest Rate," see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION" in Appendix E to the Annual Disclosure Report.

As of the date of this Official Statement, the Debt Service Reserve Requirement for the Initial Subaccount in the Debt Service Reserve Account is $14,107,563.75. As a result of the issuance of the Series Eight Bonds and the refunding of the Refunded Bonds, the Debt Service Reserve Requirement for the Initial Subaccount in the Debt Service Reserve Account will be equal to $13,140,276.25.

JEA may, by resolution supplemental to the Second Power Park Resolution, create within the Debt Service Reserve Account one or more additional subaccounts, for the benefit of such series of Issue Three Bonds as may be specified in, or determined pursuant to, such supplemental resolution. In lieu of maintaining moneys or investments in any such subaccount, JEA at any time may cause to be deposited into such subaccount for the benefit of the Holders of bonds of the Additionally Secured Series secured thereby an irrevocable surety bond, an insurance policy or a letter of credit satisfying the requirements set forth in such supplemental resolution in an amount equal to the difference between the Debt Service Reserve Requirement for such subaccount and the sum of moneys or value of Authorized Investments then on deposit therein, if any. Any such additional subaccount hereafter established will not additionally secure the Series Eight Bonds.

No Pledge of Credit or Taxing Power

The Series Eight Bonds shall not constitute general obligations of either JEA or the City within the meaning of any constitutional, statutory or charter provision or limitation. The City shall never be required or compelled to levy ad valorem taxes on any property of JEA or property of or in the City to pay the principal or redemption price of, and interest on, the Series Eight Bonds, or to make any of the sinking fund, reserve or other payments required under the Second Power Park Resolution. JEA has no power to levy taxes for any purpose. The Series Eight Bonds shall not constitute a lien upon any of the property of JEA or the property of or in the City but shall constitute a lien only upon special funds created by the Second Power Park Resolution in the manner provided therein.

Contract Debts

Contract Debts, a component of the Electric System's Cost of Operation and Maintenance, is defined in the Electric System Resolution to mean any obligations of JEA under a contract, lease, installment sale agreement, bulk electric power purchase 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 (X) the Power Park and (Y) the Scherer 4 Project) 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 as may be determined by JEA to be payable on a parity with Subordinated Bonds that may be issued in accordance with the provisions of the Electric System Resolution. For a further discussion of Contract Debts, see "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* — Debt Relating to Electric Utility Functions — *Electric System Contract Debts*" in the Annual Disclosure Report. See also "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION" in Appendix B to the Annual Disclosure Report. ***For a description of certain proposed amendments to the foregoing provisions, see "Proposed Amendments to the Electric System Resolution" below.***

Rate Covenants

Power Park Rate Covenant. For a description of the rate covenant made by JEA in the Second Power Park Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION — Covenants as to Rates, Fees and Charges" in Appendix E to the Annual Disclosure Report. For a description of the rate covenant made by JEA in the First Power Park Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE FIRST POWER PARK RESOLUTION — Particular Covenants of JEA — *Rate Covenant*" in Appendix D to the Annual Disclosure Report.

Electric System Rate Covenant. For a description of the rate covenant made by JEA in the Electric System Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION — Rate Covenant" in Appendix B to the Annual Disclosure Report. Pursuant to the Second Power Park Resolution, the rate covenant made by JEA in the Electric System Resolution will remain in force and effect after the payment of all the Electric System Bonds so that the rates established by JEA for the Electric System must remain at a level sufficient to pay the Contract Debts of the Electric System, including JEA's debt service on the Series Eight Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE FIRST POWER PARK RESOLUTION — Particular Covenants with Respect to the Electric System" in Appendix D to the Annual Disclosure Report.

Bulk Power Supply System Rate Covenant. The Bulk Power Supply System Resolution (the "BPSS Resolution") contains a covenant on the part of JEA to collect rates and charges during each bond year for the use or the sale of output, capacity and use of the Scherer 4 Project (and other projects that may be financed thereunder) which shall be at least equal to the greater of (i) 115 percent of the Aggregate Debt Service (as defined in the BPSS Resolution) for such bond year; provided, however, that any Principal Installment (as defined in the BPSS Resolution) which is a Refundable Principal Installment (as defined in the BPSS Resolution) may be excluded from Aggregate Debt Service for purposes of the foregoing but only to the extent that JEA intends to pay such principal installment from sources other than Revenues (as defined in the BPSS Resolution), and (ii) the amount which, together with other available funds, shall be sufficient for the payment of: (a) the amount to be paid during such bond year into the Debt Service Account in the Debt Service Fund established pursuant to the BPSS Resolution (other than amounts required to be paid into such account out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); (b) the amount, if any, to be paid during such bond year into each separate subaccount in the Debt Service Reserve Account in said Debt Service Fund (other than amounts required to be paid into any such subaccount out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); (c) the amount, if any, to be paid during such bond year into the Subordinated Indebtedness Fund established pursuant to the BPSS Resolution (other than amounts required to be paid into such fund out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); (d) the amount, if any, to be paid during such bond year into the Renewal and Replacement Fund established pursuant to the BPSS Resolution (other than amounts required to be paid into such fund out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); (e) if any decommissioning funds shall have been established pursuant to the BPSS Resolution, the amount, if any, to be paid during such bond year into each decommissioning fund (other than amounts required to be paid into any such fund out of the proceeds of bonds, subordinated indebtedness or other evidences of indebtedness of JEA); and (f) all other charges and liens whatsoever payable out of revenues (as defined in the BPSS Resolution) during such bond year.

The BPSS Resolution is available for viewing and downloading on JEA's website (http://www.jea.com) by selecting "About Us," then selecting "Investors" then selecting "Bond Resolutions" under the heading "Related Links" and then selecting "Restated and Amended Bulk Power Supply System Revenue Bond Resolution" under the heading "Bond Resolutions."

Additional Bonds

Additional Issue Three Bonds. JEA may issue one or more issues of additional Issue Three Bonds for the purpose of providing funds to pay for Additional Facilities thereof. JEA may also issue refunding Issue Three Bonds to refund Outstanding Issue Three Bonds, Subordinated Indebtedness or bonds issued under the First Power Park Resolution. Any additional Issue Three Bonds or refunding Issue Three Bonds will be entitled to a lien on the Revenues (as defined in the Second Power Park Resolution) and other funds pledged pursuant to the Second Power Park Resolution equal to the lien of the Outstanding Issue Three Bonds. For a description of the provisions of the Second Power Park Resolution relating to the issuance of additional Issue Three Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION – Additional Bonds" in Appendix E to the Annual Disclosure Report.

Additional Issue Two Bonds. JEA may issue one or more issues of additional Issue Two Bonds for the purpose of providing funds to pay all or a portion of the Cost of Acquisition and Construction of any Additional Facilities. JEA may also issue refunding Issue Two Bonds to refund outstanding Issue Two Bonds. Any additional Issue Two Bonds or refunding Issue Two Bonds will be Contract Debts of the Electric System, entitled to a lien on the Revenues (as defined in the First Power Park Resolution) and other funds pledged pursuant to the First Power Park Resolution equal to the lien of the outstanding Issue Two Bonds. For a description of the provisions of the First Power Park Resolution relating to the issuance of additional Issue Two Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE FIRST POWER PARK RESOLUTION — Additional Power Park Bonds" in Appendix D to the Annual Disclosure Report. JEA does not currently anticipate that additional Issue Two Bonds will be required to provide additional funds for JEA's interest in the initial facilities of the Power Park or any Additional Facilities of the Power Park. JEA may issue additional Issue Two Bonds to refund outstanding Issue Two Bonds from time to time as it deems economical or advantageous.

Additional Bulk Power Supply System Bonds. The BPSS Resolution permits JEA to issue one or more series of BPSS Bonds for any lawful purpose of JEA related to the Scherer 4 Project (and any other projects that may be financed thereunder). The BPSS Resolution also permits JEA to issue refunding BPSS Bonds to refund any outstanding BPSS Bonds from time to time as it deems economical or advantageous.

Additional Electric System Bonds. Except for Contract Debts, JEA has covenanted in the Electric System Resolution to issue no obligations payable from Revenues (as defined in the Electric System Resolution), nor to create voluntarily or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of the Electric System Bonds except as provided in the Electric System Resolution. For a description of the provisions of the Electric System Resolution relating to the issuance of additional Electric System Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF THE ELECTRIC SYSTEM RESOLUTION — Issuance of Additional Electric System Bonds" in Appendix B to the Annual Disclosure Report.

Proposed Amendments to the Electric System Resolution

On May 19, 1998, JEA adopted a resolution (as amended, the "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 Amending Resolution provides for the amendment of the Electric System Resolution relating to the priority of payments from the Electric System with respect to the Power Park, 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 Issue Two Bonds outstanding and (iii) the consent of the Holders of a majority in principal amount Issue Three Bonds Outstanding.

