JEA BOARD MEETING AGENDA

June 25, 2019 • 9:00 a.m.

21 W. Church Street, 19th Floor

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

II.	**COMMENTS / PRESENTATIONS**		
	Item(s)		Speaker/Title
	A.	Comments from the Public	Public
	B.	Council Liaison's Comments	Council Member Matt Schellenberg
	C.	St Johns River Water Management District (SJRWMD) Alternative Water Supply Presentation	Herschel Vinyard, Chief Administrative Officer Dr. Ann Shortelle

III.	**OPERATIONS (DISCUSSION / ACTION)**				
	Definition: The "Operations" section of the Board Meeting is for business matters requiring Board discussion, Board action, or for matters being submitted to the Board as information only.				
	Item(s)			Speaker/Title	Discussion Action/Information
	A.	Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed in previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.			
		Consent Agenda Reference Material (Provided in Appendices)			
		Appendix A:	Board Meeting Minutes May 28, 2019		Action
	B.	Monthly Reports and Updates – The following monthly reports and updates are submitted to the Board as information only. These items require no explanation, discussion, presentation or action.			
		Monthly Reports and Updates (Provided in Appendices)			
		Appendix A:	Monthly Financial Statements		Information
		Appendix B:	Monthly Financial and Operation Detail		Information
		Appendix C:	Monthly FY19 Communications & Engagement Calendar and Plan Update		Information
	C.	Proposed FY2020 Operating and Capital Budgets		Ryan Wannemacher, CFO	Action
	D.	Monthly Financials and Operations Dashboard		Melissa Dykes, Pres./COO	Information
	E.	Flex Pricing - Pilot Update		Kerri Stewart, VP/Chief Customer Officer	Information

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IV.	STRATEGY (DISCUSSION ONLY)		
	Definition: The "Strategy" section of the Board Meeting is only for discussion & feedback to management on strategic initiatives of and for JEA.		
	Item(s)		Speaker/Title
	A.	Strategic Planning Overview – Baseline/Scenario 1: Status Quo and Scenario 2: Traditional Response	Senior Leadership Team and McKinsey Team

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

VI.	COMMITTEE / SPECIAL REPORTS				
	Item(s)			Speaker/Title	Discussion Action/Information
	A.	Compensation Committee		Camille Johnson, Interim Committee Chair	
		1.	Adoption of Agenda – June 18, 2019		Information
		2.	Approval of Minutes – January 15, 2019		Information
		3.	Total Market Compensation Presentation		Information
		4.	Compensation Program Appendix		Information
	B.	Corporate Campus Update and Lease Consideration		Nancy Kilgo	Action

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

VIII.	CLOSING CONSIDERATIONS	
	Item(s)	
	A.	Announcements – Next Board Meeting July 23, 2019
	B.	Adjournment

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Board Calendar

Board Meetings: 9:00 a.m. – Fourth Tuesday of Every Month (exception(s): November 19, 2019 and December 17, 2019

Committees: Compensation Committee:

Finance & Audit Committee: August 19, 2019

Government Affairs Committee:

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.

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INTER-OFFICE MEMORANDUM
June 4, 2019

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

BACKGROUND:
JEA released a solicitation in October 2018 for its corporate headquarters. The new headquarters is needed to address business continuity risks while meeting our headquarter needs in a cost-efficient manner. The solicitation process resulted in the JEA Board approving the final rankings on April 2, 2019 and authorizing lease negotiations with Ryan Companies US, Inc., the highest ranked firm, subject to lease negotiations and demonstration of site control within 90 days, or July 1, 2019.

DISCUSSION:
JEA and Ryan Companies have been in lease negotiations since early April. A lease is presented with this item for Board Consideration. A summary of lease terms is attached as a cover to the lease document. Addenda to the lease are anticipated to be negotiated and updated based on the methods described in the lease; these include incorporating final programming into the lease to finalize square footage and interior space elements, design drawings, construction drawings, guaranteed maximum price numbers, etc.

Ryan was to demonstrate site control within 90 days. After intent to award by the JEA Board on April 2, Ryan immediately began the process of making a purchase offer on the site through the City's Downtown Investment Authority (DIA). The DIA process included an advertisement period for the property to be offered to other interested parties. The DIA met on May 15 and approved acceptance of Ryan's offer. The City's Ordinance Code requires that City Council approve the sale of properties over $25,000. Ordinance 2019-401 was introduced to the City Council on May 28. The City is expected to consider the sale on June 25, 2019 including a Purchase and Sale Agreement.

JEA and Ryan continue to plan for the project including overall project discussions, exterior design discussions, garage design, early interior space and function planning needs, and overall project communications coordination. Ryan has kept JEA and its consultants abreast of progress on environmental analysis of the site, design approval processes and early project planning. JEA will continue to evaluate and decide on Tenant Improvement providers within the next 4 to 8 months, all contingent on lease approval and site control. Ryan continues to express a strong preference to perform the Tenant Improvement construction to control schedule, coordination and project efficiency.

The lease includes a termination clause by JEA within 90 days of execution since JEA has not completed its strategic planning process. JEA would reimburse Ryan for its expenses in the event of a termination.

RECOMMENDATION:
It is recommended that the Board approve Resolution 2019-05 authorizing execution of the lease with Ryan Companies US, Inc. by the Managing Director/CEO, or his designee, on substantially the same terms as the attached lease with further authority to execute amendments including the amendments cited above for final square footage, interior space elements, design drawings, construction drawings and guaranteed maximum price. Lease execution is subject to approval of the Purchase and Sale Agreement by the City Council.

Aaron F. Zahn, Managing Director/CEO

AFZ/MHD/NKV

Ver 2.2 02/01/2014

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INTER-OFFICE MEMORANDUM
June 3, 2019

SUBJECT:	**ST. JOHNS RIVER WATER MANAGEMENT DISTRICT ALTERNATIVE WATER SUPPLY PRESENTATION**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

Background
JEA and the St. Johns River Water Management District (SJRWMD) have collaborated for years on alternative water supply projects, providing JEA with over $7 million in funding since 2016 including $900,000 for JEA's purified water project. Alternative water supplies such as reclaimed water allows JEA to reduce fresh groundwater withdrawals, while fully utilizing reclaimed water from our water reclamation facilities.

Discussion
Dr. Ann Shortelle, Executive Director with the SJRWMD, will be discussing the joint cost share program. This year, the SJRWMD is providing $1.5 million in cost share funds for a large reclaimed water project and a water conservation project for low income households.

Recommendation
No action is required by the Board. This item is presented for information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/PKS/

Ver 2.2 02/01/2014

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St. Johns River Water Management District



Ann B. Shortelle, Ph.D.
Executive Director

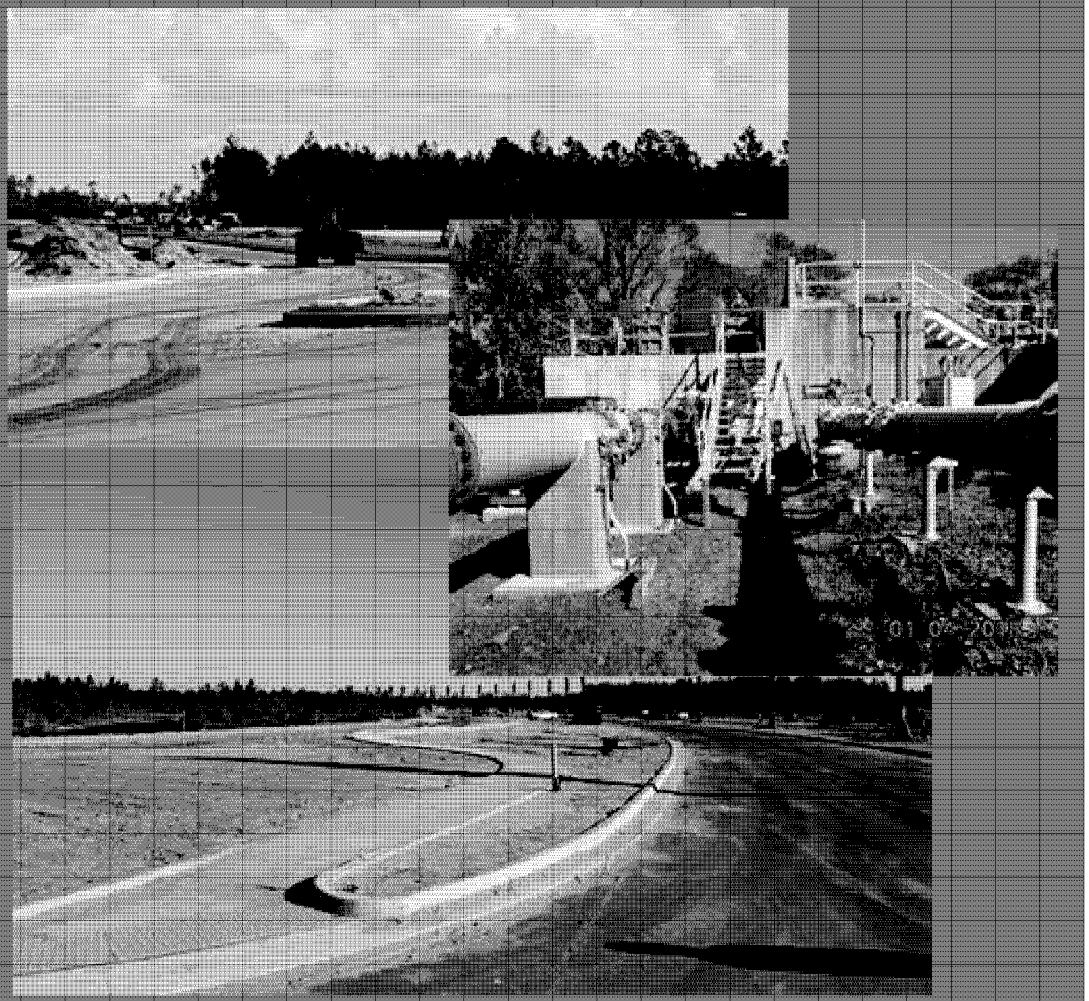
June 25, 2019

St. Johns River
Water Management District

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District Cost-Share with JEA – by the Numbers

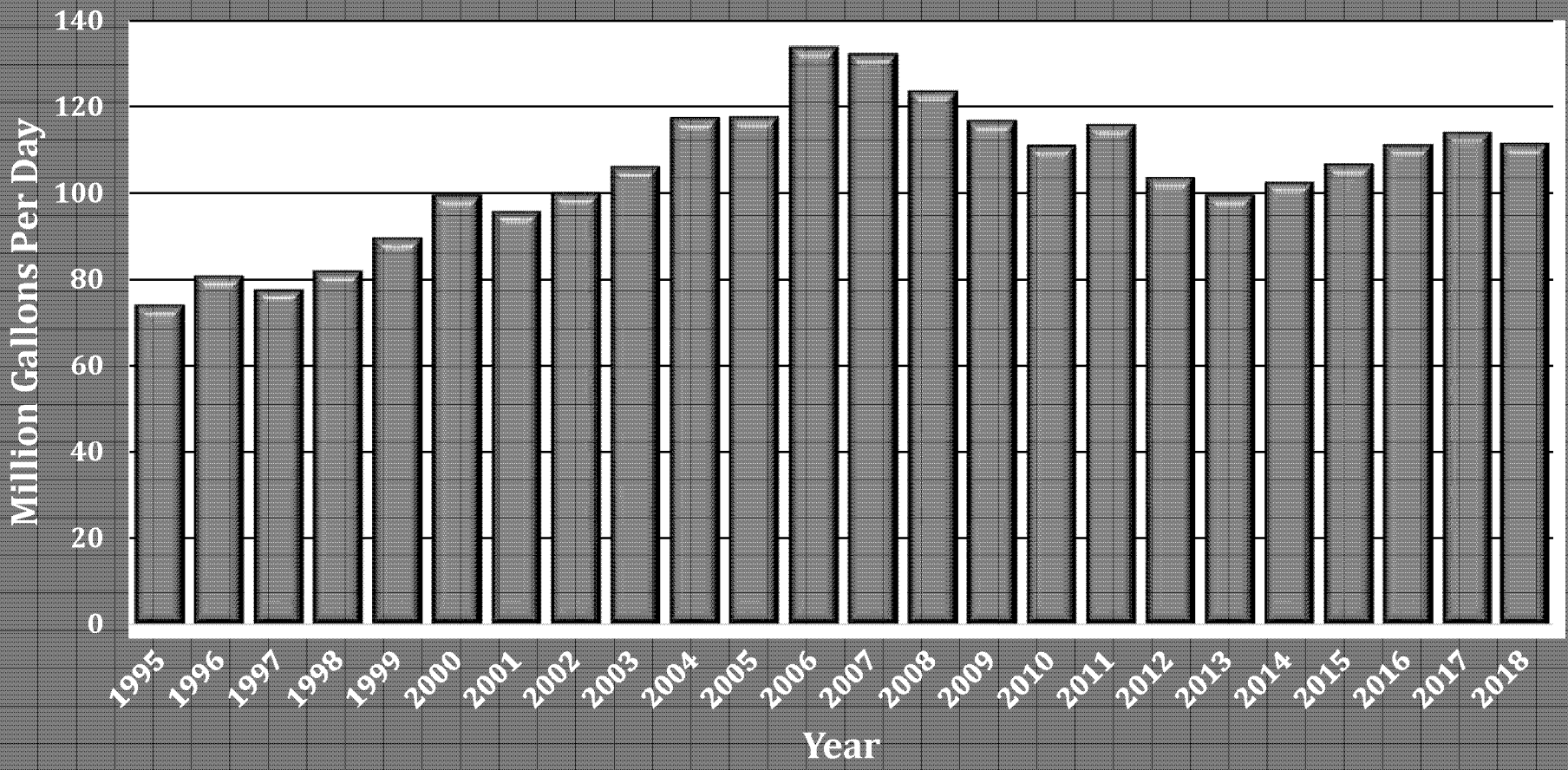
- Estimated alternative water supply benefit: 26 MGD
- Estimated water conserved: 0.01 MGD
- Estimated water quality benefit:
  - 314,000 lbs./yr TN reduction
  - 95,000 lbs./yr TP reduction
- Total construction cost: $30.5 million
- District cost-share amount: $9.25 million



St. Johns River
Water Management District

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JEA Potable Water Use

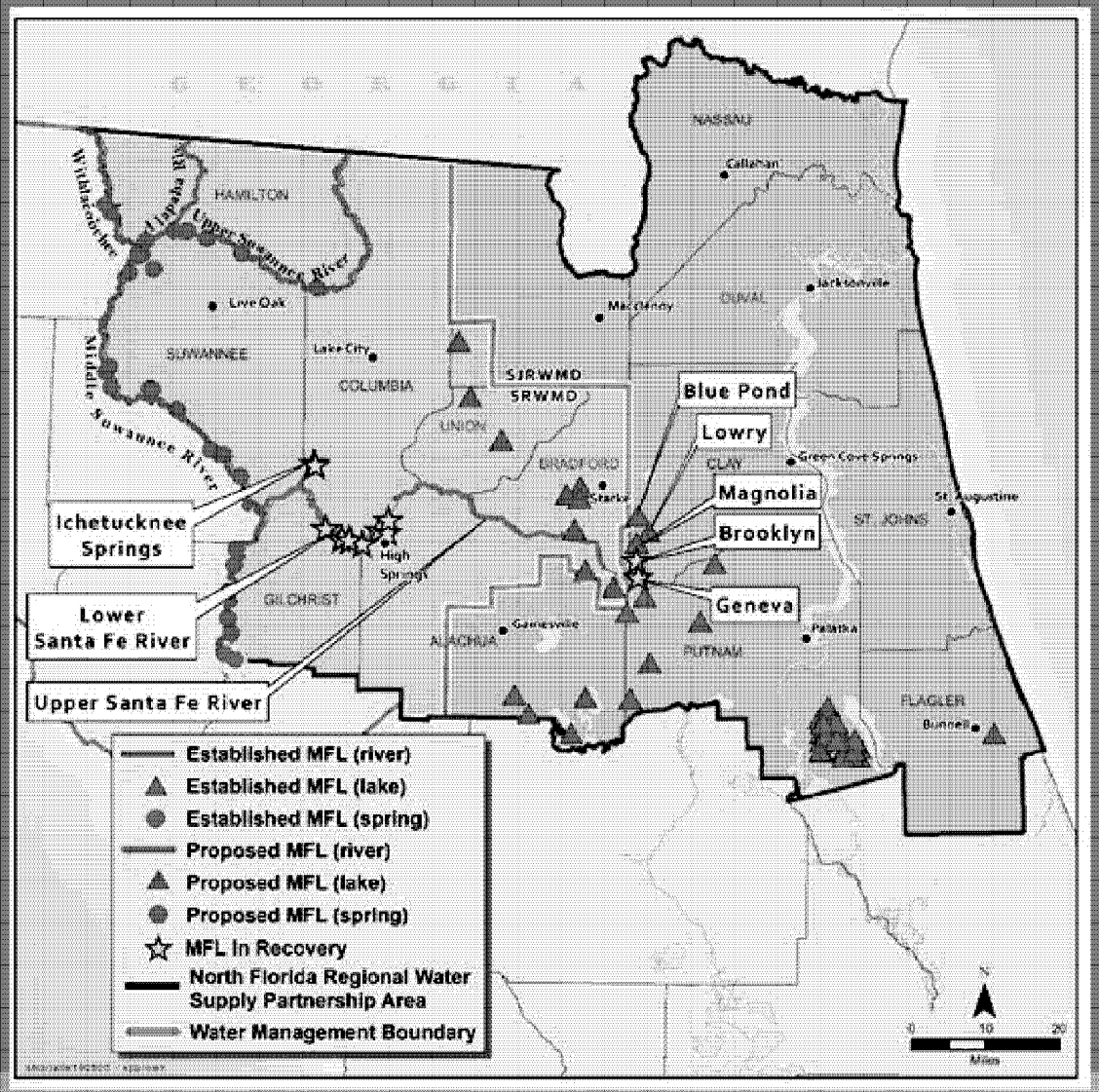


St. Johns River Water Management District

Potable numbers are from groundwater.