These amendments to the Electric System Resolution 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 Issue Two Bonds and the 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, 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 (as defined in the Annual Disclosure Report). The amendments to the Electric System Resolution described in this paragraph will become effective upon the satisfaction of the conditions to the effectiveness thereof described above. To date, JEA has not solicited any consents to such amendments and currently has no intention of soliciting any such consents in the future.

Proposed Amendments to the Second Power Park Resolution

April 2010 Amending Resolution No. 2010-7. In April 2010, JEA adopted Resolution No. 2010-7 (the "April 2010 Amending Resolution No. 2010-7") which, upon (a) the consent thereto of the holders of a majority in principal amount of the Outstanding Power Park Issue Three Bonds or (b) the date on which no Power Park Issue Three Bonds Outstanding on the date of adoption of the April 2010 Amending Resolution No. 2010-7 remain Outstanding, provides for the amendment of certain provisions of the Second Power Park Resolution relating to the computation of the Debt Service Reserve Requirement for Power Park Issue Three Bonds having interest at a variable or floating rate and Power Park Issue Three Bonds issued by JEA and designated as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 so as to receive a cash subsidy from the United States Treasury (or any party designated by the federal government to issue cash subsidy payments on Build America Bonds) in connection therewith.

Should the amendments become effective, they will:

(a) Require that the Debt Service Reserve Requirement be calculated assuming that all Additionally Secured Series secured by the Debt Service Reserve Account that bear interest at a variable or floating rate bear interest at the applicable Certified Interest Rate;

(b) Require the deposit of the cash subsidy upon receipt by JEA in the Revenue Fund 2d and provide that the cash subsidy is not treated as Revenues for any purpose of the Second Power Park Resolution;

(c) Revise the definition of "Debt Service" to net out the cash subsidy from the computation of Debt Service during the period JEA is entitled to receive the cash subsidy, which

amendment affects the rate covenant contained in the Second Power Park Resolution (see "SUMMARY OF CERTAIN PROVISIONS OF THE SECOND POWER PARK RESOLUTION - Covenants as to Rates, Fees and Charges" in APPENDIX E attached hereto);

(d) Revise the definition of "Debt Service Reserve Requirement" to require the calculation of interest on Build America Bonds be net of the cash subsidy and to provide that, if JEA no longer receives the cash subsidy or the cash subsidy is reduced, the Debt Service Reserve Requirement be increased to take into account such elimination or reduction and the amount of such increase be required to be funded generally in equal semiannual installments over a five-year period commencing on the first April 1 or October 1 that is at least six months after the date of such elimination or reduction, subject to periodic recomputation attributable to any reduction in the Debt Service Reserve Requirement for any reason; and

(e) Require that, during any period in which Debt Service is computed by netting out the cash subsidy payment, JEA must transfer an amount equal to the amount of the cash subsidy payment payable in respect of the interest payable on such Build America Bonds no later than the interest payment date from the Revenue Fund 2d to the Debt Service Account, without regard to any reduction in the cash subsidy payment.

As of the date of this Official Statement, there is $332,410,000 in aggregate principal amount of Outstanding Power Park Issue Three Bonds, and JEA has obtained the consent to the amendments contained in the April 2010 Amending Resolution No. 2010-7 of the holders of $236,015,000 in aggregate principal amount of such Outstanding Power Park Issue Three Bonds, which amount constitutes 71 percent in aggregate principal amount of Outstanding Power Park Issue Three Bonds and which constitutes the consent necessary to cause such amendments to become effective. JEA issued $88,790,000 in aggregate principal amount of the Series Seven Bonds to refund the Refunded Series Two Bonds on May 29, 2014 and the beneficial owners thereof were deemed by their purchase of the Series Seven Bonds to have consented to the amendments to the Second Power Park Resolution contained in the April 2010 Amending Resolution No. 2010-7. Thereupon JEA obtained the amount of consents necessary to cause such amendments to become effective. JEA expects the amendments provided by the April 2010 Amending Resolution No. 2010-7 to become effective on or about July 14, 2014. **The beneficial owners by purchasing the Series Eight Bonds will be deemed by their purchase of the Series Eight Bonds to consent to the amendments to the Second Power Park Resolution contained in the April 2010 Amending Resolution No. 2010-7; provided, however, such consents will not be necessary for the April 2010 Amending Resolution No. 2010-7 to become effective. Such consent will be binding upon all subsequent Holders of the Series Eight Bonds.**

Additional Provisions Relating to the Series Eight Bonds

With respect to the requirements of the Internal Revenue Code of 1986 relating to the Series Eight Bonds, JEA has covenanted in the Supplemental Resolution of JEA adopted on December 17, 2013 authorizing the issuance of the Series Eight Bonds as follows:

"**Tax Covenants**" (1) JEA covenants that it shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the [Series Eight Bonds] under Section 103 of the Code, and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, JEA covenants that it will comply with the instructions and requirements of

the Tax Certificate, to be executed and delivered on the Date of Issuance of the [Series Eight Bonds] concerning certain matters pertaining to the use of proceeds of the [Series Eight Bonds], including any and all exhibits attached thereto (the 'Tax Certificate'). This covenant shall survive payment in full or defeasance of the [Series Eight Bonds].

(2) Notwithstanding any provisions of this Section, if JEA shall obtain a Counsel's opinion that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on any [Series Eight Bonds], JEA may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(3) Notwithstanding any other provision of the Second [Power Park] Resolution to the contrary, upon JEA's failure to observe or refusal to comply with the above covenants, the holders of the [Series Eight Bonds] shall be entitled to the rights and remedies provided to Holders under the Second [Power Park] Resolution, other than the right (which is hereby abrogated solely in regard to JEA's failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all [Series Eight Bonds] then outstanding, and the interest accrued thereon, to be due and payable."

DESCRIPTION OF THE SERIES EIGHT BONDS

General

The Series Eight Bonds will be dated and bear interest at the rates and mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series Eight Bonds will be payable on October 1, 2014 and semiannually on each April 1 and October 1 thereafter by U.S. Bank National Association, Bond Registrar and Paying Agent. The Series Eight Bonds will be issuable only in fully registered form in the principal amount of $5,000 or any integral multiple thereof. The Series Eight Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Series Eight Bonds and the ownership of one or more fully registered Series Eight Bond for each maturity (and, if applicable, each interest rate within a maturity) as set forth on the inside cover page of this Official Statement, in the aggregate principal amount thereof, will be registered in the name of Cede & Co., as nominee for DTC. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

Registration and Transfer

Payment of the semiannual interest on the Series Eight Bonds shall be made by check or draft mailed to the person in whose name the Series Eight Bond is registered at the person's address as it appears on the registration books maintained by the Bond Registrar on behalf of JEA at the close of business on the 15th day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of such Series Eight Bond subsequent to the Record Date and prior to such interest payment date, unless JEA shall default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Series Eight Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Bond Registrar on behalf of JEA to the registered owners of the Series Eight Bonds not less than

15 calendar days preceding such special record date. Such notice shall be mailed to the persons in whose names the Series Eight Bonds are registered at the close of business on the fifth calendar day preceding the date of mailing.

For so long as a book-entry system is used for determining beneficial ownership of the Series Eight Bonds, such interest shall be payable to DTC or its nominee. Disbursement of such payments to the Direct Participants (as defined in APPENDIX A hereto) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners (as defined in APPENDIX A hereto) of the Series Eight Bonds is the responsibility of the Direct Participants or the Indirect Participants (as defined in APPENDIX A hereto).

The Series Eight Bonds may be exchanged or transferred without charge to the owners thereof, except for any tax, fee or other governmental charge imposed in connection with said exchange or transfer.

Redemption

Optional Redemption. The Series Eight Bonds maturing prior to October 1, 2020 are not subject to redemption prior to maturity. The Series Eight Bonds maturing on and after October 1, 2020 will be redeemable at the election of JEA on and after October 1, 2019 at any time, as a whole or in part, at the redemption price of 100 percent of the principal amount of the Series Eight Bonds so to be redeemed, together with accrued interest to the redemption date.

Mandatory Redemption. The Series Eight Bonds maturing on October 1, 2039, as set forth in the table below, are subject to mandatory redemption by lot prior to maturity on October 1 in the years and amounts shown below at par (plus accrued interest to the redemption date) from Sinking Fund Installments required to be paid in such years and amounts:

Series Eight Bonds
Maturing on October 1, 2039

Year	Principal Amount
2035	$3,295,000
2036	3,425,000
2037	3,560,000
2038	3,705,000
2039+	3,855,000

+Final maturity

Giving effect solely to the Sinking Fund Installment schedule set forth above, the average life of the Series Eight Bonds maturing on October 1, 2039, calculated from the date of delivery of such Bonds, is approximately 23.309 years.

Selection of Series Eight Bonds to be Redeemed. For so long as the Series Eight Bonds are subject to the book-entry only system of registration and transfer described in APPENDIX A hereto, in the event that less than all of the Series Eight Bonds are to be redeemed, the particular Beneficial Owner(s) to receive payment of the redemption price with respect to beneficial ownership interests in

the Series Eight Bonds shall be selected by DTC and the Direct Participants and/or Indirect Participants. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

Notice of Redemption. The Second Power Park Resolution requires JEA to mail a notice of any redemption of the Series Eight Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date to the Holders of any Series Eight Bonds or portions thereof which are to be redeemed, at their last address, if any, appearing upon the registry books but failure to do will not affect the validity of the proceedings for the redemption of any other Bonds. The notice will provide that it can be revoked in accordance with its terms.

For so long as a book-entry only system of registration is in effect with respect to the Series Eight Bonds, JEA will mail notices of redemption to DTC or its successor. Any failure or DTC to convey such notice to any Direct Participants, any failure of Direct Participants to convey such notice to any Indirect Participants or any failure of Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency or the validity of the redemption of Series Eight Bonds. See "BOOK-ENTRY ONLY SYSTEM" in APPENDIX A hereto.

DEBT SERVICE REQUIREMENTS FOR THE ISSUE THREE BONDS

Set forth in APPENDIX B hereto is a table showing the debt service requirements for the Issue Three Bonds to be Outstanding after the issuance of the Series Eight Bonds and the refunding of the Refunded Bonds to be refunded with the proceeds thereof.

RECENT DEVELOPMENTS

The following information updates and supplements certain of the information contained in the Annual Disclosure Report included by reference herein:

Management and Employees

The following information updates the information contained in the ninth paragraph under the caption "INTRODUCTION – Management and Employees" in the Annual Disclosure Report:

Substantially all of JEA's employees participate in the City's general employees pension plan. Employees of the Power Park participate in a separate pension plan. See Note 10 to JEA's Financial Statements set forth in APPENDIX A attached to the Annual Disclosure Report for a discussion of certain information on the City's plan. The City's latest Comprehensive Annual Financial Report ("CAFR") is available for viewing and downloading from the City's website (www.coj.net) by clicking "All Departments," then selecting "Financial Services" from the menu on the left-hand side and then clicking "Investor Relations," from the "Treasury" menu. The CAFR is available under the section "Financial Statements."

As indicated in the City's CAFR, the aggregate unfunded actuarial accrued liability for the general employees pension plan increased from the fiscal year ended September 30, 2010 until the fiscal year ended September 30, 2012. During such period, the funded ratio of the plan decreased from 75.86 percent for the fiscal year ended September 30, 2010 to 71.35 percent for the fiscal year ended September 30, 2011 and to 62.38 percent for the fiscal year ended September 30, 2012. As indicated in the plan's Actuarial Valuation and Review as of October 1, 2013, the funded ratio of the plan declined to 62.30 percent for the fiscal year ended September 30, 2013. At the same time, JEA's aggregate

contribution to the general employees pension plan increased from $17,195,000 for the Fiscal Year ended September 30, 2011 to $22,301,000 for the Fiscal Year ended September 30, 2012 and to $27,038,000 for the Fiscal Year ended September 30, 2013. JEA has recently been informed by the City that the actuary for the general employees pension plan has calculated JEA's allocated share of the unfunded actuarial accrued liability for the general employees pension plan reported in the October 1, 2012 actuarial valuation report to be $445,430,326 of the total of $915,697,031. JEA has not independently reviewed the accuracy of such allocation. Based on preliminary information JEA has received from the City, JEA expects its unfunded portion and the total unfunded actuarial accrued liability for the general employees pension plan to increase in 2013 when reported from the level in 2012. Please also see Section 4, Exhibit II, page 34 of the October 1, 2012 actuarial valuation report in which it is shown that the contributors (which include JEA) to the general employees pension plan contributed $7,598,706 less than the annual required contribution in dollar terms for Plan Year ended September 30, 2012 as contributions are made as a percent of projected payroll as determined by the plan actuary*. Contributors contributed $11,273,915 less than the annual required contribution in dollar terms for Plan Year ended September 30, 2013*. Because actual payroll growth has been less than projections, leading to a lower level of payroll throughout the year, a lower dollar amount was contributed. This shortfall is added to the total unfunded actuarial accrued liability and a new 30-year amortization base is calculated for that year which in effect adds the shortfall to future required contributions. In accordance with Florida law, which requires capping the payroll growth rate assumption at the rate equal to the average payroll growth rate in the plan over the preceding 10 years, the actuary has lowered the payroll growth rate to 2.62 percent for the 30-year period beginning with the October 1, 2013 valuation. This was a significant factor in the increase in JEA's contribution rate as a percentage of payroll from 27.91 percent to the 31.60 percent rate shown in the October 1, 2013 actuarial valuation report for fiscal years ending September 30, 2014 and September 30, 2015, respectively. The impact of the aggregate 3.69 percent contribution rate increase as a percentage of payroll for JEA is approximately $5.8 million, compared to JEA's fiscal year 2014 budgeted required aggregate contribution of approximately $39.2 million. These estimates are preliminary and are also subject to change and are subject to the approval of the JEA Board and to the establishment by the Council of the City's consolidated fiscal budget.

Environmental Matters

The following information updates the information contained in the last two sentences of the fourth paragraph and in the last two sentences of the twelfth paragraph, as appropriate, in the Annual Disclosure Report under the caption "ELECTRIC UTILITY SYSTEM — ELECTRIC UTILITY FUNCTIONS – Environmental Matters – Clean Air Act."

On June 2, 2014 the EPA issued a proposed rule relating to CO_2 emissions from existing fossil fuel-fired power plants. The ultimate impact of the rule, if adopted in its present form, cannot be determined by JEA at this time, in part due to the need to finalize state goals and adopt state plans subject to EPA approval and the uncertainty as to how the Florida and Georgia (with respect to the Scherer 4 Project) plans would ultimately affect JEA. Based on the proposed rule, the rule will be finalized by the EPA no later than June 1, 2015, and states will be required to submit their

* This actuarial valuation report is available for viewing and downloading from the City's website (www.coj.net) by clicking "All Departments," then selecting "Financial Services" from the menu on the left-hand side, then selecting "Retirement System" from the menu on the left-hand side, then selecting "Plan Valuation Statements" from the Retirement System menu and then clicking on "General Employees Pension Plan, Actuarial Valuation, October 2012" under "Government Accounting Standards Board and Plan Valuation Statements." The actuarial valuation report dated as of October 1, 2013 was approved by the plan board on May 22, 2014 and is expected to be available for downloading from the City's website in the near future.

implementation plans to the EPA no later than June 30, 2016, subject to the states being able to request more time to submit complete implementation plans and the EPA being able to allow states until June 30, 2017 or June 30, 2018, as appropriate, to submit additional information completing the plan that was submitted no later than June 30, 2016.

The following information updates the information contained in the third paragraph in the Annual Disclosure Report under the caption "ELECTRIC UTILITY SYSTEM — ELECTRIC UTILITY FUNCTIONS – Environmental Matters – CAIR (CSAPR)."

On July 6, 2011, EPA released the Cross-State Air Pollution Rule ("CSAPR"), which is intended as a substitute for the invalidated CAIR. In the CSAPR, EPA determined that 27 states in the eastern United States are in violation of the Clean Air Act because they significantly contribute to nonattainment or interference with the maintenance of attainment of three NAAQS in one or more downwind states. The three air quality standards addressed in the CSAPR are the 1997 and 2006 fine particulate matter ($PM_{2.5}$) NAAQS, and the 1997 ozone NAAQS. To address these violations, the CSAPR imposes Federal Implementation Plans ("FIPs") that establish state budgets for SO_2 and NO_x emissions from EGUs. EPA targeted these two pollutants because they are precursors to the formation of $PM_{2.5}$ and ozone in the atmosphere. The budgets are allocated to individual EGUs in the form of allowances, and the CSAPR permits limited interstate emissions trading and unlimited intrastate emissions trading as a means of compliance. States were to become subject to the emission budgets starting in 2012 with more stringent limits taking effect in 2014. However, several states and parties filed objections to the final rule and federal court litigation ensued. On April 29, 2014, the United States Supreme Court issued an opinion upholding CSAPR. JEA is well positioned to comply with CSAPR if implemented as specified in the July 6, 2011 final rule.