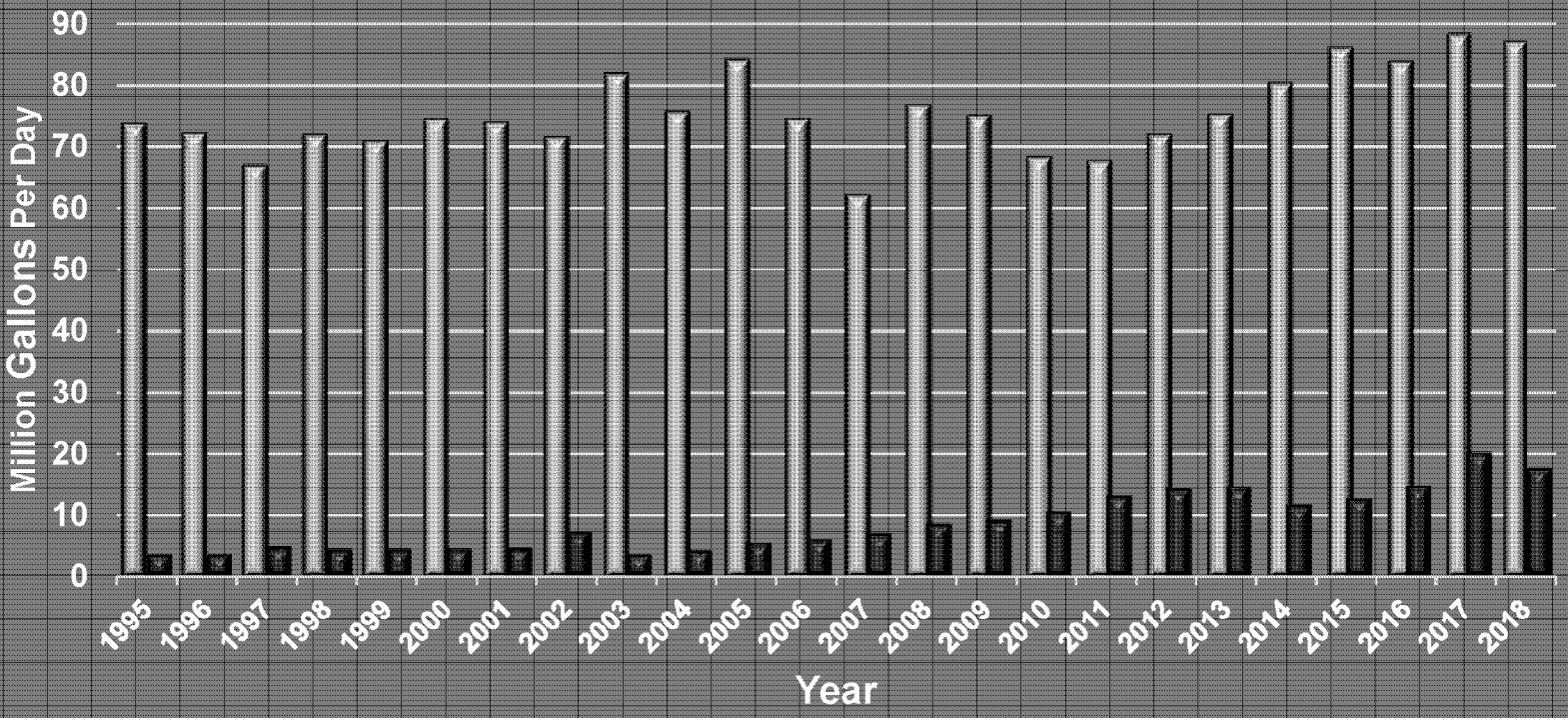
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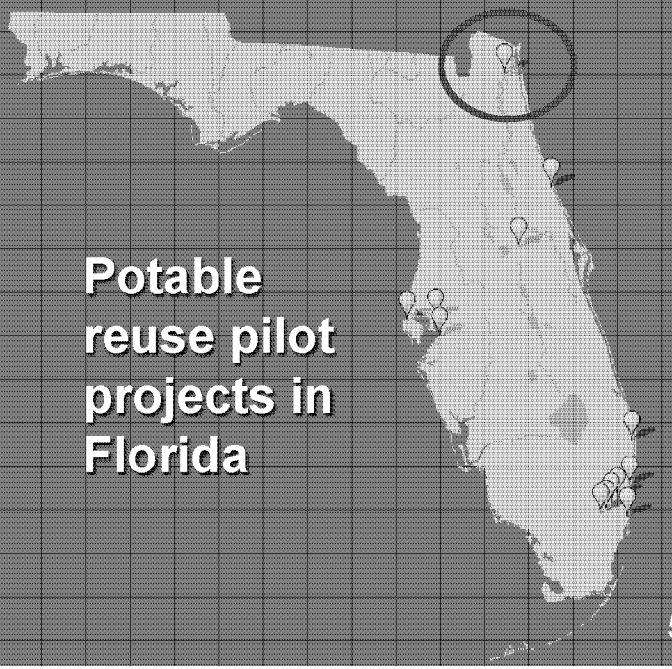
Minimum Flows and Levels in the North Florida Regional Water Supply Plan



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JEA: Reclaimed Water and Beneficial Reuse





Potable reuse pilot projects in Florida

WATEREUSE FLORIDA

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA Water Purification Treatment Evaluation and Pilot Testing Innovative Project

- FY 2017 REDI / Innovative Program Project
- Estimated alternative water supply benefit: 0.03 MGD
- Estimated water quality benefit:
  - 480 lbs./yr TN reduction
  - 25 lbs./yr TP reduction
- Total construction cost: $1.8 million
- District cost-share amount: $0.9 million



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Thank you



Ann B. Shortelle, Ph.D.
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www.sjrwmd.com

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JEA BOARD MINUTES
May 28, 2019

The JEA Board met in regular session on Tuesday, May 28, 2019, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were April Green, Camille Lee-Johnson, Alan Howard, and Kelly Flanagan. Reverend Fredrick Newbill joined telephonically. John Campion was absent and excused.

Agenda Item I – Welcome

A. The meeting was **called to order** at 9:00 AM by former Chair Howard who announced he was officially passing the gavel to now Chair Green.

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

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

D. **Adoption of Agenda** – The agenda was approved on **motion** by Ms. Flanagan and second by Mr. Howard.

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

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

Agenda Item II – Comments / Presentations

A. **Comments from the Public–**
Judy Franklin – address on file – spoke to the Board regarding the Bartram Springs project. Chair Green offered to provide the Bartram Springs community with another public meeting to ensure all of their concerns were addressed. Mr. Zahn also informed Ms. Franklin that Kerri Stewart, VP/ Chief Customer Officer was in the back of the room and was willing to address any concerns at this time.

B. **Council Liaison's Comments** – No comments

C. **JEA Linemen Rodeo Presentation** – Angel Vilchez, Manager Energy Distribution Service Operations and Mike Hightower, Chief Public & Shareholder Affairs Officer presented to the Board the winners of the FMEA and APPA Rodeos.

D. **Kiss of Life Hall of Fame Inductee, J.D. Thompson & Museum Presentation** – Mike Hightower, Chief Public & Shareholder Affairs Officer introduced J.D. Thompson subject of the iconic "Kiss of Life" photo who was recently inducted into the International Museum of Linemen Hall of Fame. Mr. Hightower also introduced Mr. Andy Price who is the founder and curator of the International Museum of Linemen Hall of Fame in Shelby, NC who presented the Board with a Hall of Fame trophy.

As an addition to the Board agenda, former Vice Chair of the Board, Husein Cumber was recognized for his service.

E. **FWEA/FBC Benchmarking Award** – Aaron Zahn, Managing Director/CEO presented to the Board the FWEA/FBC Benchmarking Award for the work the Water group has completed relative to water performance.

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Agenda Item III – Operations (Discussion/Action)

A. **Consent Agenda** – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Secretary Lee Johnson and second by Mr. Howard, Appendix A, B and C were unanimously approved.

Appendix A: Board Meeting Minutes March 26, 2019 – approved

Appendix B: Board Meeting Minutes April 2, 2019 – approved

Appendix C: FY2018 Annual Disclosure Reports – approved

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

Appendix A: Monthly Financial Statements – received for information

Appendix B: Monthly Financial and Operations Detail – received for information

Appendix C: Monthly FY19 Communications & Engagement Calendar and Plan Update – received for information

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

C. **Monthly Financials and Operations Dashboard** – Melissa Dykes, President/COO, presented the Q2 Financial Update Video to demonstrate how employees receive this information and fielded questions from the Board.

D. **JEA's Procurement and Jacksonville Small and Emerging Business (JSEB) Program Report** – John McCarthy, VP & Chief Supply Chain Officer provided the JSEB Program report for Q2.

E. **Hurricane Readiness Readout** – Kerri Stewart, VP & Chief Customer Officer gave a brief overview of JEA's Hurricane Readiness. Ms. Stewart advised of the lessons learned from the last two storms and presented a video of this year's hurricane exercise, which was conducted in JEA's new Emergency Operations Center and the secondary site at the Cologix location. Ms. Stewart advised that this year's exercise also consists of a Business Continuity piece.

F. **Quarterly Report** – information for the Quarterly report was presented with III. C.

Agenda Item IV – Strategy (Discussion Only)

A. **JEA's Last 10 Years & Status Quo Baseline** – Melissa Dykes, President/COO and Ryan Wannemacher, CFO presented information on strategic planning and a report that provided information to the Board on the last 10 years of JEA's sales and revenue and forecasts related to continuing to do business as it is today. Ms. Dykes also presented the Integrated Water Resource Plan (IWRP) and provided information on JEA's investment in Water Evolution. Mr. Wannemacher presented information on technology disruption to the industry that JEA is currently experiencing. The Board held discussions on these topics following the presentation.

Board Chair Green requested a motion that management come back with strategic plans and options. Upon motion by Secretary Lee Johnson and second by Ms. Flanagan the motion carried. Due to this item not being on the approved Board agenda, legal advised that public comments had to be reopened. There were no public comments related to this item.

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

A. N/A

Agenda Item VI – Committee Report

A. Finance and Audit Committee – Committee Chair Flanagan presented the committee report to the Board. Mr. Howard added that through the efforts of Mr. Hightower's group legislation was passed to allow shade meetings to discuss cyber security.

1. **Agenda – May 20, 2019** – received for information
2. **Draft Minutes – March 18, 2019** – received for information
3. **FY2020 Budget Presentations** – received for information
4. **Quarterly Audit Services Update** – received for information
5. **Ethics Officer Quarterly Report** – received for information
6. **Electric System and Water and Sewer System Reserve Fund Quarterly Report** – received for information
7. **JEA Energy Market Risk Policy Report** – received for information
8. **Next Meeting, August 19, 2019, 8:00 AM – 10:00 AM** – received for information
9. **Committee Discussions** – received for information
   a. **Ernst & Young Engagement – Ted Hobson**
   b. **Ernst & Young – John DiSanto**
   c. **Director, Audit Services – Steve Tuten**
   d. **Council Auditor's Office – Jeff Rodda**

B. Nominating Committee

1. **Resolution 2019 – 04 Amendment to Board Appointments** – Chair Green advised a correction was necessary to reflect the correct Board Appointments. A **motion** was made to reflect April Green as Board Chair, Reverend Frederick Newbill as Vice Chair and Camille Lee Johnson as Secretary by Mr. Howard and a second by Secretary Lee Johnson which passed unanimously.

Agenda Item VII – Other Business

A. Old Business – Chair Green requested a monthly headquarters update.

B. Other New Business – None

C. Open Discussion – None

D. Managing Director/CEO's Report – Mr. Zahn recognized the management team for having two bills passed through Florida legislation including one for cyber security and one for protecting public utility's customer data.

E. Chair's Report – Chair Green recognized the Senior Leadership team for their efforts so far and challenged them and all JEA employees to continue current efforts and provide ideas for future growth.

Public Comments were reopened and Ms. Judy Franklin addressed the Board regarding transparency.

Agenda Item VIII – Closing Considerations

A. Announcements – Next Board Meeting – June 25, 2019

B. Adjournment

With no further business claiming the attention of the Board, Chair Green adjourned the meeting at 11:07 AM.

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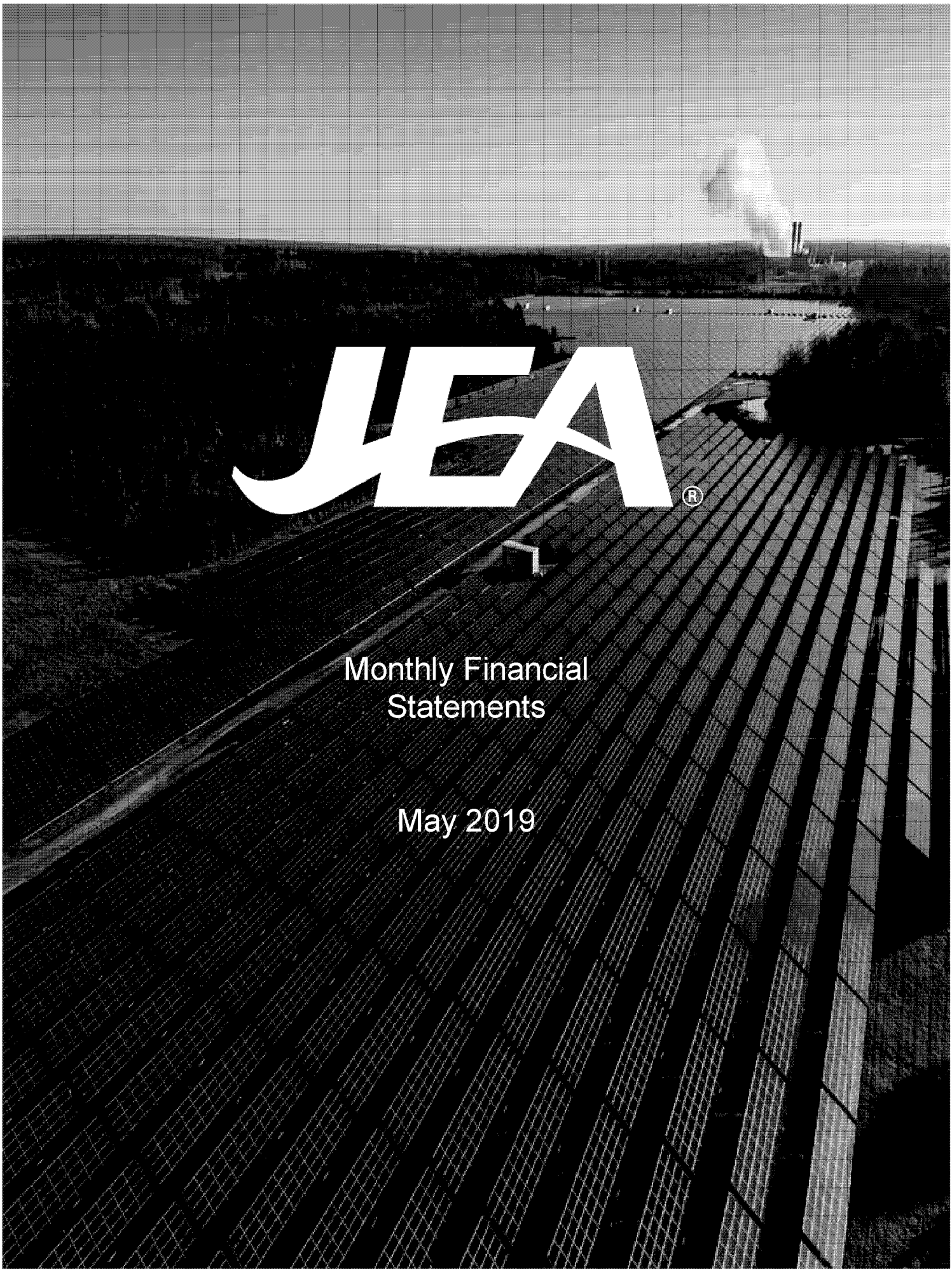
APPROVED BY:

_____
SECRETARY
DATE: _____

Board Meeting recorded by:

_____
Brandi N. Taylor, Executive Assistant

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003000


JEA®
Monthly Financial Statements
May 2019

Monthly Financial Statements

May 2019

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JEA
Statements of Net Position
(in thousands)