Schedules of Debt Service Coverage

The following information updates (i) the information contained in the first paragraph under the caption "ELECTRIC UTILITY SYSTEM — FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS — Schedules of Debt Service Coverage" and the table following the second paragraph under that caption and (ii) the information contained under the caption — "Management's Discussion of Electric System Operations" in the Annual Disclosure Report:

The following table sets forth schedules of debt service coverage for the Electric System for the Six Months ended March 31, 2014 and March 31, 2013, respectively. Such information is unaudited. See "ELECTRIC UTILITY SYSTEM — *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS*" in the Annual Disclosure Report for the information which is being updated with these schedules.

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JEA Electric System Schedules of Debt Service Coverage [1]
(000's omitted)

	Six months ended	
	March 31, 2014 (unaudited)	**March 31, 2013 (unaudited)**
Revenues:		
Electric	$608,638	$590,658
Investment income [2]	1,130	476
Earnings from The Energy Authority	2,469	3,793
Other, net [3]	16,239	16,233
Less: amount paid from the Revenue Fund into the Rate Stabilization Fund	(18,353)	(11,985)
Plus: amount paid from the Rate Stabilization Fund into the Revenue Fund	3,146	3,467
Total revenues	$613,269	$602,642
Operating expenses [4]		
Fuel	134,709	103,326
Purchase power [5]	173,706	189,610
Other operation and maintenance	83,930	85,384
Utility taxes and franchise fees	29,967	29,048
Total operating expenses	422,312	407,368
Net revenues	$190,957	$195,274
Debt service on Electric System Bonds [6]	$ 37,531	$ 38,828
Less: investment income on sinking fund	(805)	(508)
Less: Build America Bonds subsidy	(755)	(814)
Debt service requirement on Electric System Bonds	$ 35,971	$ 37,506
Debt service coverage on Electric System Bonds [7]	5.31x	5.21x
Net revenues (from above)	$190,957	$195,274
Debt service requirement on Electric System Bonds (from above)	35,971	37,506
Plus: aggregate subordinated debt service on Subordinated Electric System Bonds [6]	43,958	42,382
Less: Build America Bonds subsidy	(1,047)	(1,136)
Debt service requirement on Subordinated Electric System Bonds	42,911	41,246
Debt service requirement on Electric System Bonds and Subordinated Electric System Bonds	$ 78,882	$ 78,752
Debt service coverage on Electric System Bonds and Subordinated Electric System Bonds [8]	2.42x	2.48x

(1) Calculated in conformity with the Electric System Resolution and the Subordinated Electric System Resolution.

(2) Excludes investment income on sinking funds.

(3) Excludes the Build America Bonds subsidy.

(4) Excludes depreciation.

(5) In accordance with the requirements of the Electric System Resolution, all Contract Debt payments from the Electric System to the Power Park and the Scherer 4 Project with respect to the use by the Electric System of the capacity and output of the Power Park and the Scherer 4 Project are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the Power Park or the Scherer 4 Project, except that the purchased power expense 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.

(6) Debt service on Electric System Bonds and aggregate subordinated debt service on Subordinated Electric System Bonds include accruals of principal and interest (exclusive of capitalized interest) on such Bonds outstanding during the respective periods, but does not include amortization of original issue discount or costs of issuance.

(7) Net revenues divided by debt service requirement on Electric System Bonds. Minimum annual coverage required under the Electric System Resolution is 1.20x.

(8) Net revenues divided by debt service requirement on Electric System Bonds and Subordinated Electric System Bonds. Minimum annual coverage required under the Subordinated Electric System Resolution is 1.15x.

Management's Discussion of Operations — JEA
Electric System Schedules of Debt Service Coverage

Revenues. Total revenues increased $10.6 million, or 1.8 percent, for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013. Electric revenues increased $18.0 million, or 3.0 percent, for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013, primarily related to higher MWh sales.

Total MWh sales increased 2.9 percent for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013, to 5,659,375 MWh from 5,499,522 MWh, primarily related to the territorial sales increasing 2.0 percent to 5,591,003 MWh for the six months ended March 31, 2014 from 5,478,661 MWh for the six months ended March 31, 2013.

Earnings from The Energy Authority decreased $1.3 million, or 35.0 percent for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013, related to lower margins on purchases and sales transactions by TEA and decreased purchases by JEA through TEA.

Commencing with an April 1, 2005 fuel and purchased power rate restructuring, JEA began depositing funds into the Rate Stabilization Fund established under the Electric System Resolution. Effective October 1, 2008, JEA began depositing additional funds into the Rate Stabilization Fund reflecting amounts for conservation, demand-side management and debt management strategy reserve. The amounts paid from the Rate Stabilization Fund into the Revenue Fund established under the Electric System Resolution in the six months ended March 31, 2014 and March 31, 2013 reflect withdrawals to fund certain conservation/environmental expenses.

Operating Expenses. Total operating expenses increased $14.9 million, or 3.7 percent, for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013. Total fuel and purchased power expenses increased $15.5 million, or 5.3 percent, for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013, primarily related to increases in production, fuel mix and fuel commodity prices. MWh produced and purchased increased 3.0 percent, and total cost per MWh increased 2.3 percent.

The prices of oil, gas, solid fuels and purchased power have fluctuated over this period; and from year to year the components of fuel and purchased power expenses have shifted as JEA has taken advantage of the most economical sources of power. Energy produced from JEA's generating units was 3,083,191 MWh for the six months ended March 31, 2014, an increase of 17.1 percent from 2,632,694 MWh for the six months ended March 31, 2013. Energy purchased was 2,763,497 MWh for the six months ended March 31, 2014, a decrease of 9.3 percent from 3,046,289 MWh for the six months ended March 31, 2013.

Other operation and maintenance expenses decreased $1.5 million, or 1.7 percent, for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013, primarily related to a decrease in maintenance expenses at Northside Generating Station offset, in part, by an increase in salaries related benefits expense for the Electric System.

Net Revenues. Net revenues available for debt service decreased $4.3 million, or 2.2 percent, to $191.0 million for the six months ended March 31, 2014 from $195.3 million for the six months ended March 31, 2013. Total revenues increased $10.6 million, or 1.8 percent, and total operating expenses increased $14.9 million, or 3.7 percent, for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013, as described above. The decrease in net revenues available for debt service is primarily related to the increase in the combined fuel and purchase power expense and an increase in contributions to the Rate Stabilization Fund offset, in part, by the increase in electric revenues.

Debt Service on Electric System Bonds. The debt service requirement on Electric System Bonds decreased 4.1 percent for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013, primarily related to lower principal amortization offset, in part, by increased interest as a result of variable to fixed rate refundings.

During the six months ended March 31, 2014, JEA issued Electric System Bonds as summarized in the following table:

Series Three	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2014A	Refunding[1]	February 2014	$50,030,000	$50,045,000

[1] Fixed rate bonds issued to refund fixed rate bonds.

During the Fiscal Year ended September 30, 2013, JEA issued Electric System Bonds as summarized in the following table:

Series Three	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2013A	Refunding[1]	February 2013	$134,680,000	$138,535,000
2013B	Refunding[2]	May 2013	7,600,000	7,875,000
2013C	Refunding[3]	September 2013	33,170,000	36,110,000

[1] Fixed rate bonds issued to refund variable rate bonds.

[2] Fixed rate bonds issued to refund fixed rate bonds.

[3] Fixed rate bonds issued to refund fixed and variable rate bonds.

Debt Service Coverage Ratio on Electric System Bonds. The debt service coverage ratio on Electric System Bonds increased to 5.31 times for the six months ended March 31, 2014 as compared to the debt service coverage ratio of 5.21 times for the six months ended March 31, 2013 as a result of the 2.2 percent decrease in net revenues available for debt service being proportionately less than the 4.1 percent decrease in 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 increased 4.0 percent for the six months ended March 31, 2014 as compared to the six months ended March 31, 2013, primarily related to increased interest as a result of variable to fixed rate refundings offset, in part, by lower principal amortization.

During the six months ended March 31, 2014, JEA issued Subordinated Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2014 Series A	Refunding[1]	February 2014	$237,890,000	$255,565,000

[1] Fixed rate bonds issued to refund fixed and variable rate bonds.

During the Fiscal Year ended September 30, 2013, JEA issued Subordinated Electric System Bonds as summarized in the following table:

Series	Purpose	Month Issued	Par Amount Issued	Par Amount Refunded
2013 Series A	Refunding[1]	February 2013	$ 59,330,000	$ 66,000,000
2013 Series B	Refunding[1]	February 2013	68,575,000	79,065,000
2013 Series C	Refunding[2]	May 2013	88,625,000	90,910,000
2013 Series D	Refunding[3]	September 2013	163,995,000	177,270,000

[1] Fixed rate bonds issued to refund variable rate bonds.

[2] Fixed rate bonds issued to refund fixed rate bonds.

[3] Fixed rate bonds issued to refund fixed and variable 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 decreased to 2.42 times for the six months ended March 31, 2014 as compared to the debt service coverage ratio of 2.48 times for the six months ended March 31, 2013 as a result of the 2.2 percent decrease in net revenues available for debt service and the 0.2 percent increase in the debt service requirement on Electric System Bonds and Subordinated Electric System Bonds between such periods.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

For a discussion of pension and other post-employment benefit matters, see "INTRODUCTION — Management and Employees" in the Annual Disclosure Report, as supplemented by notes 10 and 12 to JEA's Financial Statements set forth in APPENDIX A attached to the Annual Disclosure Report.

LITIGATION

The Office of General Counsel of the City is not aware of any pending or threatened litigation contesting the validity of the Series Eight Bonds or the right of JEA to issue the Series Eight Bonds. In the opinion of the Office of General Counsel of the City, other than as set forth in the Annual Disclosure Report and the footnotes to the financial statements of JEA included in the Annual Disclosure Report, 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. For a discussion of certain pending proceedings relating to environmental matters, see "ELECTRIC UTILITY SYSTEM – *ELECTRIC UTILITY FUNCTIONS* – Environmental Matters" in the Annual Disclosure Report.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Series Eight Bonds and certain other legal matters are subject to the approving opinion of Nixon Peabody LLP, New York, New York, Bond Counsel to JEA ("Bond Counsel"). A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for JEA by the Office of General Counsel of the City, attorneys for JEA. Certain legal matters will be passed upon for the Underwriters by Rogers Towers, P.A., Jacksonville, Florida, counsel to the Underwriters.

TAX MATTERS

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series Eight Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series Eight Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series Eight Bonds. Pursuant to Resolution No. 2013-26, JEA has covenanted with respect to the Series Eight Bonds to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series Eight Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, JEA has made certain representations and certifications in the Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by JEA described above, interest on the Series Eight Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series Eight Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Original Issue Discount

Bond Counsel is further of the opinion that the difference between the principal amount of the Series Eight Bonds maturing October 1, 2020 through October 1, 2023, inclusive and October 1, 2025 through October 1, 2039, inclusive (collectively the "Discount Series Eight Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Series Eight Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series Eight Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Series Eight Bond and the basis of each Discount Series Eight Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Series Eight Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Series Eight Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Series Eight Bonds.

Original Issue Premium

The Series Eight Bonds maturing on October 1, 2014 through October 1, 2019, inclusive (collectively, the "Premium Series Eight Bonds") are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Series Eight Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined

actuarially on a constant interest rate basis over the term of each Premium Series Eight Bond based on the purchaser's yield to maturity (or, in the case of Premium Series Eight Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Series Eight Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Series Eight Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Series Eight Bonds. Owners of the Premium Series Eight Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Series Eight Bonds.

Ancillary Tax Matters

Ownership of the Series Eight Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the Series Eight Bonds may also result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series Eight Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series Eight Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series Eight Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix D. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series Eight Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series Eight Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series Eight Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series Eight Bonds from gross income for federal or state income tax purposes, or otherwise. We note that each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Series Eight Bonds) for taxpayers whose income exceeds certain thresholds. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series Eight Bonds may occur. Prospective purchasers of the Series Eight Bonds should consult their own tax advisors regarding the impact of any change in law on the Series Eight Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series Eight Bonds may affect the tax status of interest on the Series Eight Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series Eight Bonds, or the interest thereon, if any action is taken with respect to the Series Eight Bonds or the proceeds thereof upon the advice or approval of other counsel.

RATINGS

JEA has received ratings on the Series Eight Bonds of "AA" from Fitch, "Aa2" from Moody's, and "AA-" from Standard & Poor's. An explanation of the significance of any ratings may be obtained only from the rating agency furnishing the same at the following addresses: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, 7 World Trade Center, New York, New York 10007, and from S&P at 55 Water Street, New York, New York 10004. JEA has furnished to each rating agency rating the Series Eight Bonds information, including information not included in this Official Statement, about JEA and the Issue Three Bonds. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on independent investigations, studies and assumptions made by such rating agencies. There can be no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Those circumstances may include, among other things, changes in or unavailability of information relating to JEA or the Issue Three Bonds. Any such downward revision or withdrawal of any ratings may have an adverse effect on the market price of the Series Eight Bonds.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY LAW

Section 517.051(1), Florida Statutes, requires that JEA make full and fair disclosure of any of its bonds or other debt obligations that have been in default as to payment of principal or interest at any time after December 31, 1975. JEA has not been, since December 31, 1975, in default as to payment of principal or interest on any of its bonds or other debt obligations.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain customary conditions to closing, to purchase the Series Eight Bonds from JEA at the aggregate underwriting discount of $406,971.92 from the initial public offering prices or yields of the Series Eight Bonds set forth on the inside cover page of this Official Statement. Such Underwriters will be obligated to purchase all the Series Eight Bonds if any such Series Eight Bonds are purchased. The public offering prices may be changed, from time to time, by the Underwriters. The bond purchase agreement obligates such Underwriters to sell a substantial portion of the Series Eight Bonds of each maturity at not less than the initial offering prices therefor. The Underwriters will be obligated to purchase all the Series Eight Bonds if any such Series Eight Bonds are purchased. The public offering prices may be changed, from time to time, by the Underwriters. The Underwriters are Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofA Merrill Lynch"), Citigroup Global Markets Inc., Barclays Capital Inc., BMO Capital Markets GKST Inc., Goldman, Sachs & Co., Jefferies LLC, J.P. Morgan Securities LLC, Loop Capital Markets, LLC ("Loop"), Morgan Stanley & Co. LLC, Piper Jaffray & Co., Raymond James & Associates, Inc., RBC Capital Markets, LLC, U.S. Bancorp Investments, Inc. and Wells Fargo Bank, National Association. BofA Merrill Lynch and Citigroup Global Markets Inc. are acting as co-Senior Managing Underwriters with respect to the Series Eight Bonds.

Citigroup Global Markets Inc. ("CGMI"), one of the co-Senior Managing Underwriters of the Series Eight Bonds, has entered into distribution agreements with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services ("UBS") for the distribution to retail investors of certain municipal securities offerings (each a "Distribution Agreement"). In connection with the TMC Distribution Agreement, TMC has established an electronic primary offering application through which certain broker-dealers and municipal securities dealers approved by CGMI and TMC (each an "Approved Party") can submit orders for, and receive allocations of, new issue municipal securities for retail investors. Citigroup Financial Products Inc., CGMI's parent company, owns a 31.35 percent equity interest in TheDebtCenter L.L.C., the parent company of TMC. CGMI may share a portion of its underwriting compensation with TMC (which TMC may share with an Approved Party) and/or UBS with respect to any Series Eight Bonds that are allocated to retail orders submitted by these firms. Any such sharing will not affect the aggregate underwriting compensation set forth above or CGMI's share of such compensation.

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc., which is a direct, wholly-owned subsidiary of BMO Financial Corp., which is itself a wholly-owned subsidiary of Bank of Montreal.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series Eight Bonds, has entered into a negotiated dealer agreement (the "Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, at the original issue prices. Pursuant to the Dealer Agreement (if applicable to this transaction), CS&Co. will purchase Series Eight Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series Eight Bonds that CS&Co. sells.

Loop, one of the Underwriters of the Series Eight Bonds, has entered into a distribution agreement with Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, DBS will purchase Series Eight Bonds from Loop at the original issue prices less a negotiated portion of the selling concession applicable to any Series Eight Bonds that such firm sells.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Piper Jaffray Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Series Eight Bonds. Under the Piper Jaffray Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper Jaffray & Co.

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is serving as one of the Underwriters of the Series Eight Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), a co-manager of the Series Eight Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series Eight Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation, with respect to the Series Eight Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Series Eight Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA

pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company. Lisa Strange Weatherby, a member of the JEA Board, is an employee of Wells Fargo Advisors, LLC. Wells Fargo Bank, National Association conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, National Association Municipal Products Group and is a co-manager for the sale of the Series Eight Bonds. Ms. Weatherby has recused herself from JEA Board's discussion regarding the Series Eight Bonds, did not participate in the selection of WFBNA as one of the underwriters of the Series Eight Bonds, and abstained from the vote on the Series Eight Bonds. Ms. Weatherby has no financial interest in any compensation that may be received by WFA in connection with this bond transaction.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial and investment banking services for JEA, for which they received or will receive customary fees and expenses. JEA intends to use a portion of the proceeds from this offering to refund the Refunded Bonds. Certain of the Underwriters for this offering or their affiliates may hold certain of the Refunded Bonds and, as a result, may receive a portion of the proceeds of this offering in connection with the redemption of the Refunded Bonds by JEA.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of JEA.