	May 2019 (unaudited)	September 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 183,166	$ 441,206
Investments	245,782	85,310
Customer accounts receivable, net of allowance ($1,473 and $1,830, respectively)	204,540	232,858
Miscellaneous accounts receivable	17,875	15,459
Interest receivable	2,728	2,831
Inventories:		
Fuel - Electric System	33,368	31,597
Fuel - Plant Scherer	3,713	5,274
Materials and supplies - Water and Sewer	53,654	56,350
Materials and supplies - Electric System	282	665
Materials and supplies - Plant Scherer	2,292	2,189
Total current assets	747,400	873,739
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	122,728	114,576
Investments	385,316	731,627
Accounts and interest receivable	74	62
Total restricted assets	508,118	846,265
Costs to be recovered from future revenues	786,284	808,096
Investment in The Energy Authority	6,731	7,030
Other assets	14,213	15,656
Total noncurrent assets	1,315,346	1,677,047
Capital assets:		
Land and easements	195,443	194,552
Plant in service	11,517,839	11,231,096
Less accumulated depreciation	(6,737,139)	(6,518,751)
Plant in service, net	4,976,143	4,906,897
Construction work in progress	437,983	473,362
Net capital assets	5,414,126	5,380,259
Total assets	7,476,872	7,931,045
Deferred outflows of resources		
Unrealized pension contributions and losses	171,367	171,367
Unamortized deferred losses on refundings	136,446	143,722
Accumulated decrease in fair value of hedging derivatives	112,572	86,356
Unrealized asset retirement obligation	50,983	29,173
Unrealized OPEB contributions and losses	4,078	4,078
Total deferred outflows of resources	475,446	434,696
Total assets and deferred outflows of resources	$ 7,952,318	$ 8,365,741

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Statements of Net Position
(in thousands)

	May 2019 (unaudited)	September 2018
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	$ 95,512	$ 126,655
Customer deposits	60,353	59,883
City of Jacksonville payable	9,844	9,733
Utility taxes and fees payable	7,464	9,550
Compensated absences due within one year	2,659	1,423
Total current liabilities	175,832	207,244
Current liabilities payable from restricted assets:		
Debt due within one year	192,555	185,790
Renewal and replacement reserve	49,002	54,370
Interest payable	22,969	73,737
Construction contracts and accounts payable	28,067	53,369
Total current liabilities payable from restricted assets	292,593	367,266
Noncurrent liabilities:		
Net pension liability	544,203	544,203
Asset retirement obligation	35,683	22,526
Compensated absences due after one year	28,554	29,431
Net OPEB liability	19,485	18,835
Environmental liabilities	16,808	16,818
Other liabilities	2,616	2,978
Total noncurrent liabilities	647,349	634,791
Long-term debt:		
Debt payable, less current portion	3,428,080	3,813,680
Unamortized premium, net	125,290	152,891
Fair value of debt management strategy instruments	112,315	86,356
Total long-term debt	3,665,685	4,052,927
Total liabilities	4,781,459	5,262,228
Deferred inflows of resources		
Revenues to be used for future costs	252,581	286,832
Unrealized pension gains	50,124	50,124
Unrealized OPEB gains	8,712	8,712
Accumulated increase in fair value of hedging derivatives	-	2,536
Total deferred inflows of resources	311,417	348,204
Net position		
Net investment in capital assets	2,263,707	1,856,725
Restricted for:		
Capital projects	135,192	331,157
Debt service	129,029	187,172
Other purposes	35,522	23,708
Unrestricted	295,992	356,547
Total net position	2,859,442	2,755,309
Total liabilities, deferred inflows of resources, and net position	$ 7,952,318	$ 8,365,741

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

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

	Month May		Year-to-Date May	
	2019	2018	2019	2018
Operating revenues				
Electric - base	$ 76,326	$ 69,936	$ 514,169	$ 517,423
Electric - fuel and purchased power	35,829	36,152	274,000	316,714
Water and sewer	41,614	37,747	289,818	279,348
District energy system	654	640	5,050	5,161
Other	2,522	2,458	21,686	74,816
Total operating revenues	156,945	146,933	1,104,723	1,193,462
Operating expenses				
Operations and maintenance:				
Fuel	29,036	28,151	219,245	260,268
Purchased power	10,649	10,390	85,837	70,280
Maintenance and other operating expenses	29,230	35,475	260,390	297,247
Depreciation	29,231	28,499	242,302	245,909
State utility and franchise taxes	5,816	5,301	45,211	44,926
Recognition of deferred costs and revenues, net	1,523	1,201	13,120	4,480
Total operating expenses	105,485	109,017	866,105	923,110
Operating income	51,460	37,916	238,618	270,352
Nonoperating revenues (expenses)				
Interest on debt	(10,886)	(11,614)	(93,636)	(104,789)
Debt management strategy	(932)	(1,038)	(7,434)	(9,183)
Investment income	2,008	1,314	26,432	6,103
Allowance for funds used during construction	1,450	1,048	9,785	6,894
Other nonoperating income, net	736	595	5,288	5,751
Earnings from The Energy Authority	175	62	1,099	2,512
Other interest, net	(145)	(111)	(1,132)	(1,342)
Total nonoperating expenses, net	(7,594)	(9,744)	(59,598)	(94,054)
Income before contributions	43,866	28,172	179,020	176,298
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,803)	(9,717)	(93,586)	(77,746)
Developers and other	9,292	10,415	60,830	48,923
Reduction of plant cost through contributions	(6,899)	(7,989)	(42,131)	(32,727)
Total contributions, net	(7,410)	(7,291)	(74,887)	(61,550)
Change in net position	36,456	20,881	104,133	114,748
Net position, beginning of period	2,822,986	2,722,690	2,755,309	2,628,823
Net position, end of period	$ 2,859,442	$ 2,743,571	$ 2,859,442	$ 2,743,571

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

Statement of Cash Flows
(in thousands - unaudited)

	Year-to-Date May	
Operating activities	**2019**	**2018**
Receipts from customers	$ 1,069,787	$ 1,173,964
Payments to suppliers	(484,448)	(556,828)
Payments to employees	(162,662)	(186,370)
Other operating activities	26,290	75,815
Net cash provided by operating activities	448,967	506,581
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(93,476)	(77,698)
Net cash used in noncapital financing activities	(93,476)	(77,698)
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	(292,027)	(231,215)
Interest paid on debt	(158,684)	(172,435)
Repayment of debt principal	(185,790)	(229,095)
Capital contributions	18,699	16,197
Other capital financing activities	(8,292)	38,080
Net cash used in capital and related financing activities	(819,139)	(751,158)
Investing activities		
Purchase of investments	(402,058)	(781,014)
Proceeds from sale and maturity of investments	597,166	829,928
Investment income	17,253	7,185
Distributions from The Energy Authority	1,399	2,476
Net cash provided by investing activities	213,760	58,575
Net change in cash and cash equivalents	(249,888)	(263,700)
Cash and cash equivalents, beginning of year	555,782	614,034
Cash and cash equivalents, end of period	$ 305,894	$ 350,334
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 238,618	$ 270,352
Adjustments:		
Depreciation and amortization	243,121	246,767
Recognition of deferred costs and revenues, net	13,120	4,480
Other nonoperating income, net	644	1,029
Changes in noncash assets and noncash liabilities:		
Accounts receivable	22,121	72,025
Inventories	2,765	3,727
Other assets	5,313	1,278
Accounts and accrued expenses payable	(43,990)	(47,280)
Current liabilities payable from restricted assets	(3,868)	(1,628)
Other noncurrent liabilities and deferred inflows	(28,877)	(44,169)
Net cash provided by operating activities	$ 448,967	$ 506,581
Noncash activity		
Contribution of capital assets from developers	$ 42,131	$ 32,727
Unrealized gains (losses) on fair value of investments, net	$ 9,268	$ (856)

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003006

JEA
Combining Statement of Net Position
(in thousands - unaudited) May 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	$ 90,040	$ 61,075	$ -	$ 151,115	30,144	$ 1,907	$ 183,166
Investments	192,051	6,911	-	198,962	46,820	-	245,782
Customer accounts receivable, net of allowance ($1,473)	150,725	-	-	150,725	53,786	29	204,540
Miscellaneous accounts receivable	16,315	6,944	(9,444)	13,815	4,060	-	17,875
Interest receivable	1,544	20	-	1,564	1,164	-	2,728
Inventories:							
Fuel inventory - Electric System	33,368	-	-	33,368	-	-	33,368
Fuel inventory - Plant Scherer	3,713	-	-	3,713	-	-	3,713
Materials and supplies - Water and Sewer	-	-	-	-	53,654	-	53,654
Materials and supplies - Electric System	-	282	-	282	-	-	282
Materials and supplies - Plant Scherer	2,292	-	-	2,292	-	-	2,292
Total current assets	490,048	75,232	(9,444)	555,836	189,628	1,936	747,400
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	88,920	-	88,920	28,998	4,810	122,728
Investments	216,017	10,882	-	226,899	158,417	-	385,316
Accounts and interest receivable	7	59	-	66	8	-	74
Total restricted assets	216,024	99,861	-	315,885	187,423	4,810	508,118
Costs to be recovered from future revenues	295,342	251,811	-	547,153	239,104	27	786,284
Investment in The Energy Authority	6,731	-	-	6,731	-	-	6,731
Other assets	10,993	-	-	10,993	3,214	6	14,213
Total noncurrent assets	529,090	351,672	-	880,762	429,741	4,843	1,315,346
Capital assets:							
Land and easements	124,457	6,660	-	131,117	61,275	3,051	195,443
Plant in service	5,578,559	1,316,043	-	6,894,602	4,565,850	57,387	11,517,839
Less accumulated depreciation	(3,197,844)	(1,312,832)	-	(4,510,676)	(2,199,272)	(27,191)	(6,737,139)
Plant in service, net	2,505,172	9,871	-	2,515,043	2,427,853	33,247	4,976,143
Construction work in progress	179,101	-	-	179,101	258,326	556	437,983
Net capital assets	2,684,273	9,871	-	2,694,144	2,686,179	33,803	5,414,126
Total assets	3,703,411	436,775	(9,444)	4,130,742	3,305,548	40,582	7,476,872
Deferred outflows of resources							
Unrealized pension contributions and losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	79,886	4,044	-	83,930	52,330	186	136,446
Accumulated decrease in fair value of hedging derivatives	90,028	-	-	90,028	22,544	-	112,572
Unrealized asset retirement obligation	31,716	19,267	-	50,983	-	-	50,983
Unrealized OPEB contributions and losses	2,488	-	-	2,488	1,590	-	4,078
Total deferred outflows of resources	287,767	57,549	-	345,316	129,944	186	475,446
Total assets and deferred outflows of resources	$ 3,991,178	$ 494,324	$ (9,444)	$ 4,476,058	$ 3,435,492	$ 40,768	$ 7,952,318

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Combining Statement of Net Position
(in thousands - unaudited) May 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	$ 66,256	$ 17,095	$ (1,374)	$ 81,977	$ 13,496	$ 39	$ 95,512
Customer deposits	44,470	-	-	44,470	15,883	-	60,353
City of Jacksonville payable	7,746	-	-	7,746	2,098	-	9,844
Utility taxes and fees payable	7,464	-		7,464	-	-	7,464
Compensated absences due within one year	1,622	-	-	1,622	1,014	23	2,659
Total current liabilities	127,558	17,095	(1,374)	143,279	32,491	62	175,832
Current liabilities payable from restricted assets:							
Debt due within one year	122,380	13,780	-	136,160	54,705	1,690	192,555
Renewal and replacement reserve	-	49,002	-	49,002	-	-	49,002
Interest payable	11,737	1,855	-	13,592	9,155	222	22,969
Construction contracts and accounts payable	14,960	3,242	(2,550)	15,652	12,411	4	28,067
Total current liabilities payable from restricted assets	149,077	67,879	(2,550)	214,406	76,271	1,916	292,593
Noncurrent liabilities:							
Net pension liability	321,885	16,523	-	338,408	205,795	-	544,203
Asset retirement obligation	31,133	4,550	-	35,683	-	-	35,683
Compensated absences due after one year	20,372	-	-	20,372	8,161	21	28,554
Net OPEB liability	11,873	-	-	11,873	7,612	-	19,485
Environmental liabilities	16,808	5,520	(5,520)	16,808	-	-	16,808
Other liabilities	2,535	-	-	2,535	81	-	2,616
Total noncurrent liabilities	404,606	26,593	(5,520)	425,679	221,649	21	647,349
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	60,595	1,780	-	62,375	62,946	(31)	125,290
Fair value of debt management strategy instruments	89,771	-	-	89,771	22,544	-	112,315
Total long-term debt	1,947,246	266,885	-	2,214,131	1,418,450	33,104	3,665,685
Total liabilities	2,628,487	378,452	(9,444)	2,997,495	1,748,861	35,103	4,781,459
Deferred inflows of resources							
Revenues to be used for future costs	211,136	10,624	-	221,760	30,821	-	252,581
Unrealized pension gains	26,250	7,091	-	33,341	16,783	-	50,124
Unrealized OPEB gains	5,314	-	-	5,314	3,398	-	8,712
Total deferred inflows of resources	242,700	17,715	-	260,415	51,002	-	311,417
Net position			-				
Net investment in capital assets	806,607	(6,678)	-	799,929	1,464,588	(810)	2,263,707
Restricted for:							
Capital projects	55,921	-	-	55,921	75,810	3,461	135,192
Debt service	80,847	9,385	-	90,232	37,670	1,127	129,029
Other purposes	2,086	28,116	2,550	32,752	2,770	-	35,522
Unrestricted	174,530	67,334	(2,550)	239,314	54,791	1,887	295,992
Total net position	1,119,991	98,157	-	1,218,148	1,635,629	5,665	2,859,442
Total liabilities, deferred inflows of resources, and net position	$ 3,991,178	$ 494,324	$ (9,444)	$ 4,476,058	$ 3,435,492	$ 40,768	$ 7,952,318

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Combining Statement of Net Position
(in thousands) September 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
Miscellaneous accounts receivable	14,509	778	(1,912)	13,375	2,084	-	15,459
Interest receivable	1,801	12	-	1,813	1,018	-	2,831
Inventories:							
Fuel inventory - Electric System	30,582	1,015	-	31,597	-	-	31,597
Fuel inventory - Plant Scherer	5,274	-	-	5,274	-	-	5,274
Materials and supplies - Water and Sewer	-	-	-	-	56,350	-	56,350
Materials and supplies - Electric System	-	665	-	665	-	-	665
Materials and supplies - Plant Scherer	2,189	-	-	2,189	-	-	2,189
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
Investment in The Energy Authority	7,030	-	-	7,030	-	-	7,030
Other assets	11,813	-	-	11,813	3,843	-	15,656
Total noncurrent assets	740,394	358,767	-	1,099,161	574,441	3,445	1,677,047
Capital assets:							
Land and easements	123,626	6,660	-	130,286	61,215	3,051	194,552
Plant in service	5,426,682	1,316,043	-	6,742,725	4,431,995	56,376	11,231,096
Less accumulated depreciation	(3,072,611)	(1,312,559)	-	(4,385,170)	(2,108,027)	(25,554)	(6,518,751)
Plant in service, net	2,477,697	10,144	-	2,487,841	2,385,183	33,873	4,906,897
Construction work in progress	174,527	-	-	174,527	297,681	1,154	473,362
Capital assets, net	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 obligation	-	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

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Combining Statement of Net Position
(in thousands) September 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	$ 100,614	$ 7,668	$ (796)	$ 107,486	$ 19,070	$ 99	$ 126,655
Customer deposits	44,267	-	-	44,267	15,616	-	59,883
City of Jacksonville payable	7,622	-	-	7,622	2,111	-	9,733
Utility taxes and fees payable	9,550	-	-	9,550	-	-	9,550
Compensated absences due within one year	1,115	-	-	1,115	304	4	1,423
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
Renewal and replacement reserve	-	54,370	-	54,370	-	-	54,370
Interest payable	37,613	5,603	-	43,216	29,841	680	73,737
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 obligation	-	22,526	-	22,526	-	-	22,526
Compensated absences due after one year	20,868	-	-	20,868	8,529	34	29,431
Net OPEB liability	11,489	-	-	11,489	7,346	-	18,835
Environmental liabilities	16,818	-	-	16,818	-	-	16,818
Other liabilities	2,658	-	-	2,658	320	-	2,978
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 capital assets	530,479	2,138	-	532,617	1,325,600	(1,492)	1,856,725
Restricted for:							
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