MISCELLANEOUS

Legal Investments

The Series Eight Bonds are legal investments for savings banks, trust companies, executors, administrators, trustees, guardians, and other fiduciaries, and for any board, body, agency or instrumentality of the State of Florida, or of any county, municipality, or other political subdivisions of the State of Florida. The Series Eight Bonds are also eligible as security for deposits of state, county, municipal and other public funds.

References to Documents

The summaries of or references to the Second Power Park Resolution, the First Power Park Resolution and the Electric System Resolution and proposed amendments thereto and certain statutes and other ordinances and documents included in this Official Statement or in the document included by specific reference herein 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, law and document. Copies of all such documents may be obtained from JEA, provided that a reasonable charge may be imposed for the cost of reproduction.

Authorization of Official Statement

The dissemination and use of this Official Statement have been duly authorized by the JEA Board.

JEA

By: /s/ Paul E. McElroy
Managing Director and Chief Executive Officer

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APPENDIX A

BOOK-ENTRY ONLY SYSTEM

The Series Eight Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Series Eight Bonds. The Series Eight Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for the Series Eight Bonds of each maturity (and, if applicable, each interest rate within a maturity), in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series Eight Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series Eight Bonds on DTC's records. The ownership interest of each actual purchaser of each Series Eight Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series Eight Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series Eight Bonds, except in the event that use of the book-entry system for the Series Eight Bonds is discontinued.

SO LONG AS CEDE & CO. (OR ANY OTHER NOMINEE REQUESTED BY DTC) IS THE REGISTERED OWNER OF THE SERIES EIGHT BONDS AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OR OWNERS OF THE SERIES S BONDS SHALL MEAN CEDE & CO. (OR SUCH OTHER NOMINEE), AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS.

To facilitate subsequent transfers, all Series Eight Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series Eight Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series Eight Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

JEA and the Bond Registrar and Paying Agent for the Series Eight Bonds may treat DTC (or its nominee) as the sole and exclusive owner of the Series Eight Bonds registered in its name for the purpose of: payment of the principal or redemption price of or interest on the Series Eight Bonds selecting Series Eight Bonds and portions thereof to be redeemed; giving any notice permitted or required to be given to Holders under the Second Power Park Resolution including any notice; registering the transfer of Series Eight Bonds; obtaining any consent or other action to be taken by Holders; and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. JEA, the Bond Registrar and Paying Agent for the Series Eight and the Underwriters (other than in their capacity, if any, as Direct Participants or Indirect Participants) shall not have any responsibility or obligation to any Direct Participant, any person claiming a beneficial ownership interest in the Series Eight Bonds under or through DTC or any Direct Participant, or any other person which is not shown on the registration books of JEA (kept by the Bond Registrar) as being a Holder, with respect to: the accuracy of any records maintained by DTC or any Direct or Indirect Participant regarding ownership interests in the Series Eight Bonds; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal or redemption price of or interest on the Series Eight Bonds; the delivery to any Direct or Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to Holders under the Second Power Park Resolution, including any notice; or any consent given or other action taken by DTC as a Holder of the Series Eight Bonds.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series Eight Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the "record date." The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts securities, such as the Series Eight Bonds, are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Except as described below, neither DTC nor Cede & Co. nor any other nominee of DTC will take any action to enforce covenants with respect to any security registered in the name of Cede & Co. or any other nominee of DTC. Under its current procedures, on the written instructions of a Direct Participant given in accordance with DTC's Procedures, DTC will cause Cede & Co. to sign a demand to exercise certain bondholder rights. In accordance with DTC's current procedures, Cede & Co. will sign such document only as record holder of the quantity of securities referred to therein (which is to be specified in the Direct Participant's request to DTC for such document) and not as record holder of all the securities of that issue registered in the name of Cede & Co. Also, in accordance with DTC's current procedures, all factual representations to the issuer, the trustee or any other party to be made by Cede & Co. in such document must be made to DTC and Cede & Co. by the Direct Participant in its request to DTC.

For so long as the Series Eight Bonds, are issued in book-entry form through the facilities of DTC, any Beneficial Owner desiring to cause JEA to comply with any of its obligations with respect to the Series Eight Bonds, must make arrangements with the Direct Participant or Indirect Participant

through whom such Beneficial Owner's ownership interest in the Series Eight Bonds, is recorded in order for the Direct Participant in whose DTC account such ownership interest is recorded to make the request of DTC described above.

NEITHER JEA NOR THE BOND REGISTRAR AND PAYING AGENT FOR THE SERIES EIGHT BONDS NOR THE UNDERWRITERS (OTHER THAN IN THEIR CAPACITY, IF ANY, AS DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF THE SERIES EIGHT BONDS THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

Principal or redemption price of and interest on the Series Eight Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from JEA or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, JEA or the Paying Agent for the Series Eight Bonds, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent for the Series Eight Bonds, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

As long as the book-entry system is used for the Series Eight Bonds, JEA, will give or cause to be given any notice required to be given to Holders of Series Eight Bonds, only to DTC.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series Eight Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series Eight Bonds such as defaults and proposed amendments to the Second Power Park Resolution. For example, Beneficial Owners of Series Eight Bonds may wish to ascertain that the nominee holding the Series Eight Bonds, for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

NEITHER JEA NOR THE BOND REGISTRAR AND PAYING AGENT FOR THE SERIES EIGHT BONDS NOR THE UNDERWRITERS (OTHER THAN IN THEIR CAPACITY, IF ANY, AS DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS) WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

For every transfer and exchange of a beneficial ownership interest in the Series Eight Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Discontinuation of the Book-Entry-Only System. DTC may discontinue providing its services as depository with respect to the Series Eight Bonds at any time by giving reasonable notice to JEA or the Bond Registrar and Paying Agent for the Series Eight Bonds. In addition, if JEA determines that (i) DTC is unable to discharge its responsibilities with respect to the Series Eight Bonds or (ii) continuation of the system of book-entry-only transfers through DTC is not in the best interests of the Beneficial Owners of the Series Eight Bonds or of JEA, JEA may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Series Eight Bonds. Upon the resignation of DTC or determination by JEA that DTC is unable to discharge its responsibilities, JEA may, within 90 days, appoint a successor depository. If no such successor is appointed or JEA determines to discontinue the book-entry-only system, Series Eight Bond certificates will be printed and delivered. Transfers and exchanges of Series Eight Bonds shall thereafter be made as provided in the Second Power Park Resolution.

If the book-entry only system is discontinued with respect to the Series Eight Bonds, the persons to whom Series Eight Bonds are delivered will be treated as "Bondholders" for all purposes of the Second Power Park Resolution, including without limitation the payment of principal, premium, if any, and interest on Series Eight Bonds, and the giving to JEA, the Bond Registrar or Paying Agent for the Series Eight Bonds, of any notice, consent, request or demand pursuant to the Second Power Park Resolution, for any purpose whatsoever. In such event, interest on the Series Eight Bonds will be payable by check or draft of the Paying Agent therefore mailed to such Bondholders at the addresses shown on the registration books maintained on behalf of JEA, and the principal and redemption price of all Series Eight Bonds will be payable at the principal corporate trust office of the Paying Agent for the Series Eight Bonds as described under the heading "DESCRIPTION OF THE SERIES EIGHT BONDS – Registration and Transfer" in the Official Statement to which this APPENDIX A is attached.

Portions of the foregoing concerning DTC and DTC's book-entry system are based on information furnished by DTC to JEA. No representation is made herein by JEA or the Underwriters as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date of the Official Statement to which this APPENDIX A is attached.

APPENDIX B

DEBT SERVICE REQUIREMENTS FOR THE ISSUE THREE BONDS[1][2]

Fiscal Year Ending September 30,	Debt Service on Outstanding Issue Three Bonds[3][4][5]	Less: Debt Service on Refunded Bonds			Plus: Debt Service on Series Eight Bonds			Debt Service on Issue Three Bonds to be Outstanding After Issuance of the Series Eight Bonds
		Principal	Interest	Debt Service	Principal	Interest	Debt Service	
2014	$ 16,084,966	-	$ 1,633,094	$ 1,633,094	$ 60,000	$ 530,439	$ 590,439	$ 15,042,312
2015	23,812,564	$ 735,000	3,266,188	4,001,188	1,000,000	2,298,900	3,298,900	23,110,276
2016	24,603,094	1,465,000	3,242,668	4,707,668	1,745,000	2,258,900	4,003,900	23,899,326
2017	23,764,963	805,000	3,191,393	3,996,393	1,125,000	2,171,650	3,296,650	23,065,220
2018	24,659,075	1,770,000	3,161,205	4,931,205	2,100,000	2,126,650	4,226,650	23,954,520
2019	25,631,625	1,840,000	3,090,405	4,930,405	2,205,000	2,021,650	4,226,650	24,927,870
2020	25,580,000	1,910,000	3,012,205	4,922,205	2,235,000	1,911,400	4,146,400	24,804,195
2021	24,773,495	1,215,000	2,926,255	4,141,255	1,570,000	1,866,700	3,436,700	24,068,940
2022	25,299,026	1,840,000	2,870,061	4,710,061	2,175,000	1,831,375	4,006,375	24,595,340
2023	25,258,589	1,925,000	2,782,661	4,707,661	2,230,000	1,777,000	4,007,000	24,557,927
2024	25,207,099	2,025,000	2,686,411	4,711,411	2,295,000	1,715,675	4,010,675	24,506,362
2025	25,167,706	2,125,000	2,585,161	4,710,161	2,360,000	1,646,825	4,006,825	24,464,370
2026	25,065,298	2,235,000	2,474,661	4,709,661	2,430,000	1,576,025	4,006,025	24,361,661
2027	24,962,399	2,355,000	2,356,206	4,711,206	2,505,000	1,503,125	4,008,125	24,259,317
2028	24,846,967	2,480,000	2,229,625	4,709,625	2,580,000	1,424,844	4,004,844	24,142,186
2029	21,261,525	2,615,000	2,096,325	4,711,325	2,670,000	1,340,994	4,010,994	20,561,194
2030	21,204,219	2,755,000	1,952,500	4,707,500	2,755,000	1,250,881	4,005,881	20,502,600
2031	21,165,744	2,910,000	1,800,975	4,710,975	2,855,000	1,154,456	4,009,456	20,464,225
2032	14,000,694	3,070,000	1,640,925	4,710,925	2,955,000	1,054,531	4,009,531	13,299,300
2033	12,380,669	3,240,000	1,472,075	4,712,075	3,060,000	947,413	4,007,413	11,676,006
2034	13,110,875	3,415,000	1,293,875	4,708,875	3,175,000	832,663	4,007,663	12,409,663
2035	13,041,800	3,605,000	1,106,050	4,711,050	3,295,000	713,600	4,008,600	12,339,350
2036	12,953,525	3,800,000	907,775	4,707,775	3,425,000	581,800	4,006,800	12,252,550
2037	13,075,775	4,010,000	698,775	4,708,775	3,560,000	444,800	4,004,800	12,371,800
2038	4,708,225	4,230,000	478,225	4,708,225	3,705,000	302,400	4,007,400	4,007,400
2039	4,710,575	4,465,000	245,575	4,710,575	3,855,000	154,200	4,009,200	4,009,200
Total	$516,330,490	$62,840,000	$55,201,274	$118,041,274	$63,925,000	$35,438,895	$99,363,895	$497,653,112

(1) Row and column totals may not add due to rounding.

(2) In addition to the Issue Three Bonds, JEA also has issued, and as of the date of the Official Statement to which this APPENDIX B is attached there are outstanding, $377,700,000 aggregate principal amount of Issue Two Bonds and $119,100,000 aggregate principal amount of BPSS Bonds. Payments with respect to JEA's share of the debt service on the Issue Two Bonds and BPSS Bonds constitute Contract Debts, payable as a Cost of Operation and Maintenance of the Electric System and are payable prior to the payment of debt service on the Electric System Bonds and the Subordinated Electric System Bonds.

(3) Excludes debt service paid on or prior to April 1, 2014.

(4) Reflects total interest on the Series Four Build America Bonds and is not net of the 35 percent cash subsidy payments that JEA expects to receive from the United States Treasury with respect to such Bonds.

(5) Includes debt service on Series Seven Bonds and does not include debt service on Refunded Series Two Bonds.

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APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon the delivery of the Series Eight Bonds, JEA proposes to enter into a Continuing Disclosure Agreement with respect to such Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this "Agreement") dated July 8, 2014 is made by JEA, Jacksonville, Florida, an independent agency of the City of Jacksonville, Florida duly organized and existing under the Constitution and laws of the State of Florida ("JEA"), for the benefit of the holders and beneficial owners from time to time of JEA's $63,925,000 St. Johns River Power Park System Revenue Bonds, Issue Three, Series Eight, dated the date hereof (the "Bonds"), under the circumstances summarized in the following recitals (with each capitalized term used but not defined in this Agreement having the meaning assigned to it in the Supplemental Resolution of JEA adopted on December 17, 2013, authorizing the issuance of the Bonds (the "Supplemental Resolution")):

A. JEA, by adoption of the Supplemental Resolution, has determined to issue the Bonds to provide funds for JEA purposes, and the Underwriters have agreed to provide those funds to JEA by purchasing the Bonds.

B. JEA understands that the Underwriters will sell and deliver Bonds to other holders and beneficial owners; that the Underwriters would not purchase the Bonds from JEA, and JEA would not be assured of the availability of funds required for its purposes, if the Underwriters were not able to so sell and deliver the Bonds; and that the Bonds will be transferred from time to time from holders and beneficial owners to other holders and beneficial owners who may rely upon the continuing disclosure agreement made by JEA in the Supplemental Resolution and this Agreement.

C. As a condition to the purchase of the Bonds from JEA and the sale of Bonds to holders and beneficial owners, the Underwriters are required to reasonably determine that JEA has made an agreement for the benefit of holders and beneficial owners of the Bonds in accordance with paragraph (b)(5)(i) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

D. JEA made an agreement in the Supplemental Resolution, certain terms of which were to be further described and specified in a Continuing Disclosure Agreement, to provide or cause to be provided such financial information and operating data, financial statements and notices, in such manner, as may be required for purposes of paragraph (b)(5)(i) of the Rule.

NOW, THEREFORE, in consideration of the purchase of the Bonds from JEA by the Underwriters and the contemplated sale of the Bonds to, and transfer of Bonds between, holders and beneficial owners from time to time, JEA hereby sets forth, pursuant to Section 4.04 of the Supplemental Resolution, certain terms of its continuing disclosure agreement made for purposes of the Rule and formed, collectively, by said Section 4.04 and this Agreement for the benefit of the holders and beneficial owners from time to time of the Bonds, as follows:

Section 1. **Provision of Annual Information; Audited Financial Statements; and Notices of Events**. JEA shall provide or cause to be provided:

(a) to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA"), (i) not later than the June 1 following the end of each JEA fiscal year ending on or after September 30, 2014, annual financial information and operating data for such fiscal year of the type described in Section 2 ("Annual Information"), and (ii) when and if available, audited JEA financial statements for each such fiscal year; and

(b) to the MSRB through its EMMA system, in a timely manner, not in excess of 10 business days, notice of (i) any Specified Event described in Section 2, (ii) JEA's failure to provide the Annual Information on or prior to the date specified above, and (iii) any change in the accounting principles applied in the preparation of its annual financial statements, any change in its fiscal year, and of this Agreement's termination.

JEA expects that audited annual JEA financial statements will be prepared and that such statements will be available together with the Annual Information. Each of the financial statements will be prepared in accordance with generally accepted accounting principles described in note 1 to the financial statements included by reference through the inclusion of the Annual Disclosure Report in the Official Statement of JEA, dated June 5, 2014, relating to the Bonds.

Section 2. **Annual Information and Specified Events**.

(a) "Annual Information" to be provided by JEA shall consist of the following information and data of the type included in JEA's Annual Disclosure Report for Electric Utility System for Fiscal Year Ended September 30, 2013:

(1) The information in the second sentence of the sixth paragraph under the caption "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS* — Debt Relating to Electric Utility Functions — *Power Park Issue Two Bonds*";

(2) The table under the caption "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — Electric System — *Electric System Generating Facilities*";

(3) The table under the caption "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — Electric System — *Largest Customers*";

(4) The table under the caption "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — St. Johns River Power Park — *Operation*";

(5) The table under the caption "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — Scherer 4 — *Operation*";

(6) The table under the caption "ELECTRIC UTILITY SYSTEM - *ELECTRIC UTILITY FUNCTIONS* — Resource Requirements — *System Load*"; and

(7) The financial information and operating data referred to under the caption "ELECTRIC UTILITY SYSTEM - *FINANCIAL INFORMATION RELATING TO ELECTRIC UTILITY FUNCTIONS*."

If the audited financial statements of JEA for the fiscal year are provided contemporaneously with the Annual Information, information and data set forth in such audited financial statements may be incorporated by reference.