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended May 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	$ 76,663	$ -	$ -	$ 76,663	$ -	$ -	$ (337)	$ 76,326
Electric - fuel and purchased power	37,072	2,112	(2,087)	37,097	-	-	(1,268)	35,829
Water and sewer	-	-	-	-	41,637	-	(23)	41,614
District energy system	-	-	-	-	-	713	(59)	654
Other	1,852	(159)	-	1,693	1,105	-	(276)	2,522
Total operating revenues	115,587	1,953	(2,087)	115,453	42,742	713	(1,963)	156,945
Operating expenses								
Operations and maintenance:								
Fuel	28,970	66	-	29,036	-	-	-	29,036
Purchased power	12,736	-	(2,087)	10,649	-	-	-	10,649
Maintenance and other operating expenses	17,704	(71)	-	17,633	13,175	385	(1,963)	29,230
Depreciation	16,523	34	-	16,557	12,467	207	-	29,231
State utility and franchise taxes	4,868	-	-	4,868	948	-	-	5,816
Recognition of deferred costs and revenues, net	(133)	1,172	-	1,039	484	-	-	1,523
Total operating expenses	80,668	1,201	(2,087)	79,782	27,074	592	(1,963)	105,485
Operating income	34,919	752	-	35,671	15,668	121	-	51,460
Nonoperating revenues (expenses)								
Interest on debt	(5,767)	(870)	-	(6,637)	(4,137)	(112)	-	(10,886)
Debt management strategy	(740)	-	-	(740)	(192)	-	-	(932)
Investment income	666	885	-	1,551	444	13	-	2,008
Allowance for funds used during construction	614	-	-	614	835	1	-	1,450
Other nonoperating income, net	353	28	-	381	355	-	-	736
Earnings from The Energy Authority	175	-	-	175	-	-	-	175
Other interest, net	(148)	-	-	(148)	3	-	-	(145)
Total nonoperating expenses, net	(4,847)	43	-	(4,804)	(2,692)	(98)	-	(7,594)
Income before contributions	30,072	795	-	30,867	12,976	23	-	43,866
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,746)	-	-	(7,746)	(2,057)	-	-	(9,803)
Developers and other	1,563	-	-	1,563	7,729	-	-	9,292
Reduction of plant cost through contributions	(1,563)	-	-	(1,563)	(5,336)	-	-	(6,899)
Total contributions, net	(7,746)	-	-	(7,746)	336	-	-	(7,410)
Change in net position	22,326	795	-	23,121	13,312	23	-	36,456
Net position, beginning of period	1,097,665	97,362	-	1,195,027	1,622,317	5,642	-	2,822,986
Net position, end of period	$ 1,119,991	$ 98,157	$ -	$ 1,218,148	$ 1,635,629	$ 5,665	$ -	$ 2,859,442

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

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

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 70,221	$ -	$ -	$ 70,221	$ -	$ -	$ (285)	$ 69,936
Electric - fuel and purchased power	36,546	2,243	(1,564)	37,225	-	-	(1,073)	36,152
Water and sewer	-	-	-	-	37,799	-	(52)	37,747
District energy system	-	-	-	-	-	671	(31)	640
Other	1,683	-	-	1,683	1,026	-	(251)	2,458
Total operating revenues	108,450	2,243	(1,564)	109,129	38,825	671	(1,692)	146,933
Operating expenses								
Operations and maintenance:								
Fuel	27,325	826	-	28,151	-	-	-	28,151
Purchased power	11,954	-	(1,564)	10,390	-	-	-	10,390
Maintenance and other operating expenses	22,062	1,432	-	23,494	13,345	328	(1,692)	35,475
Depreciation	16,299	34	-	16,333	11,966	200	-	28,499
State utility and franchise taxes	4,397	-	-	4,397	904	-	-	5,301
Recognition of deferred costs and revenues, net	(228)	591	-	363	838	-	-	1,201
Total operating expenses	81,809	2,883	(1,564)	83,128	27,053	528	(1,692)	109,017
Operating income	26,641	(640)	-	26,001	11,772	143	-	37,916
Nonoperating revenues (expenses)								
Interest on debt	(6,184)	(876)	-	(7,060)	(4,439)	(115)	-	(11,614)
Debt management strategy	(840)	-	-	(840)	(198)	-	-	(1,038)
Investment income	653	124	-	777	528	9	-	1,314
Allowance for funds used during construction	350	-	-	350	692	6	-	1,048
Other nonoperating income, net	356	31	-	387	208	-	-	595
Earnings from The Energy Authority	62	-	-	62	-	-	-	62
Other interest, net	(110)	-	-	(110)	(1)	-	-	(111)
Total nonoperating expenses, net	(5,713)	(721)	-	(6,434)	(3,210)	(100)	-	(9,744)
Income before contributions	20,928	(1,361)	-	19,567	8,562	43	-	28,172
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,622)	-	-	(7,622)	(2,095)	-	-	(9,717)
Developers and other	149	-	-	149	10,266	-	-	10,415
Reduction of plant cost through contributions	(149)	-	-	(149)	(7,840)	-	-	(7,989)
Total contributions, net	(7,622)	-	-	(7,622)	331	-	-	(7,291)
Change in net position	13,306	(1,361)	-	11,945	8,893	43	-	20,881
Net position, beginning of period, as restated	1,033,477	138,904	-	1,172,381	1,545,107	5,202	-	2,722,690
Net position, end of period	$ 1,046,783	$ 137,543	$ -	$ 1,184,326	$ 1,554,000	$ 5,245	$ -	$ 2,743,571

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the eight months ended May 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	$ 516,381	$ -	$ -	$ 516,381	$ -	$ -	$ (2,212)	$ 514,169
Electric - fuel and purchased power	280,830	20,037	(18,546)	282,321	-	-	(8,321)	274,000
Water and sewer	-	-	-	-	290,144	-	(326)	289,818
District energy system	-	-	-	-	-	5,284	(234)	5,050
Other	15,078	459	-	15,537	8,369	3	(2,223)	21,686
Total operating revenues	812,289	20,496	(18,546)	814,239	298,513	5,287	(13,316)	1,104,723
Operating expenses								
Operations and maintenance:								
Fuel	214,599	4,646	-	219,245	-	-	-	219,245
Purchased power	104,383	-	(18,546)	85,837	-	-	-	85,837
Maintenance and other operating expenses	164,714	2,012	-	166,726	104,240	2,740	(13,316)	260,390
Depreciation	140,636	273	-	140,909	99,756	1,637	-	242,302
State utility and franchise taxes	38,224	-	-	38,224	6,987	-	-	45,211
Recognition of deferred costs and revenues, net	(1,167)	9,374	-	8,207	4,913	-	-	13,120
Total operating expenses	661,389	16,305	(18,546)	659,148	215,896	4,377	(13,316)	866,105
Operating income	150,900	4,191	-	155,091	82,617	910	-	238,618
Nonoperating revenues (expenses)								
Interest on debt	(50,358)	(6,958)	-	(57,316)	(35,422)	(898)	-	(93,636)
Debt management strategy	(6,060)	-	-	(6,060)	(1,374)	-	-	(7,434)
Investment income	14,287	3,062	-	17,349	8,984	99	-	26,432
Allowance for funds used during construction	3,487	-	-	3,487	6,277	21	-	9,785
Other nonoperating income, net	2,851	229	-	3,080	2,208	-	-	5,288
Earnings from The Energy Authority	1,099	-	-	1,099	-	-	-	1,099
Other interest, net	(1,064)	-	-	(1,064)	(68)	-	-	(1,132)
Total nonoperating expenses, net	(35,758)	(3,667)	-	(39,425)	(19,395)	(778)	-	(59,598)
Income before contributions	115,142	524	-	115,666	63,222	132	-	179,020
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(61,968)	-	-	(61,968)	(31,618)	-	-	(93,586)
Developers and other	4,589	-	-	4,589	56,241	-	-	60,830
Reduction of plant cost through contributions	(4,589)	-	-	(4,589)	(37,542)	-	-	(42,131)
Total contributions, net	(61,968)	-	-	(61,968)	(12,919)	-	-	(74,887)
Change in net position	53,174	524	-	53,698	50,303	132	-	104,133
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 period	$ 1,119,991	$ 98,157	$ -	$ 1,218,148	$ 1,635,629	$ 5,665	$ -	$ 2,859,442

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

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

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	$ 519,688	$ -	$ -	$ 519,688	$ -	$ -	$ (2,265)	$ 517,423
Electric - fuel and purchased power	296,211	79,462	(50,438)	325,235	-	-	(8,521)	316,714
Water and sewer	-	-	-	-	279,739	-	(391)	279,348
District energy system	-	-	-	-	-	5,391	(230)	5,161
Other	14,368	55,044	-	69,412	7,208	-	(1,804)	74,816
Total operating revenues	830,267	134,506	(50,438)	914,335	286,947	5,391	(13,211)	1,193,462
Operating expenses								
Operations and maintenance:								
Fuel	210,108	50,160	-	260,268	-	-	-	260,268
Purchased power	120,718	-	(50,438)	70,280	-	-	-	70,280
Maintenance and other operating expenses	154,098	57,037	-	211,135	96,585	2,738	(13,211)	297,247
Depreciation	136,948	10,859	-	147,807	96,509	1,593	-	245,909
State utility and franchise taxes	38,007	-	-	38,007	6,919	-	-	44,926
Recognition of deferred costs and revenues, net	(1,816)	2,970	-	1,154	3,326	-	-	4,480
Total operating expenses	658,063	121,026	(50,438)	728,651	203,339	4,331	(13,211)	923,110
Operating income	172,204	13,480	-	185,684	83,608	1,060	-	270,352
Nonoperating revenues (expenses)								
Interest on debt	(50,067)	(16,788)	-	(66,855)	(37,019)	(915)	-	(104,789)
Debt management strategy	(7,413)	-	-	(7,413)	(1,770)	-	-	(9,183)
Investment income	3,538	385	-	3,923	2,123	57	-	6,103
Allowance for funds used during construction	2,185	-	-	2,185	4,670	39	-	6,894
Other nonoperating income, net	2,888	945	-	3,833	1,918	-	-	5,751
Earnings from The Energy Authority	2,512	-	-	2,512	-	-	-	2,512
Other interest, net	(1,118)	-	-	(1,118)	(224)	-	-	(1,342)
Total nonoperating expenses, net	(47,475)	(15,458)	-	(62,933)	(30,302)	(819)	-	(94,054)
Income before contributions	124,729	(1,978)	-	122,751	53,306	241	-	176,298
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(60,981)	-	-	(60,981)	(16,765)	-	-	(77,746)
Developers and other	1,090	-	-	1,090	47,833	-	-	48,923
Reduction of plant cost through contributions	(1,090)	-	-	(1,090)	(31,637)	-	-	(32,727)
Total contributions, net	(60,981)	-	-	(60,981)	(569)	-	-	(61,550)
Change in net position	63,748	(1,978)	-	61,770	52,737	241	-	114,748
Net position, beginning of year, as restated	983,035	139,521	-	1,122,556	1,501,263	5,004	-	2,628,823
Net position, end of period	$ 1,046,783	$ 137,543	$ -	$ 1,184,326	$ 1,554,000	$ 5,245	$ -	$ 2,743,571

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Combining Statement of Cash Flows
(in thousands - unaudited) for the eight months ended May 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	$ 789,552	$ 13,928	$ (20,037)	$ 783,443	$ 291,322	$ 6,115	$ (11,093)	$ 1,069,787
Payments to suppliers	(445,531)	(2,307)	20,037	(427,801)	(67,563)	(2,400)	13,316	(484,448)
Payments to employees	(116,965)	51	-	(116,914)	(45,348)	(400)	-	(162,662)
Other operating activities	20,663	459	-	21,122	7,388	3	(2,223)	26,290
Net cash provided by operating activities	247,719	12,131	-	259,850	185,799	3,318	-	448,967
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(61,845)	-	-	(61,845)	(31,631)	-	-	(93,476)
Net cash used in noncapital financing activities	(61,845)	-	-	(61,845)	(31,631)	-	-	(93,476)
Capital and related financing activities								
Defeasance of debt	(100,090)	-	-	(100,090)	(94,955)	-	-	(195,045)
Proceeds received from debt	-	-	-	-	2,000	-	-	2,000
Acquisition and construction of capital assets	(171,886)	-	-	(171,886)	(119,492)	(649)	-	(292,027)
Interest paid on debt	(84,182)	(11,162)	-	(95,344)	(61,995)	(1,345)	-	(158,684)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Capital contributions	-	-	-	-	18,699	-	-	18,699
Other capital financing activities	(5,479)	172	-	(5,307)	(2,985)	-	-	(8,292)
Net cash used in capital and related financing activities	(492,327)	(12,710)	-	(505,037)	(310,448)	(3,654)	-	(819,139)
Investing activities								
Purchase of investments	(234,322)	(85,713)	-	(320,035)	(82,023)	-	-	(402,058)
Proceeds from sale and maturity of investments	334,446	93,336	-	427,782	169,384	-	-	597,166
Investment income	9,156	2,998	-	12,154	5,000	99	-	17,253
Distributions from The Energy Authority	1,399	-	-	1,399	-	-	-	1,399
Net cash provided by investing activities	110,679	10,621	-	121,300	92,361	99	-	213,760
Net change in cash and cash equivalents	(195,774)	10,042	-	(185,732)	(63,919)	(237)	-	(249,888)
Cash and cash equivalents, beginning of year	285,814	139,953	-	425,767	123,061	6,954	-	555,782
Cash and cash equivalents, end of period	$ 90,040	$ 149,995	$ -	$ 240,035	$ 59,142	$ 6,717	$ -	$ 305,894
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 150,900	$ 4,191	$ -	$ 155,091	$ 82,617	$ 910	$ -	$ 238,618
Adjustments:								
Depreciation and amortization	140,636	273	-	140,909	100,575	1,637	-	243,121
Recognition of deferred costs and revenues, net	(1,167)	9,374	-	8,207	4,913	-	-	13,120
Other nonoperating income, net	88	-	-	88	556	-	-	644
Changes in noncash assets and noncash liabilities:								
Accounts receivable	31,483	(6,109)	-	25,374	(4,083)	830	-	22,121
Inventories	(1,329)	1,398	-	69	2,696	-	-	2,765
Other assets	5,487	-	-	5,487	(168)	(6)	-	5,313
Accounts and accrued expenses payable	(39,394)	109	-	(39,285)	(4,665)	(40)	-	(43,990)
Current liabilities payable from restricted assets	-	(3,868)	-	(3,868)	-	-	-	(3,868)
Other noncurrent liabilities and deferred inflows	(38,985)	6,763	-	(32,222)	3,358	(13)	-	(28,877)
Net cash provided by operating activities	$ 247,719	$ 12,131	$ -	$ 259,850	$ 185,799	$ 3,318	$ -	$ 448,967
Noncash activity								
Contribution of capital assets from developers	$ 4,589	$ -	$ -	$ 4,589	$ 37,542	$ -	$ -	$ 42,131
Unrealized gains on fair value of investments, net	$ 5,388	$ 43	$ -	$ 5,431	$ 3,837	$ -	$ -	$ 9,268

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Combining Statement of Cash Flows
(in thousands - unaudited) for the eight months ended May 2018

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	$ 825,697	$ 94,798	$ (27,454)	$ 893,041	$ 286,959	$ 5,371	$ (11,407)	$ 1,173,964
Payments to suppliers	(440,970)	(80,888)	27,454	(494,404)	(73,221)	(2,414)	13,211	(556,828)
Payments to employees	(112,324)	(30,765)	-	(143,089)	(42,899)	(382)	-	(186,370)
Other operating activities	14,814	55,044	-	69,858	7,761	-	(1,804)	75,815
Net cash provided by operating activities	287,217	38,189	-	325,406	178,600	2,575	-	506,581
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(61,048)	-	-	(61,048)	(16,650)	-	-	(77,698)
Net cash used in noncapital financing activities	(61,048)	-	-	(61,048)	(16,650)	-	-	(77,698)
Capital and related financing activities								
Defeasance of debt	(405,105)	(128,280)	-	(533,385)	(460,305)	-	-	(993,690)
Proceeds received from debt	383,840	-	-	383,840	437,160	-	-	821,000
Acquisition and construction of capital assets	(120,302)	-	-	(120,302)	(110,244)	(669)	-	(231,215)
Interest paid on debt	(89,320)	(16,685)	-	(106,005)	(65,059)	(1,371)	-	(172,435)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Capital contributions	-	-	-	-	16,197	-	-	16,197
Other capital financing activities	20,297	(7,158)	-	13,139	24,941	-	-	38,080
Net cash used in capital and related financing activities	(345,695)	(193,453)	-	(539,148)	(208,330)	(3,680)	-	(751,158)
Investing activities								
Purchase of investments	(335,620)	(225,471)	-	(561,091)	(219,923)	-	-	(781,014)
Proceeds from sale and maturity of investments	221,957	420,673	-	642,630	187,298	-	-	829,928
Investment income	6,008	(2,861)	-	3,147	3,981	57	-	7,185
Distributions from The Energy Authority	2,476	-	-	2,476	-	-	-	2,476
Net cash provided by (used in) investing activities	(105,179)	192,341	-	87,162	(28,644)	57	-	58,575
Net change in cash and cash equivalents	(224,705)	37,077	-	(187,628)	(75,024)	(1,048)	-	(263,700)
Cash and cash equivalents, beginning of year	340,063	121,027	-	461,090	145,909	7,035	-	614,034
Cash and cash equivalents, end of period	$ 115,358	$ 158,104	$ -	$ 273,462	$ 70,885	$ 5,987	$ -	$ 350,334
Reconciliation of operating income to net cash provided by operating activities								
Operating income	$ 172,204	$ 13,480	$ -	$ 185,684	$ 83,608	$ 1,060	$ -	$ 270,352
Adjustments:								
Depreciation and amortization	136,948	10,859	-	147,807	97,367	1,593	-	246,767
Recognition of deferred costs and revenues, net	(1,816)	2,970	-	1,154	3,326	-	-	4,480
Other nonoperating income (loss), net	74	700	-	774	255	-	-	1,029
Changes in noncash assets and noncash liabilities:								
Accounts receivable	56,636	14,636	-	71,272	773	(20)	-	72,025
Inventories	(108)	10,675	-	10,567	(6,840)	-	-	3,727
Other assets	789	-	-	789	494	(5)	-	1,278
Accounts and accrued expenses payable	(28,693)	(11,950)	-	(40,643)	(6,561)	(76)	-	(47,280)
Current liabilities payable from restricted assets	-	(1,628)	-	(1,628)	-	-	-	(1,628)
Other noncurrent liabilities and deferred inflows	(48,817)	(1,553)	-	(50,370)	6,178	23	-	(44,169)
Net cash provided by operating activities	$ 287,217	$ 38,189	$ -	$ 325,406	$ 178,600	$ 2,575	$ -	$ 506,581
Noncash activity								
Contribution of capital assets from developers	$ 1,090	$ -	$ -	$ 1,090	$ 31,637	$ -	$ -	$ 32,727
Unrealized gains (losses) on fair value of investments, net	$ (2,769)	$ 4,164	$ -	$ 1,395	$ (2,251)	$ -	$ -	$ (856)

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Debt Service Coverage
May 2019
(unaudited)

	Month May		Year-to-Date May	
	2019	**2018**	**2019**	**2018**
Electric System				
Senior debt service coverage, (annual minimum 1.20x)	7.92 x	7.32 x	5.60 x	6.75 x
Senior and subordinated debt service coverage, (annual minimum 1.15x)	3.43 x	2.58 x	2.42 x	2.37 x
Bulk Power Supply System				
Debt service coverage, (annual minimum 1.15x)	2.06 x	6.35 x	2.41 x	3.18 x
St. Johns River Power Park, Second Resolution				
Debt service coverage, (semi-annual minimum 1.15x)	1.35 x	1.18 x	1.20 x	1.21 x
Water and Sewer System				
Senior debt service coverage, (annual minimum 1.25x)	4.18 x	3.54 x	3.41 x	3.28 x
Senior and subordinated debt service coverage excluding capacity fees [1]	3.24 x	2.70 x	2.61 x	2.53 x
Senior and subordinated debt service coverage including capacity fees [1]	3.51 x	2.96 x	2.87 x	2.75 x
District Energy System				
Debt service coverage, (annual minimum 1.15x)	1.35 x	1.40 x	2.67 x	1.35 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).

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Electric System
Operating Statistics
(unaudited)

	Month May			Year-to-Date May		
	2019	2018	Variance	2019	2018	Variance
Electric revenues sales (000s omitted):						
Residential	$ 56,703	$ 49,199	15.25%	$ 373,702	$ 373,556	0.04%
Commercial	37,405	34,905	7.16%	246,837	246,117	0.29%
Industrial	18,531	18,065	2.58%	127,509	129,663	-1.66%
Public street lighting	1,102	1,071	2.89%	8,736	8,563	2.02%
Sales for resale - territorial	-	-		-	3,775	-100.00%
Electric revenues - territorial	113,741	103,240	10.17%	756,784	761,674	-0.64%
Sales for resale - off system	439	137	220.44%	3,104	1,338	131.99%
Electric revenues	114,180	103,377	10.45%	759,888	763,012	-0.41%
Rate stabilization & recovery	(310)	3,519	108.81%	38,226	53,515	28.57%
Allowance for doubtful accounts	(135)	(129)	4.65%	(903)	(628)	43.79%
Net electric revenues	113,735	106,767	6.53%	797,211	815,899	-2.29%
MWh sales						
Residential	500,385	430,235	16.31%	3,252,434	3,252,892	-0.01%
Commercial	390,547	361,746	7.96%	2,521,180	2,514,835	0.25%
Industrial	262,593	253,416	3.62%	1,766,209	1,776,793	-0.60%
Public street lighting	4,692	4,857	-3.40%	38,523	39,714	-3.00%
Sales for resale - territorial	-	-		-	38,640	-100.00%
Total MWh sales - territorial	1,158,217	1,050,254	10.28%	7,578,346	7,622,874	-0.58%
Sales for resale - off system	11,780	2,754	327.74%	76,515	30,278	152.71%
Total MWh sales	1,169,997	1,053,008	11.11%	7,654,861	7,653,152	0.02%
Number of accounts (1)						
Residential	420,004	411,013	2.19%	417,296	408,738	2.09%
Commercial	53,131	52,477	1.25%	52,887	52,276	1.17%
Industrial	193	196	-1.53%	195	198	-1.52%
Public street lighting	3,862	3,776	2.28%	3,836	3,763	1.94%
Total average accounts	477,190	467,462	2.08%	474,214	464,975	1.99%
Residential averages						
Revenue per account - $	135.01	119.70	12.79%	895.53	913.93	-2.01%
kWh per account	1,191	1,047	13.75%	7,794	7,958	-2.06%
Revenue per kWh - ¢	11.33	11.44	-0.96%	11.49	11.48	0.09%
Degree days						
Heating degree days	-	-	-	972	1,103	(131)
Cooling degree days	422	329	93	1,178	1,031	147
Total degree days	422	329	93	2,150	2,134	16
Degree days - 30 year average	293			2,112		

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

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Water and Sewer System
Operating Statistics
(unaudited)

	Month May			Year-to-Date May		
	2019	2018	Variance	2019	2018	Variance
Water						
Revenues (000s omitted):						
Residential	$ 9,248	$ 8,310	11.29%	$ 62,953	$ 61,090	3.05%
Commercial and industrial	4,218	3,920	7.60%	31,454	31,166	0.92%
Irrigation	3,730	3,303	12.93%	21,025	21,318	-1.37%
Total water revenues	17,196	15,533	10.71%	115,432	113,574	1.64%
Rate stabilization	(482)	(173)	178.61%	(1,451)	(2,410)	-39.79%
Allowance for doubtful accounts	(18)	(21)	-14.29%	(129)	(156)	-17.31%
Net water revenues	$ 16,696	$ 15,339	8.85%	$ 113,852	$ 111,008	2.56%
Kgal sales (000s omitted)						
Residential	1,944,699	1,572,988	23.63%	11,538,552	11,197,025	3.05%
Commercial and industrial	1,287,239	1,112,131	15.75%	9,086,078	9,038,956	0.52%
Irrigation	688,978	584,745	17.83%	3,383,405	3,486,005	-2.94%
Total kgals sales	3,920,916	3,269,864	19.91%	24,008,035	23,721,986	1.21%
Number of accounts (1):						
Residential	293,346	286,170	2.51%	291,253	284,137	2.50%
Commercial and industrial	26,011	25,748	1.02%	25,917	25,648	1.05%
Irrigation	37,276	37,123	0.41%	37,133	37,002	0.35%
Total average accounts	356,633	349,041	2.18%	354,303	346,787	2.17%
Residential averages:						
Revenue per account - $	31.53	29.04	8.57%	216.15	215.00	0.53%
Kgals per account	6.63	5.50	20.55%	39.62	39.41	0.53%
Revenue per kgals - $	4.76	5.28	-9.85%	5.46	5.46	0.00%
Sewer						
Revenues (000s omitted):						
Residential	$ 14,064	$ 12,525	12.29%	$ 95,531	$ 92,531	3.24%
Commercial and industrial	9,794	8,954	9.38%	72,901	71,390	2.12%
Total sewer revenues	23,858	21,479	11.08%	168,432	163,921	2.75%
Rate stabilization	(721)	(254)	183.86%	(2,247)	(3,663)	-38.66%
Allowance for doubtful accounts	(28)	(30)	-6.67%	(194)	(233)	-16.74%
Net sewer revenues	23,109	21,195	9.03%	165,991	160,025	3.73%
Kgal sales (000s omitted)						
Residential	1,651,044	1,360,448	21.36%	10,033,788	9,672,437	3.74%
Commercial and industrial	1,069,754	961,461	11.26%	7,857,917	7,693,266	2.14%
Total kgals sales	2,720,798	2,321,909	17.18%	17,891,705	17,365,703	3.03%
Number of accounts (1):						
Residential	260,133	253,279	2.71%	258,138	251,324	2.71%
Commercial and industrial	18,547	18,360	1.02%	18,477	18,314	0.89%
Total average accounts	278,680	271,639	2.59%	276,615	269,638	2.59%
Residential averages:						
Revenue per account - $	54.06	49.45	9.32%	370.08	368.17	0.52%
kgals per account	6.35	5.37	18.25%	38.87	38.49	0.99%
Revenue per kgals - $	8.52	9.21	-7.49%	9.52	9.57	-0.52%
Reuse						
Revenues (000s omitted):						
Reuse revenues	$ 1,832	$ 1,265	44.82%	$ 10,301	$ 8,706	18.32%
Kgal sales (000s omitted)						
Reuse sales (kgals)	432,798	284,614	52.06%	2,184,780	1,980,498	10.31%
Number of accounts (1):						
Reuse accounts	14,668	11,770	24.62%	13,803	11,092	24.44%
Rainfall			Diff in inches			Diff in inches
Normal	2.48	2.48		24.40	24.40	
Actual	1.74	5.91	(4.17)	24.03	27.69	(3.66)
Rain Days	4	12	(8)	70	61	9

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

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

Appendix

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

	Electric System and Bulk Power Supply	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	$ 34,702	$ 48,772	$ 83,474	$ 30,260	$ 1,907	$ 115,641
Rate stabilization:						
Fuel	40,083	-	40,083	-	-	40,083
Debt management	29,884	-	29,884	14,209	-	44,093
Environmental	45,149	-	45,149	16,612	-	61,761
Purchased Power	45,574	-	45,574	-	-	45,574
DSM/Conservation	4,470	-	4,470	-	-	4,470
Total rate stabilization funds	165,160	-	165,160	30,821	-	195,981
Customer deposits	44,420	-	44,420	15,883	-	60,303
General reserve	-	19,214	19,214	-	-	19,214
Self insurance reserve funds:						
Self funded health plan	11,001	-	11,001	-	-	11,001
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,001	-	21,001	-	-	21,001
Environmental liability reserve	16,808	-	16,808	-	-	16,808
Total unrestricted cash and investments	$ 282,091	$ 67,986	$ 350,077	$ 76,964	$ 1,907	$ 428,948
Restricted assets						
Renewal and replacement funds	$ 55,914	$ 49,002	$ 104,916	$ 46,804	$ 3,461	$ 155,181
Debt service reserve account	65,433	11,444	76,877	63,441	-	140,318
Debt service funds	92,584	11,240	103,824	45,402	1,349	150,575
Environmental funds	-	-	-	280	-	280
Construction funds	-	-	-	28,998	-	28,998
Subtotal	213,931	71,686	285,617	184,925	4,810	475,352
Unrealized holding gain (loss) on investments	2,086	98	2,184	2,490	-	4,674
Other funds	-	28,018	28,018	-	-	28,018
Total restricted cash and investments	$ 216,017	$ 99,802	$ 315,819	$ 187,415	$ 4,810	$ 508,044

JEA
Schedule of Cash and Investments
(in thousands) September 2018

	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	$ 86,294	$ 49,416	$ 135,710	$ 43,480	$ 799	$ 179,989
Rate stabilization:						
Fuel	74,376	-	74,376	-	-	74,376
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	42,163	-	42,163	12,914	-	55,077
Purchased Power	53,493	-	53,493	-	-	53,493
DSM/Conservation	3,470	-	3,470	-	-	3,470
Total rate stabilization funds	203,386	-	203,386	27,123	2,737	233,246
Customer deposits	44,242	-	44,242	15,616	-	59,858
General reserve	-	18,466	18,466	-	-	18,466
Self insurance reserve funds:						
Self funded health plan	8,139	-	8,139	-	-	8,139
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	18,139	-	18,139	-	-	18,139
Environmental liability reserve	16,818	-	16,818	-	-	16,818
Total unrestricted cash and investments	$ 368,879	$ 67,882	$ 436,761	$ 86,219	$ 3,536	$ 526,516
Restricted assets						
Renewal and replacement funds	$ 189,922	$ 52,610	$ 242,532	$ 141,415	$ 1,078	$ 385,025
Debt service reserve account	65,433	11,307	76,740	102,850	-	179,590
Debt service funds	167,483	7,446	174,929	81,242	2,340	258,511
Construction funds	203	-	203	284	-	487
Environmental funds	-	-	-	1,159	-	1,159
Subtotal	423,041	71,363	494,404	326,950	3,418	824,772
Unrealized holding gain (loss) on investments	(3,302)	66	(3,236)	(1,347)	-	(4,583)
Other funds	-	26,014	26,014	-	-	26,014
Total restricted cash and investments	$ 419,739	$ 97,443	$ 517,182	$ 325,603	$ 3,418	$ 846,203

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
INVESTMENT PORTFOLIO REPORT
May 2019
(unaudited)
All Funds

	INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL
*	Treasuries	$ 102,367,706	2.33%	11.00%
	Agencies			
	Federal Farm Credit Bank	35,037,165	1.70%	3.77%
	Federal Home Loan Bank	209,765,892	2.33%	22.55%
	Total	244,803,057	2.24%	26.31%
	Municipal Bonds	191,168,393	2.73%	20.55%
	Commercial Paper	88,064,408	2.65%	9.46%
	U.S. Treasury Money Market Funds (1)	54,014,573	2.30%	5.81%
	Agency Money Market Funds (2)	47,125,000	2.32%	5.06%
	FEITF Money Market Fund	7,500,000	2.49%	0.81%
	Florida Prime Fund	170,996,000	2.56%	18.38%
	Wells Fargo Bank Accounts (3)			
	Electric, Scherer	13,602,224	2.26%	1.46%
	SJRPP	6,627,280	2.26%	0.71%
	Water & Sewer, DES	4,158,142	2.26%	0.45%
	Total Portfolio	$ 930,426,784	2.46%	100.00%

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

Weighted Avg. Annual Yield for May 2019, Excluding Bank & Money Market Funds: 2.46%

Weighted Avg. Annual Yield for May 2019, Including Bank & Money Market Funds: 2.46%

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

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

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

Electric System, St. Johns River Power Park System and Scherer
Schedule of Outstanding Indebtedness
May 2019
(unaudited)

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric System - Fixed Rate Bonds				
Series Three 2004 A	5.000%	2039	$ 5,000	$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 D - BABs	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2019	5,070,000	5,070,000
Series Three 2010 C	4.500%	2031	1,290,000	-
Series Three 2010 D	4.250 - 5.000%	2020-2038	1,205,000	-
Series Three 2010 E - BABs	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2027-2033	16,210,000	-
Series Three 2012B	2.000 - 5.000%	2019-2039	85,615,000	725,000
Series Three 2013A	3.000 - 5.000%	2019-2026	49,050,000	8,990,000
Series Three 2013B	3.000 - 5.000%	2026-2038	7,500,000	-
Series Three 2013C	4.600 - 5.000%	2019-2030	10,555,000	1,700,000
Series Three 2014A	3.500 - 5.000%	2019-2034	9,350,000	1,285,000
Series Three 2015A	3.000 - 5.000%	2019-2041	59,005,000	155,000
Series Three 2015B	3.375 - 5.000%	2019-2031	17,225,000	6,945,000
Series Three 2017A	5.000%	2019	18,670,000	18,670,000
Series Three 2017B	3.375 - 5.000%	2026-2039	198,095,000	-
Total Fixed Rate Senior Bonds			**559,155,000**	**43,540,000**
2009 Series F - BABs	4.900 - 6.406%	2019-2034	62,155,000	1,550,000
2009 Series G	4.000 - 5.000%	2019	14,665,000	14,665,000
2010 Series B	4.000 - 5.000%	2019-2020	3,115,000	960,000
2010 Series D - BABs	4.150 - 5.582%	2019-2027	42,050,000	2,705,000
2012 Series A	3.250 - 5.000%	2019-2033	55,515,000	2,655,000
2012 Series B	3.250 - 5.000%	2019-2037	50,030,000	2,215,000
2013 Series A	3.000 - 5.000%	2019-2030	37,330,000	2,780,000
2013 Series B	3.000 - 5.000%	2019-2026	17,165,000	2,870,000
2013 Series C	1.375 - 5.000%	2019-2038	74,750,000	885,000
2013 Series D	4.375 - 5.250%	2019-2035	50,115,000	20,830,000
2014 Series A	4.000 - 5.000%	2019-2039	94,265,000	14,635,000
2017 Series A	3.000%	2019	1,290,000	1,290,000
2017 Series B	3.375 - 5.000%	2019-2034	171,700,000	1,055,000
Total Fixed Rate Subordinated Bonds			**674,145,000**	**69,095,000**
Total Fixed Rate Electric System Bonds/4.551%			**1,233,300,000**	**112,635,000**
Electric System - Variable Rate Bonds	Current Interest Rates (1)			
Series Three 2008 A - Weekly	1.650%	2027-2036	51,680,000	-
Series Three 2008 B-1 - Weekly	2.106%	2019-2040	59,620,000	425,000
Series Three 2008 B-2 - Weekly	1.650%	2025-2040	41,900,000	-
Series Three 2008 B-3 - Weekly	1.650%	2024-2036	37,000,000	-
Series Three 2008 B-4 - Weekly	2.106%	2019-2036	49,010,000	425,000
Series Three 2008 C-1 - Weekly	1.613%	2024-2034	44,145,000	-
Series Three 2008 C-2 - Weekly	1.613%	2024-2034	43,900,000	-
Series Three 2008 C-3 - Flex	1.814%	2030-2038	25,000,000	-
Series Three 2008 D-1 - Weekly	2.106%	2019-2036	106,275,000	2,745,000
Total Variable Rate Senior Bonds			**458,530,000**	**3,595,000**
Series 2000 A - Flex	1.863%	2021-2035	30,965,000	-
Series 2000 F-1 - Flex	1.697%	2026-2030	37,200,000	-
Series 2000 F-2 - Flex	1.763%	2026-2030	24,800,000	-
Series 2008 D - Daily	1.586%	2024-2038	39,455,000	-
Total Variable Rate Subordinated Bonds			**132,420,000**	**-**
Total Variable Rate Bonds			**590,950,000**	**3,595,000**
Total Electric System Bonds			**1,824,250,000**	**116,230,000**
St. Johns River Power Park - Fixed Rate Bonds				
Issue 3 Series 1	4.500%	2037	100,000	-
Issue 3 Series 2	5.000%	2034-2037	29,370,000	-
Issue 3 Series 4 - BABs	4.700 - 5.450%	2019-2028	20,690,000	1,775,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	5,680,000
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	4,120,000
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	2,205,000
Total Fixed Rate St. Johns River Power Park Bonds/4.014%			**278,885,000**	**13,780,000**
Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds				
Series 2010A - BABs	4.800 - 5.920%	2019-2030	34,355,000	2,140,000
Series 2014A	2.000 - 4.125%	2019-2038	60,655,000	4,010,000
Total Fixed Rate Bulk Power Supply System Bonds/4.324%			**95,010,000**	**6,150,000**
Weighted Average Cost(2) / Total Outstanding Debt		3.415%	**$ 2,198,145,000**	**$ 136,160,000**

(1) Current month interest rate excluding variable debt fees.