(b) "Specified Events" shall include the occurrence of the following events, within the meaning of the Rule, with respect to the Bonds, as applicable:

(1) Principal and interest payment delinquencies;

(2) Non-payment related default, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of owners of the Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of JEA;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of JEA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Each notice given pursuant to this Section 2(b) shall be captioned "Material Event Notice" and shall prominently state the date, title and CUSIP numbers of the Bonds.

Section 3. **Amendments**. JEA reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of JEA, or type of business conducted by JEA. Any such amendment or waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until JEA shall have received either (a) a written opinion of bond or other qualified independent special counsel selected by JEA that the amendment or waiver would not materially impair the interests of holders or beneficial owners, or (b) the written consent to the amendment or waiver of the holders of the same percentage in principal amount of the Bonds then outstanding that is required with respect to the approval of any material modification or amendment of the Bond Resolution at such time. Annual Information containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided.

Section 4. **Remedy for Breach**. This Agreement shall be solely for the benefit of the holders and beneficial owners from time to time of the Bonds. A failure by JEA to comply with the provisions hereof does not constitute a default under the Bond Resolution. The exclusive remedy for any breach of this Agreement by JEA shall be limited, to the extent permitted by law, to a right of holders and beneficial owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by JEA of its obligations under this Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require JEA to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require JEA to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) shall be instituted and maintained only by a trustee appointed by the holders or beneficial owners of not less than 25% in principal amount of the Bonds then outstanding or by holders or beneficial owners of not less than 10% in principal amount of the Bonds then outstanding.

Section 5. **Termination**. The obligations of JEA under this Agreement shall remain in effect only for such period that the Bonds are outstanding in accordance with their terms and JEA remains an obligated person with respect to the Bonds within the meaning of the Rule. The obligation of JEA to provide the Annual Information and notices of the events described above shall terminate if and when JEA no longer remains such an obligated person.

IN WITNESS WHEREOF, JEA has caused this Agreement to be duly signed and delivered to the Underwriters, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Underwriters, on its behalf by its official signing below, all as of the date set forth above, and the holders and beneficial owners from time to time of the Bonds shall be deemed to have accepted JEA's continuing disclosure undertaking, as contained in Section 4.04 of the Supplemental Resolution and further described and specified herein, made in accordance with the Rule.

JEA

By:_____

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series Eight Bonds, Nixon Peabody LLP, New York, New York, Bond Counsel to JEA proposes to render its final approving opinion with respect to the Series Eight Bonds in substantially the following form:

[Date of Closing]

JEA
21 West Church Street
Jacksonville, Florida 32202

JEA
St. Johns River Power Park System Revenue Bonds,
Issue Three, Series Eight

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by JEA, a body politic and corporate organized and existing under the laws of the State of Florida and an independent agency of the City of Jacksonville, Florida (the "City"), of $63,925,000 aggregate principal amount of St. Johns River Power Park System Revenue Bonds, Issue Three, Series Eight (the "Bonds"). The Bonds are issued pursuant to the Constitution and laws of the State of Florida, including, in particular, (a) Chapter 80-513, Laws of Florida, Special Acts of 1980, as amended, (b) Article 21 of the Charter of the City, as amended and readopted by Chapter 80-515, Laws of Florida, Special Acts of 1980, as subsequently amended by Chapter 92-341, Laws of Florida, Special Acts of 1992 and as thereafter amended in accordance with the terms thereof prior to the date hereof and (c) other applicable provisions of law (collectively, the "Acts"), and under and pursuant to a resolution adopted by JEA on February 20, 2007 entitled "St. Johns River Power Park System Second Revenue Bond Resolution" (as supplemented, the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

The Resolution provides that the Bonds are being issued (a) to provide a portion of the moneys necessary to refund $62,840,000 aggregate principal amount of JEA's St. Johns River Power Park System Revenue Bonds, Issue Three, Series Three (the "Refunded Bonds"), previously issued to finance JEA's 80 percent undivided ownership interest in the St. Johns River Power Park (the "Power Park"), a coal- and pet coke-fired, steam electric generating station currently rated at 1,276 MW, net, located in the northeast section of the City that is jointly-owned by JEA and Florida Power & Light Company ("FPL") and (b) to pay the costs of issuance of the Bonds. JEA reserves the right to issue additional bonds and Refunding Bonds under the Resolution on the terms and conditions and for the purposes stated therein. Under the provisions of the Resolution, all Outstanding Bonds shall rank equally as to security and payment from (i) the proceeds of the sale of the Bonds, (ii) the Revenues and (iii) all Funds and Accounts established by the Resolution (other than the Debt Service Reserve Account in the Debt Service Fund 2d and the Renewal and Replacement Fund 2d), including the investments and investment income, if any, thereof (hereinafter referred to collectively as the "Trust Estate").

As bond counsel, we have reviewed a certified copy of the Resolution; a certified copy of Ordinance No. 2006-793-E enacted by the Council of the City on September 26, 2006 and Ordinance No. 2009-11-E, enacted by the Council of the City on February 10, 2009, approving, among other things, the issuance and sale by JEA of Bonds; the Tax Certificate executed and delivered by JEA on the date hereof (the "Tax Certificate") in connection with the issuance of the Bonds; an opinion of the Office of General Counsel of the City, attorney for JEA; certificates of JEA and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than JEA. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, including matters essential to the exclusion of interest on the Bonds from gross income for federal income tax purposes, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph hereof (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against bodies politic and corporate of the State of Florida. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of JEA, dated June 5, 2014 relating to the Bonds or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. JEA has the right and power under the Acts to adopt the Resolution, and the Resolution has been duly and lawfully adopted by JEA, is in full force and effect, is valid and binding upon JEA and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

2. JEA is duly authorized and entitled to issue the Bonds and the Bonds have been duly and validly authorized and issued by JEA in accordance with the Constitution and statutes of the State of Florida, and particularly the Acts, and the Resolution, and constitute the legal, valid and binding obligations of JEA as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Acts and the Resolution. The Bonds are special obligations of JEA payable solely from and secured solely by the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series Eight Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series Eight Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series Eight Bonds. Pursuant to the Resolution, JEA has covenanted to not take any action or inaction if any such action or inaction would adversely affect the exclusions from gross income for federal income tax purposes of the interest on the Series Eight Bonds pursuant to Section 103(a) of the Code, and in furtherance thereof, to comply with the instructions and requirements of the tax certificate executed by JEA in connection with the issuance and delivery of the Series Eight Bonds. In addition, JEA has made certain factual representations and certifications of expectations as to tax matter, contained in that tax certificate. We have not independently verified the accuracy of those certifications and representations. Under existing law, and assuming compliance with the tax covenants described therein and the accuracy of the aforementioned representations and certifications, interest on the Series Eight Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations.

4. The amount by which the issue price of the Series Eight Bonds maturing on October 1, 2020 through October 1, 2023, inclusive, and October 1, 2025 through October 1, 2039, inclusive (collectively, the "Discount Bonds") is less than the amount to be paid at maturity of such Discount Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds) constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Discount Bonds which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series Eight Bonds. For this purpose, the issue price of the Discount Bonds is the first price at which a substantial amount of the Discount Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

Except as stated in paragraphs 3 and 4 hereof, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Series Eight Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series Eight Bonds, or the interest thereon, if any action is taken or not taken with respect to the Series Eight Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

Very truly yours,

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INTER-OFFICE MEMORANDUM
November 30, 2020

SUBJECT:	**UPDATE ON JEA UNHEDGED VARIABLE RATE DEBT PORTFOLIO**
FROM:	Jay C. Stowe, Managing Director/CEO
TO:	JEA Finance and Audit Committee
	Marty Lanahan, Chair John Baker Robert Stein

BACKGROUND:
As presented during the November 17, 2020 Board Meeting, JEA's unhedged variable rate debt totaled $341 million at September 30, 2020, with $181 million and $160 million outstanding in the Electric and Water and Sewer Systems, respectively. Staff intends to retire $69 million of unhedged Electric System debt in the next few months. Factoring in this retirement, as well as scheduled maturities on October 1, 2020, unhedged variable rate debt will total $267 million, representing approximately 8.5% of outstanding JEA debt.

DISCUSSION:
The JEA Board has requested a follow-up review of the unhedged variable rate debt portfolio, to include the cost to fix out the remaining $267 million, as well as a review of comparable Large Public Power Council member electric utilities and similarly sized municipally-owned water and wastewater utilities.

RECOMMENDATION:
For Staff to engage JEA's financial advisor, Public Financial Management ("PFM") to provide an analysis of the variable rate debt portfolio, to include (1) a historical review of fixed versus variable rates; (2) the cost to fix out the unhedged variable rate debt; and (3) comparable peer group unhedged variable rate debt outstanding for both the Electric and Water and Sewer Systems.

Jay C. Stowe, Managing Director/CEO

JCS/BJR/JEO