(2) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarketing fees and interest rate swap payments.

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Electric Entrerprise Func	66.2%	71.1%	63.9%

		Electric System	Power Park Issue Three
• Remaining New Money Authorization	$	465,160,992	103,865,000
• Remaining Senior Refunding Authorizatior	$	1,022,837,381	250,810,000
• Remaining Subordinated Refunding Authorizatior	$	634,898,000	n/a

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Water and Sewer System
Schedule of Outstanding Indebtedness
May 2019
(unaudited)

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2009 Series B	3.7500%	2019	$ 8,915,000	$ 8,915,000
2010 Series A - BABs	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B - Taxable	5.200 - 5.700%	2019-2025	12,110,000	1,730,000
2010 Series D	4.000 - 5.000%	2019-2039	24,125,000	5,015,000
2010 Series E	4.000 - 5.000%	2023-2039	8,570,000	-
2010 Series F - BABs	3.900 - 5.887%	2019-2040	42,095,000	2,395,000
2012 Series A	3.000 - 5.000%	2019-2041	153,175,000	1,070,000
2012 Series B	2.250 - 5.000%	2019-2037	73,270,000	1,280,000
2013 Series A	4.500 - 5.000%	2019-2027	17,575,000	12,580,000
2014 Series A	2.000 - 5.000%	2019-2040	212,960,000	5,625,000
2017 Series A	3.125 - 5.000%	2022-2041	360,775,000	-
Total Fixed Rate Senior Bonds			**996,685,000**	**38,610,000**
2010 Series A	5.000%	2019	2,790,000	2,790,000
2010 Series B	4.000 - 5.000%	2023-2025	2,060,000	-
2012 Series B	3.250 - 5.000%	2030-2043	29,685,000	-
2013 Series A	2.125 - 5.000%	2019-2029	25,210,000	5,365,000
2017 Series A	2.750 - 5.000%	2021-2034	58,940,000	-
Total Fixed Rate Subordinated Bonds			**118,685,000**	**8,155,000**
Total Fixed Rate Bonds/4.528%			**1,115,370,000**	**46,765,000**
Variable Rate Bonds	Current Interest Rates (1)			
2006 Series B - CPI Bonds	2.533% (2)	2019-2022	24,850,000	5,740,000
2008 Series A-2 - Weekly	1.697%	2028-2042	51,820,000	-
2008 Series B - Weekly	1.637%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			**161,960,000**	**5,740,000**
2008 Series A-1 - Daily	1.450%	2019-2038	48,850,000	2,200,000
2008 Series A-2 - Weekly	1.609%	2030-2038	25,600,000	-
2008 Series B-1 - Weekly	1.610%	2030-2036	30,885,000	-
Total Variable Rate Subordinated Bonds			**105,335,000**	**2,200,000**
Total Variable Rate Bonds			**267,295,000**	**7,940,000**
Other Obligations				
Revolving Credit Agreement	3.632%	2021	5,000,000	-
Total Other Obligations			**5,000,000**	**-**
Weighted Average Cost(3) / Total Outstanding Debt		**3.597%**	**$ 1,387,665,000**	**$ 54,705,000**

(1) Current month interest rate excluding variable debt fees.
(2) Designated swap obligation. The rate shown is the weighted average of the variable CPI Index rates for the 6 month re-set period.
(3) Weighted Average Cost of debt is net of BABs subsidy, original issue premiums/discounts and excludes variable debt liquidity/remarketing fees and interest rate swap payments.

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Water and Sewer	46.2%	51.3%	44.0%

• Remaining New Money Authorization	$	218,078,023
• Remaining Refunding Authorization	$	794,813,942

JEA
District Energy System
Principal Amount of Debt Outstanding and Average Interest Rates
May 2019
(unaudited)

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2013 Series A/4.184%	2.065 - 4.538%	2019-2034	$ 34,825,000	$ 1,690,000
Weighted Average Cost(1) / Total Outstanding Debt		**4.188%**	**$ 34,825,000**	**$ 1,690,000**

(1) Weighted Average Cost of debt is net of original issue premiums/discounts.

• Remaining New Money Authorization	$	54,321,245
• Remaining Refunding Authorization	$	106,670,000

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Interest Rate Swap Position Report
May 2019
(unaudited)

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Electric System Allocation	Water/Sewer Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
1	Goldman Sachs	9/18/2003	9/16/2033	$ 84,800,000	$ -	3.717	1.690	2.027	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.606	2.744	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	85,200,000	-	3.661	1.690	1.971	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.690	2.026	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	24,850,000	4.039	2.533	1.506	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.606	2.301	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.606	2.289	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.606	2.230	n/a	SIFMA
			Total	$ 406,410,000	$ 110,140,000	Wtd Avg Spread		2.204		

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

	Month May			Year-to-Date May		
	2019	2018	Variance	2019	2018	Variance
Generated power:						
Steam:						
Fuel oil						
Fuel expense	$ -	$ -		$ 346,861	$ 4,331,122	-91.99%
Barrels #6 oil consumed	-	-		3,157	40,030	-92.11%
$/ per barrel consumed	$ -	$ -		$ 109.87	$ 108.20	1.55%
kWh oil generated (1)	834	-		1,220,989	23,686,188	-94.85%
Cost per MWh - oil	$ -	$ -		$ 284.08	$ 182.85	55.36%
Natural gas units #1-3						
Gas expense - variable	$ 6,595,449	$ 7,126,752	-7.46%	$ 41,735,119	$ 30,450,754	37.06%
MMBTU's consumed	2,419,708	2,244,981	7.78%	12,721,623	9,473,387	34.29%
$/ per MMBTU consumed	$ 2.73	$ 3.17	-14.14%	$ 3.28	$ 3.21	2.06%
kWh - gas generated (1)	231,468,053	210,254,734	10.09%	1,191,265,594	870,209,107	36.89%
Cost per MWh - gas	$ 28.49	$ 33.90	-15.94%	$ 35.03	$ 34.99	0.12%
Cost per MWh - gas & oil - steam	$ 28.49	$ 33.90	-15.94%	$ 35.29	$ 38.91	-9.31%
Coal						
Coal expense	$ 2,498,233	$ 1,669,036	49.68%	$ 17,700,850	$ 16,352,165	8.25%
kWh generated	68,746,479	56,558,117	21.55%	447,363,335	486,778,241	-8.10%
Cost per MWh - coal	$ 36.34	$ 29.51	23.14%	$ 39.57	$ 33.59	17.78%
Pet coke and limestone						
Expense	$ 4,188,894	$ 3,089,761	35.57%	$ 28,829,420	$ 32,217,892	-10.52%
kWh generated	122,763,176	78,379,211	56.63%	802,702,198	845,248,718	-5.03%
Cost per MWh - pet coke and limestone	$ 34.12	$ 39.42	-13.44%	$ 35.92	$ 38.12	-5.77%
Cost per MWh - coal & petcoke - steam	$ 34.92	$ 35.27	-0.99%	$ 37.22	$ 36.46	2.08%
Combustion turbine:						
Fuel oil						
Fuel expense	$ 87,818	$ 91,986	-4.53%	$ 1,106,500	$ 3,209,742	-65.53%
Barrels #2 oil consumed	331	463	-28.51%	7,884	34,193	-76.94%
$/ per barrel consumed	$ 265.31	$ 198.67	33.54%	$ 140.35	$ 93.87	49.51%
kWh - oil generated	101,059	89,794	12.55%	2,630,207	13,598,473	-80.66%
Cost per MWh - oil	$ 868.98	$ 1,024.41	-15.17%	$ 420.69	$ 236.04	78.23%
Natural gas (includes landfill)						
Gas expense Kennedy & landfill - variable	$ 976,317	$ 445,564	119.12%	$ 3,989,516	$ 1,774,561	124.82%
MMBTU's consumed	358,529	139,185	157.59%	1,242,764	533,753	132.84%
$/ per MMBTU consumed	$ 2.72	$ 3.20	-14.94%	$ 3.21	$ 3.32	-3.44%
kWh - gas generated (1)	32,438,183	11,852,693	173.68%	109,224,095	43,487,297	151.16%
Cost per MWh - gas	$ 30.10	$ 37.59	-19.94%	$ 36.53	$ 40.81	-10.49%
Gas expense BB simple - variable	$ 897,767	$ 777,468	15.47%	$ 3,938,528	$ 2,052,976	91.84%
MMBTU's consumed	$ 329,647	276,489	19.23%	1,220,433	672,209	81.56%
$/ per MMBTU consumed	$ 2.72	$ 2.81	-3.15%	$ 3.23	$ 3.05	5.67%
kWh - gas generated (1)	29,706,800	24,905,192	19.28%	109,038,947	57,533,131	89.52%
Cost per MWh - gas simple	$ 30.22	$ 31.22	-3.19%	$ 36.12	$ 35.68	1.22%
Gas expense BB combined - variable	$ 3,262,479	$ 7,316,811	-55.41%	$ 46,918,354	$ 58,143,625	-19.31%
MMBTU's consumed	1,185,672	2,593,434	-54.28%	13,136,158	19,265,097	-31.81%
$/ per MMBTU consumed	$ 2.75	$ 2.82	-2.47%	$ 3.57	$ 3.02	18.34%
kWh - gas generated (1)	162,144,843	369,104,903	-56.07%	1,907,758,870	2,742,013,934	-30.42%
Cost per MWh - gas combined	$ 20.12	$ 19.82	1.50%	$ 24.59	$ 21.20	15.98%
Gas expense GEC simple - variable	$ 2,129,615	$ 714,466	198.07%	$ 7,671,357	$ 6,804,746	12.74%
MMBTU's consumed	781,623	261,704	198.67%	2,628,226	1,534,076	71.32%
$/ per MMBTU consumed	$ 2.72	$ 2.73	-0.20%	$ 2.92	$ 4.44	-34.20%
kWh - gas generated	72,517,452	23,262,273	211.74%	238,061,570	134,820,314	76.58%
Cost per MWh - gas simple	$ 29.37	$ 30.71	-4.38%	$ 32.22	$ 50.47	-36.16%
Cost per MWh - gas & oil ct	$ 24.77	$ 21.78	13.75%	$ 26.88	$ 24.06	11.72%
Natural gas expense - fixed	$ 3,246,437	$ 3,083,147	5.30%	$ 26,463,856	$ 25,491,525	3.81%
Total generated power:						
Fuels expense	$ 23,883,009	$ 24,314,991	-1.78%	$ 178,700,361	$ 180,829,108	-1.18%
kWh generated	719,886,879	774,406,917	-7.04%	4,809,265,805	5,217,375,403	-7.82%
Cost per MWh	$ 33.18	$ 31.40	5.66%	$ 37.16	$ 34.66	7.21%

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

Cost of fuels				
Fuel oil #6	$ -	$ -	$ 346,861	$ 4,331,122
Natural gas units #1-3 with landfill - variable	6,595,449	7,126,752	41,735,119	30,450,754
Coal	2,498,233	1,669,036	17,700,850	16,352,165
Petcoke	4,188,894	3,089,761	28,829,420	32,217,892
Fuel oil #2	87,818	91,986	1,106,500	3,209,742
Natural gas - simple cycle (BB & GEC) - variable	4,003,699	1,937,498	15,599,401	10,632,283
Natural gas - combined (BB) - variable	3,262,479	7,316,811	46,918,354	58,143,625
Natural gas - fixed	3,246,437	3,083,147	26,463,856	25,491,525
Total	$ 23,883,009	$ 24,314,991	$ 178,700,361	$ 180,829,108

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	Month May			Year-to-Date May		
	2019	2018	Variance	2019	2018	Variance
Production Statistics (Continued)						
Purchased power:						
Plant Scherer						
Purchases	$ 4,802,460	$ 6,164,016	-22.09%	$ 44,762,748	$ 40,717,515	9.93%
kWh purchased	127,849,000	25,343,000	404.47%	963,295,000	603,031,000	59.74%
Cost per MWh	$ 37.56	$ 243.22	-84.56%	$ 46.47	$ 67.52	-31.18%
TEA & other						
Purchases	$ 10,649,262	$ 10,389,709	2.50%	$ 85,836,632	$ 70,280,434	22.13%
kWh purchased	351,624,581	285,214,205	23.28%	2,162,012,828	1,563,363,276	38.29%
Cost per MWh	$ 30.29	$ 36.43	-16.86%	$ 39.70	$ 44.95	-11.68%
SJRPP						
Purchases	$ 2,086,510	$ 1,564,467	33.37%	$ 18,545,936	$ 50,438,020	-63.23%
kWh purchased	-	-		-	539,759,000	-100.00%
Cost per MWh					$ 93.45	
Total purchased power:						
Purchases	$ 17,538,232	$ 18,118,192	-3.20%	$ 149,145,316	$ 161,435,969	-7.61%
kWh purchased	479,473,581	310,557,205	54.39%	3,125,307,828	2,706,153,276	15.49%
Cost per MWh	$ 36.58	$ 58.34	-37.30%	$ 47.72	$ 59.66	-20.00%
Subtotal - generated and purchased power:	$ 41,421,241	$ 42,433,183	-2.38%	$ 327,845,677	$ 342,265,077	-4.21%
Fuel interchange sales	(386,242)	(88,980)	334.08%	(2,695,552)	(943,199)	185.79%
Earnings of The Energy Authority	(174,852)	(62,502)	179.75%	(1,101,618)	(2,517,041)	-56.23%
Realized and Unrealized (Gains) Losses	49,800	(320,320)	-115.55%	(3,692,040)	(2,356,900)	56.65%
Fuel procurement and handling	1,204,731	1,282,932	-6.10%	9,094,896	7,733,477	17.60%
By product reuse	373,940	1,302,411	-71.29%	4,479,184	8,891,540	-49.62%
Total generated and net purchased power:						
Cost, net	42,488,618	44,546,724	-4.62%	333,930,547	353,072,954	-5.42%
kWh generated and purchased	1,199,360,460	1,084,964,122	10.54%	7,934,573,633	7,923,528,679	0.14%
Cost per MWh	$ 35.43	$ 41.06	-13.72%	$ 42.09	$ 44.56	-5.55%
Reconciliation:						
Generated and purchased power per above	$ 42,488,618	$ 35.43		$ 333,930,547	$ 42.09	
SJRPP operating expenses:						
SJRPP O & M	(40,582)	(0.03)		(2,364,779)	(0.30)	
SJRPP debt service	(1,790,050)	(1.49)		(14,134,136)	(1.78)	
SJRPP R & R	(255,878)	(0.21)		(2,047,021)	(0.26)	
Scherer operating expenses:						
Scherer power production	96,630	0.08		(5,146,288)	(0.65)	
Scherer R & R	(831,379)	(0.69)		(8,795,995)	(1.11)	
Scherer transmission	(503,815)	(0.42)		(3,935,948)	(0.50)	
Scherer taxes	(105,624)	(0.09)		(868,152)	(0.11)	
Florida and other capacity	(1,339,388)	(1.12)		(10,611,853)	(1.34)	
MEAG	(1,037,314)	(0.86)		(7,919,361)	(1.00)	
Rounding	1	0.00		1	0.00	
Energy expense per budget page	$ 36,681,219	$ 30.58		$ 278,107,015	$ 35.05	

Electric System		Month			Prior Year Month	
Budget vs. Actual	**ANNUAL BUDGET**	**BUDGET**	**ACTUAL**	**Variance**	**ACTUAL**	**Variance**
May 2019 and 2018 (unaudited)	**2018-19**	**2018-19**	**2018-19**	**%**	**2017-18**	**%**
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 422,782,362	$ 35,791,998	$ 37,365,990	4.40%	$ 33,859,907	10.35%
Fuel Expense and Purchased Power:						
Fuel Expense - Energy System	327,822,632	26,806,618	25,511,482		26,580,014	
Fuel Expense - SJRPP	1,554,666	-	-		511,571	
Other Purchased Power	108,921,904	8,465,682	11,169,737		9,361,025	
Subtotal Energy Expense	438,299,202	35,272,300	36,681,219	-3.99%	36,452,610	-0.63%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	466,850	635,948		(2,636,877)	
Fuel Related Uncollectibles	634,173	52,848	48,823		44,174	
Total	422,782,362	35,791,998	37,365,990	-4.40%	33,859,907	-10.35%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	812,153,353	68,755,450	70,925,655		64,475,624	
Conservation Charge Revenue	1,000,000	84,658	44,352		29,470	
Environmental Charge Revenue	8,039,817	680,637	711,331		642,321	
Investment Income	11,600,594	966,716	666,119		652,003	
Natural Gas Revenue Pass Through	2,464,374	205,365	50,737		44,478	
Other Revenues	136,958,120	2,355,274	2,145,764		1,982,909	
Total	972,216,258	73,048,100	74,543,958	2.05%	67,826,805	9.90%
Nonfuel Related Expenses						
Non-Fuel O&M	221,286,372	16,807,005	15,558,693		15,231,950	
DSM / Conservation O&M	8,126,797	713,744	358,132		761,552	
Environmental O&M	3,071,529	188,147	187,096		249,313	
Rate Stabilization - DSM	(536,783)	(44,732)	186,699		(278,283)	
Rate Stabilization - Environmental	4,968,288	481,838	524,234		393,008	
Natural Gas Expense Pass Through	2,418,255	205,538	61,453		58,321	
Debt Principal - Energy System	116,230,000	9,685,833	9,685,833		10,433,929	
Debt Interest - Energy System	87,438,843	7,286,570	6,437,766		7,296,014	
Bond Buy-Back - Energy System	108,694,829	-	-		-	
R&R - Energy System	64,447,700	5,370,642	5,370,642		5,467,400	
Operating Capital Outlay	183,115,980	23,000,000	23,000,000		12,000,000	
City Contribution Expense	92,952,147	7,746,012	7,746,012		7,622,650	
Taxes & Uncollectibles	1,437,599	119,800	110,073		101,612	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	1,148,333	1,148,333		143,333	
* SJRPP D/S Interest	11,127,870	927,323	898,688		903,151	
** Other Non-Fuel Purchased Power	48,656,831	4,054,736	3,513,506		6,823,347	
Total Nonfuel Expenses	972,216,258	77,690,789	74,787,160	3.74%	67,207,297	-11.28%
Non-Fuel Balance	-	(4,642,689)	(243,202)		619,508	
Total Balance	-	(4,642,689)	(243,202)		619,508	
Total Revenues	**1,394,998,620**	**108,840,098**	**111,909,948**	2.82%	**101,686,712**	10.05%
Total Expenses	**1,394,998,620**	**113,482,787**	**112,153,150**	1.17%	**101,067,204**	-10.97%
KWH Sold - Territorial	**13,180,028,000**	**1,115,797,626**	**1,158,218,073**	3.80%	**1,050,254,631**	10.28%
KWH Sold - Off System	**-**	**-**	**11,780,000**		**2,754,000**	
	13,180,028,000	**1,115,797,626**	**1,169,998,073**	4.86%	**1,053,008,631**	11.11%

* Gross debt service

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

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003028

Electric System		Year-to-Date			Prior Year-to-Date	
Budget vs. Actual	**ANNUAL BUDGET**	**BUDGET**	**ACTUAL**	**Variance**	**ACTUAL**	**Variance**
May 2019 and 2018 (unaudited)	**2018-19**	**2018-19**	**2018-19**	**%**	**2017-18**	**%**
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	$ 422,782,362	$ 259,094,279	$ 244,138,945	-5.77%	$ 245,457,275	-0.54%
Fuel Expense and Purchased Power:						
Fuel Expense - Energy System	327,822,632	202,821,597	188,582,403		195,097,225	
Fuel Expense - SJRPP	1,554,666	1,554,666	-		31,152,152	
Other Purchased Power	108,921,904	70,511,907	89,524,612		68,985,275	
Subtotal Energy Expense	438,299,202	274,888,170	278,107,015	-1.17%	295,234,652	5.80%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(16,216,673)	(34,293,362)		(50,002,729)	
Fuel Related Uncollectibles	634,173	422,782	325,292		225,352	
Total	422,782,362	259,094,279	244,138,945	5.77%	245,457,275	0.54%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	812,153,353	497,713,028	470,892,365		474,444,301	
Conservation Charge Revenue	1,000,000	612,831	304,261		482,989	
Environmental Charge Revenue	8,039,817	4,927,052	4,640,432		4,670,694	
Investment Income	11,600,594	7,733,729	8,896,739		6,297,062	
Natural Gas Revenue Pass Through	2,464,374	1,642,916	472,769		373,762	
Other Revenues	136,958,120	127,537,023	126,114,671		16,764,771	
Total	972,216,258	640,166,579	611,321,237	-4.51%	503,033,579	21.53%
Nonfuel Related Expenses						
Non-Fuel O&M	221,286,372	149,275,123	141,699,936		124,949,958	
DSM / Conservation O&M	8,126,797	5,447,074	3,094,743		4,160,844	
Environmental O&M	3,071,529	2,354,748	1,653,342		577,512	
Rate Stabilization - DSM	(536,783)	(357,855)	999,610		106,456	
Rate Stabilization - Environmental	4,968,288	3,005,130	2,987,090		4,093,182	
Natural Gas Expense Pass Through	2,418,255	1,615,383	535,913		451,622	
Debt Principal - Energy System	116,230,000	77,486,667	77,486,667		83,244,286	
Debt Interest - Energy System	87,438,843	58,292,562	55,666,993		59,642,449	
Bond Buy-Back - Energy System	108,694,829	108,694,829	108,694,829		-	
R&R - Energy System	64,447,700	42,965,133	42,965,133		43,739,200	
Operating Capital Outlay	183,115,980	58,000,000	58,000,000		64,000,000	
City Contribution Expense	92,952,147	61,968,098	61,968,098		60,981,197	
Taxes & Uncollectibles	1,437,599	958,399	767,771		577,290	
Emergency Reserve	5,000,000	-	-		-	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	9,186,667	9,186,667		7,239,635	
* SJRPP D/S Interest	11,127,870	7,418,580	7,189,502		8,170,006	
** Other Non-Fuel Purchased Power	48,656,831	32,437,887	37,851,537		40,900,273	
Total Nonfuel Expenses	972,216,258	618,748,425	610,747,831	1.29%	502,833,909	-21.46%
Non-Fuel Balance	-	21,418,154	573,406		199,670	
Total Balance	-	21,418,154	573,406		199,670	
Total Revenues	**1,394,998,620**	**899,260,858**	**855,460,182**	-4.87%	**748,490,854**	14.29%
Total Expenses	**1,394,998,620**	**877,842,704**	**854,886,776**	2.62%	**748,291,184**	-14.25%
KWH Sold - Territorial	**13,180,028,000**	**8,077,134,503**	**7,578,346,897**	-6.18%	**7,622,873,432**	-0.58%
KWH Sold - Off System	**-**	**-**	**76,515,000**		**30,278,000**	
	13,180,028,000	**8,077,134,503**	**7,654,861,897**	-5.23%	**7,653,151,432**	0.02%

* Gross debt service

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

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Water and Sewer System

Budget vs. Actual May 2019 and 2018 (unaudited)	ANNUAL BUDGET 2018-19	Month BUDGET 2018-19	Month ACTUAL 2018-19	Month Variance %	Prior Year Month ACTUAL 2017-18	Prior Year Month Variance %
REVENUES						
Water & Sewer Revenues	$ 457,315,688	$ 42,167,768	$ 41,938,238		$ 37,372,155	
Capacity & Extension Fees	24,500,000	2,465,221	2,393,651		2,402,313	
Capital Contributions	-	-	-		24,799	
Investment Income	6,318,534	526,544	442,846		528,012	
Other Income	139,432,982	2,623,076	3,299,608		2,525,648	
Total	627,567,204	47,782,609	48,074,343	0.61%	42,852,927	12.18%
EXPENSES						
O & M Expenses	161,824,556	13,377,338	12,985,711		13,249,163	
Debt Principal - Water & Sewer	54,705,000	4,558,750	4,558,750		4,310,000	
Debt Interest - Water & Sewer	65,430,545	5,452,545	4,838,322		5,371,315	
Bond Buy-Back - Water & Sewer	99,188,560	-	-		-	
Rate Stabilization - Environmental	-	-	1,203,081		426,725	
R&R - Water & Sewer	23,552,350	1,962,696	1,962,696		2,039,483	
Operating Capital Outlay	141,031,641	17,564,947	17,564,947		12,003,953	
Operating Capital Outlay - Capacity/Extension	24,500,000	2,041,666	2,393,651		2,402,313	
Operating Capital Outlay - Contributions	-	-	-		24,799	
Operating Capital Outlay - Environmental	15,431,798	1,283,056	483,652		837,444	
City Contribution Expense	24,695,388	2,057,949	2,057,949		2,095,668	
Uncollectibles & Fees	685,974	57,164	46,000		51,156	
Interlocal Agreements	15,521,392	-	-		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	627,567,204	48,356,111	48,094,759	0.54%	42,812,019	-12.34%
Total Balance	$ -	$ (573,502)	$ (20,416)		$ 40,908	
Sales kgals						
Water	42,000,000	4,181,385	3,920,916	-6.23%	3,269,864	19.91%
Sewer	34,650,000	3,310,305	3,153,596	-4.73%	2,606,523	20.99%
Total	76,650,000	7,491,690	7,074,512	-5.57%	5,876,387	20.39%

Budget vs. Actual May 2019 and 2018 (unaudited)	ANNUAL BUDGET 2018-19	Year-To-Date BUDGET 2018-19	Year-To-Date ACTUAL 2018-19	Year-To-Date Variance %	Prior Year to Date ACTUAL 2017-18	Prior Year to Date Variance %
REVENUES						
Water & Sewer Revenues	$ 457,315,688	$ 297,955,115	$ 287,178,026		$ 279,281,803	
Capacity & Extension Fees	24,500,000	15,625,043	18,669,497		16,151,906	
Capital Contributions	-	-	29,759		44,638	
Investment Income	6,318,534	4,212,356	5,143,861		4,352,507	
Other Income	139,432,982	121,971,944	125,703,042		23,934,181	
Total	627,567,204	439,764,458	436,724,185	-0.69%	323,765,035	34.89%
EXPENSES						
O & M Expenses	161,824,556	106,459,760	101,826,401		94,003,020	
Debt Principal - Water & Sewer	54,705,000	36,470,000	36,470,000		34,480,000	
Debt Interest - Water & Sewer	65,430,545	43,620,364	41,308,213		43,819,472	
Bond Buy-Back - Water & Sewer	99,188,560	99,188,560	99,188,560		-	
Rate Stabilization - Environmental	-	-	3,697,978		6,073,111	
R&R - Water & Sewer	23,552,350	15,701,567	15,701,567		16,315,867	
Operating Capital Outlay	141,031,641	87,326,595	80,089,817		89,987,383	
Operating Capital Outlay - Capacity/Extension	24,500,000	16,333,333	18,669,497		16,151,906	
Operating Capital Outlay - Contributions	-	-	29,759		44,638	
Operating Capital Outlay - Environmental	15,431,798	10,264,446	4,912,998		3,325,935	
City Contribution Expense	24,695,388	16,463,592	16,463,592		16,765,347	
Uncollectibles & Fees	685,974	457,316	322,985		389,056	
Interlocal Agreements	15,521,392	15,521,392	15,521,392		346,727	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	627,567,204	447,806,925	434,202,759	3.04%	321,702,462	-34.97%
Total Balance	$ -	$ (8,042,467)	$ 2,521,426		$ 2,062,573	
Sales kgals						
Water	42,000,000	27,097,045	24,008,035	-11.40%	23,721,986	1.21%
Sewer	34,650,000	22,460,640	20,076,485	-10.61%	19,346,201	3.77%
Total	76,650,000	49,557,685	44,084,520	-11.04%	43,068,187	2.36%

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003030

District Energy System		Month			Prior Year Month	
Budget vs. Actual	**ANNUAL BUDGET**	**BUDGET**	**ACTUAL**	**Variance**	**ACTUAL**	**Variance**
May 2019 and 2018 (unaudited)	**2018-19**	**2018-19**	**2018-19**	**%**	**2017-18**	**%**
REVENUES						
Revenues	$ 9,256,655	$ 720,560	$ 713,166		$ 670,922	
Investment Income	-	-	13,050		9,423	
Total	9,256,655	720,560	726,216	0.78%	680,345	6.74%
EXPENSES						
O & M Expenses	5,127,648	410,368	383,546		325,654	
Debt Principal - DES	1,690,000	140,833	140,833		138,333	
Debt Interest - DES	1,330,449	110,871	110,871		113,257	
R&R - DES	442,950	36,913	36,913		36,404	
Operating Capital Outlay	665,608	-	-		-	
Total Expenses	9,256,655	698,985	672,163	3.84%	613,648	-9.54%
Total Balance	$ -	$ 21,575	$ 54,053		$ 66,697	

		Year-To-Date			Prior-Year-to-Date	
Budget vs. Actual	**ANNUAL BUDGET**	**BUDGET**	**ACTUAL**	**Variance**	**ACTUAL**	**Variance**
May 2019 and 2018 (unaudited)	**2018-19**	**2018-19**	**2018-19**	**%**	**2017-18**	**%**
REVENUES						
Revenues	$ 9,256,655	$ 5,614,394	$ 5,286,836		$ 5,391,245	
Investment Income	-	-	99,358		57,272	
Total	9,256,655	5,614,394	5,386,194	-4.06%	5,448,517	-1.14%
EXPENSES						
O & M Expenses	5,127,648	3,002,118	2,734,257		2,742,719	
Debt Principal - DES	1,690,000	1,126,667	1,126,667		1,106,667	
Debt Interest - DES	1,330,449	886,966	886,966		906,056	
Rate Stabilization - Debt Management	-	-	(2,737,164)		-	
R&R - DES	442,950	295,300	295,300		291,233	
Operating Capital Outlay	665,608	-	2,737,164		-	
Total Expenses	9,256,655	5,311,051	5,043,190	5.04%	5,046,675	0.07%
Total Balance	$ -	$ 303,343	$ 343,004		$ 401,842	

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO



JEA

BOARD OF DIRECTORS MEETING

OPERATIONS UPDATE

as of May 31, 2019

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

Financial Update



FY2019 Key Financial Metrics:

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

- The STAR Plan is being implemented in two phases
- Phase One is complete
  - $195 million was defeased in February
  - $100 million for Energy
  - $95 million for Water/Wastewater
- Phase Two is expected to be completed by the end of the fiscal year
- The STAR plan will increase cash flow by an average of ~$80 million annually through 2023

Financial Metrics

	Year-to-Date		FY2019 Full Year		
Energy System	**FY2018**	**FY2019**	**Forecast**	**Target**	**Result**
Debt Service Coverage	2.4x	2.4x	2.8x	≥ 2.2x	
Days Liquidity	310	290	288	150 to 250[1]	
Days Cash on Hand	211	131	122		
Debt to Asset %	71.1%	66.2%	63.9%	61%[2]	

	Year-to-Date		FY2019 Full Year		
Water/Wastewater System	**FY2018**	**FY2019**	**Forecast**	**Target**	**Result**
Debt Service Coverage	2.8x	2.9x	3.0x	≥ 1.8x	
Days Liquidity	586	381	304		
Days Cash on Hand	490	226	142	150 to 250[4]	
Debt to Asset %	51.3%	46.2%	44.0%	49%[3]	

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

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FY2019
Combined Debt Outstanding:

Energy System (ES, BPSS, SJRPP):

- Debt outstanding: $2,198
  - $133 decrease due to October 1st principal payments
  - $100 decrease due to Feb 2019 defeasance
- Total variable rate debt: $591

Water/Wastewater System:

- Debt outstanding: $1,388
  - $49 decrease due to October 1st principal payments
  - $95 decrease due to Feb 2019 defeasance
- Total variable rate debt: $272

Interest Rates:

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

Financial Metrics

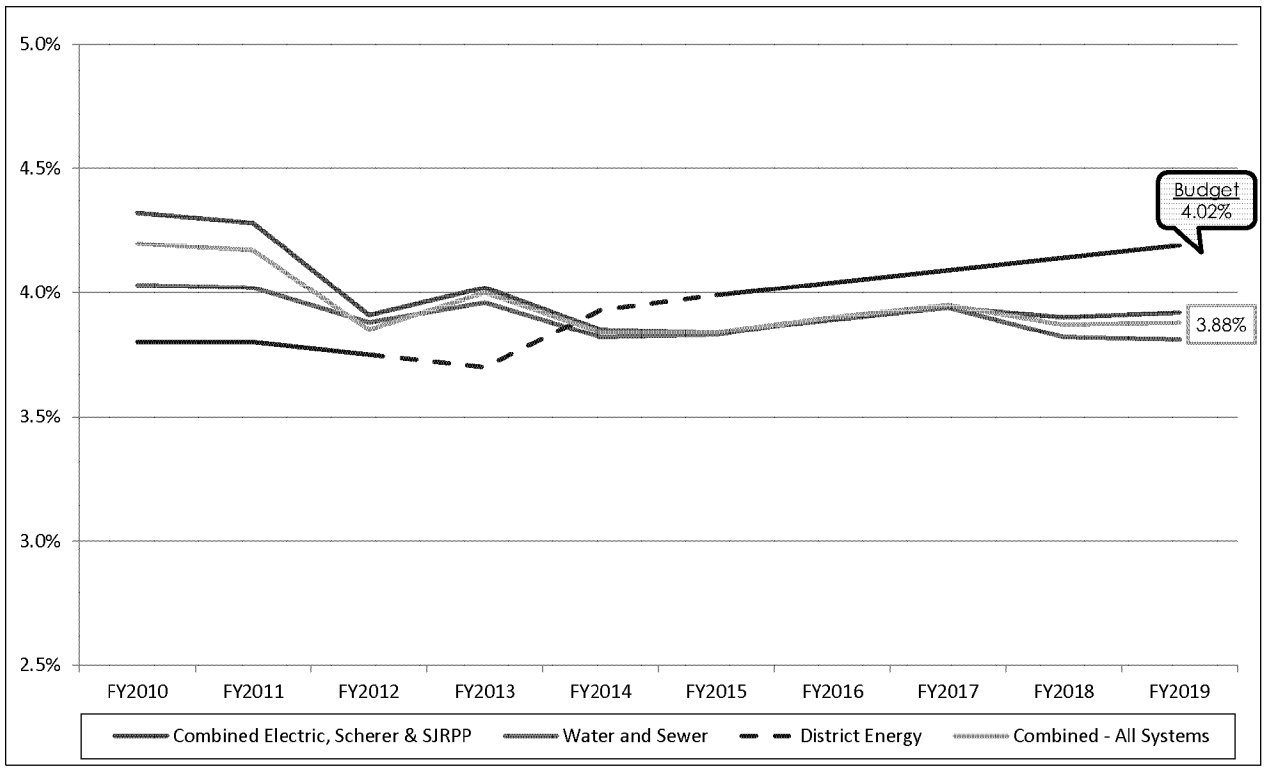
($ in millions)	Principal Sep 2018	Principal May 2019	Change	Mar 2019 Weighted Average Interest Rates
Energy System (ES)				
Fixed rate bonds	$1,455	$1,233	$(222)	4.00%
Hedged variable rate bonds	407	406	(1)	4.42%
Unhedged variable rate bonds	187	185	(2)	2.34%
Revolving credit agreement	--	--	--	--
Total	*$2,049*	*$1,824*	*$(225)*	*3.93%*
Bulk Power Supply System (BPSS)				
Fixed rate bonds	$101	$95	(6)	3.78%
Total	*$101*	*$95*	*(6)*	*3.78%*
SJRPP				
Fixed rate bonds	$281	$279	$(2)	3.91%
Revolving credit agreement	--	--	--	--
Total	*$281*	*$279*	*$(2)*	*3.91%*
Combined ES, BPSS and SJRPP	**$2,431**	**$2,198**	**$(233)**	**3.92%**
Water/Wastewater System				
Fixed rate bonds	$1,254	$1,116	$(138)	3.99%
Hedged variable rate bonds	116	110	(6)	4.28%
Unhedged variable rate bonds	159	157	(2)	2.06%
Revolving credit agreement	3	5	2	3.64%
Total	*$1,532*	*$1,388*	*$(144)*	*3.80%*
District Energy System				
Fixed rate bonds	$36	$35	$(1)	4.19%
Total	*$36*	*$35*	*$(1)*	*4.19%*
Total JEA Debt	**$3,999**	**$3,621**	**$(378)**	**3.88%**

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

FY2019
Combined Debt Outstanding*:

*Weighted Average Interest Rates

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



Financial Metrics

FY2019 Variable Debt Risk Analysis:

Variable debt as a percentage of total debt:

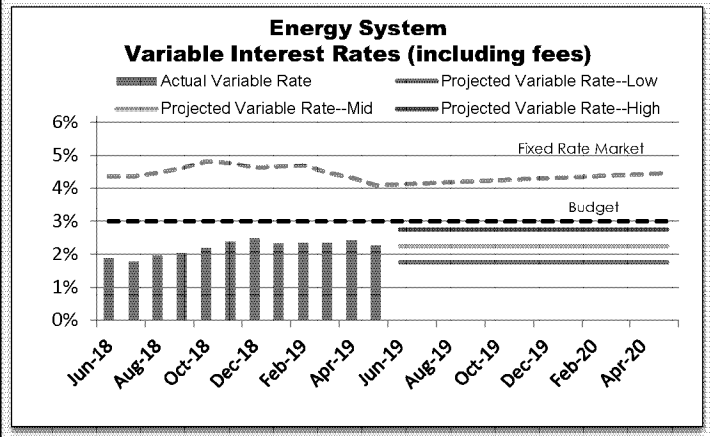
- Unhedged variable at 8% for Energy and 12% for Water/Wastewater
- Hedged variable at 18% for Energy and 8% for Water/Wastewater

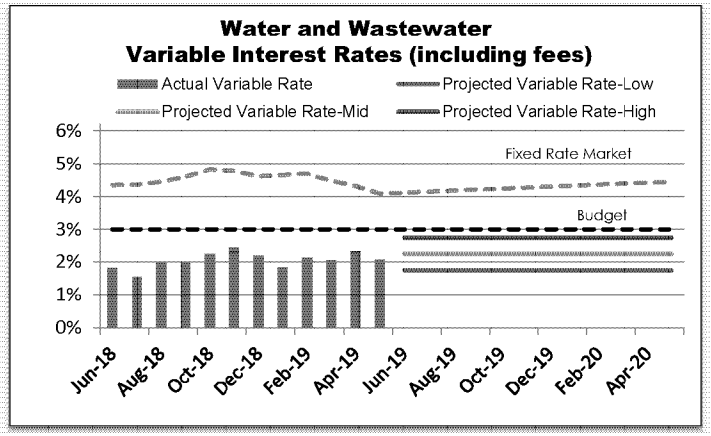
Other Items Of Interest:

- Liquidity facilities / direct purchase bonds are with highly rated providers
- Wells Fargo renewed in Dec 2018
- Next liquidity renewal in May 2020
- Variable rate reserve to mitigate risk of higher rates – $44 million

Total variable rate debt of $863MM with $516MM swapped to fixed rate

Financial Metrics





Liquidity Facilities and Direct Purchase Bonds (DPBs)

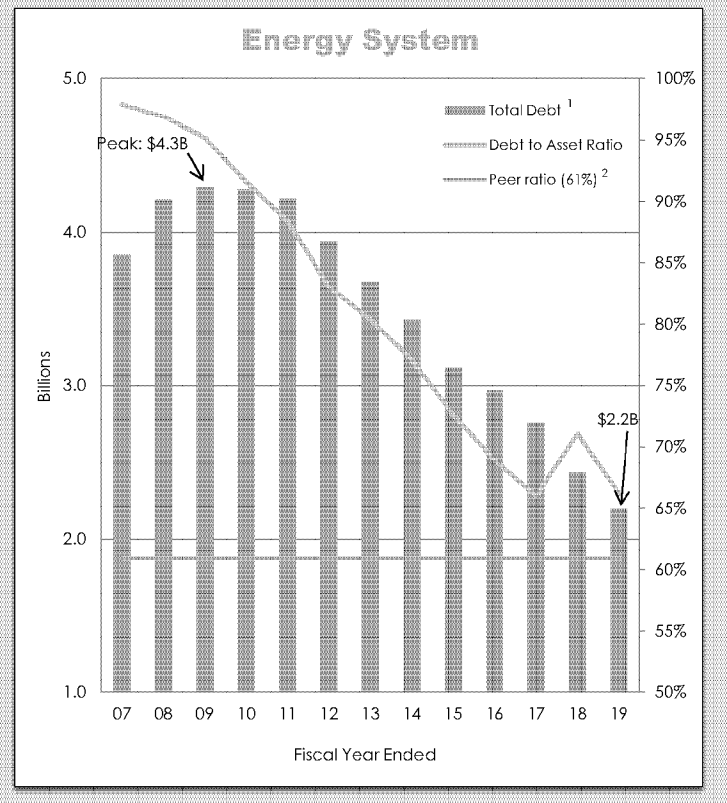
Bank	Moody's/S&P/Fitch	$ (in millions)	%
Wells Fargo Bank N.A. (100% DPBs)	Aa2/A+/AA-	$215	26
JP Morgan Chase Bank N.A.	Aa2/A+/AA	199	24
Royal Bank of Canada	A2/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA-	144	17
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total Variable Rate Debt		$834	

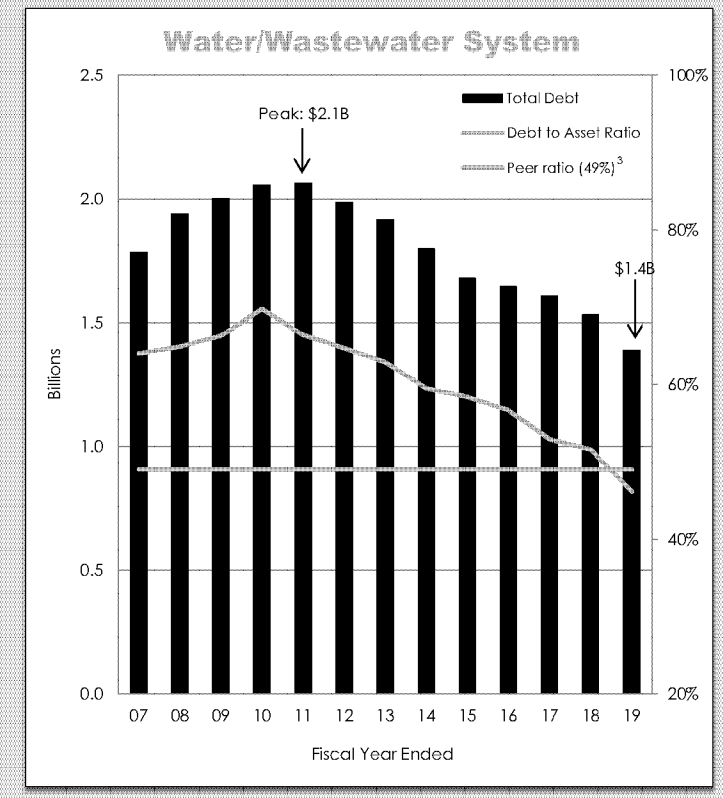
Swap Providers

Bank	Moody's/S&P/Fitch	$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	$171	33
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	136	26
JP Morgan Chase Bank N.A.	Aa2/A+/AA	124	24
Merrill Lynch	A3/A-/A+	85	17
Total Swapped to Fixed Rate		$516	

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Debt & Debt To Asset Ratios



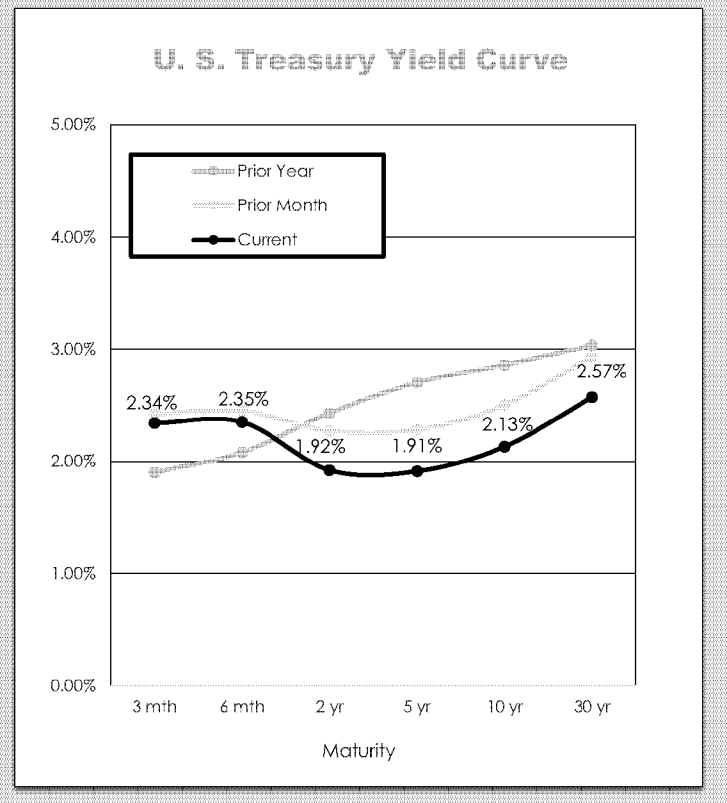


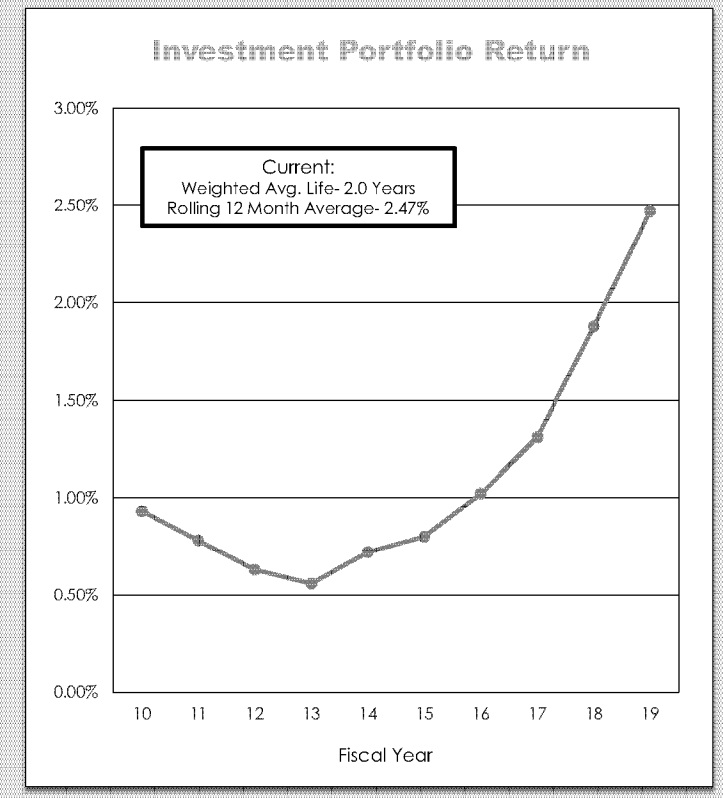
Financial Metrics

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

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Treasury Yield Curve and Investment Portfolio Return





Financial Metrics

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Energy System Update



FY2019
Energy System Financial Results

Forecasted Cost Metrics:

Debt Coverage: 2.8x

Days Liquidity: 288 days

Days Cash on Hand: 122 days

Debt to Asset Ratio: 63.9%

Total Debt: $2.14B

Energy System	FY18 Actual	FY19 Budget	FY19 Forecast	FY19 vs FY18 ($)	FY19 vs FY18 (%)
Revenues					
Fuel Revenue	$398,293	$402,650	$396,233	($2,060)	(0.5%)
Base Revenue	772,155	782,136	771,276	($878)	(0.1%)
Other Revenue	37,174	42,328	40,899	$3,724	10.0%
Total Revenues	$1,207,623	$1,227,114	$1,208,408	$786	0.1%
		($19)			
Select Expenses					
Fuel Expense	$455,633	$418,167	$419,472	$36,160	7.9%
Fuel Fund Transfers	(57,339)	(15,517)	(23,239)	($34,100)	
O & M Expense	207,551	233,767	231,331	($23,780)	(11.5%)
Non-fuel Purchased Power	140,575[3]	73,565	96,315	$44,260	31.5%
Net Revenues	$449,544	$507,272	$471,611	$22,066	4.9%
		($36)			
Capital Expenditures	$174,320	$334,588[1]	$309,583[2]	$135,263	77.6%
Debt Service	$196,288	$190,618	$180,179	$16,109	8.2%

	Beginning Balance	Forecasted Surplus/(Deficit)	Forecasted Ending Balance	Forecasted Percent of Annual Fuel Expense
Fuel Fund	$74.4	($23.2)	$51.1	10.2%

[1] Council approved limit for capital expenditures in FY19 is $335 million
[2] Includes $57 million for Brandy Branch upgrades and $8 million for Solar Land purchase
[3] Includes $18 million contribution to Rate Stabilization – Non-fuel Purchased Power for Plant Vogtle

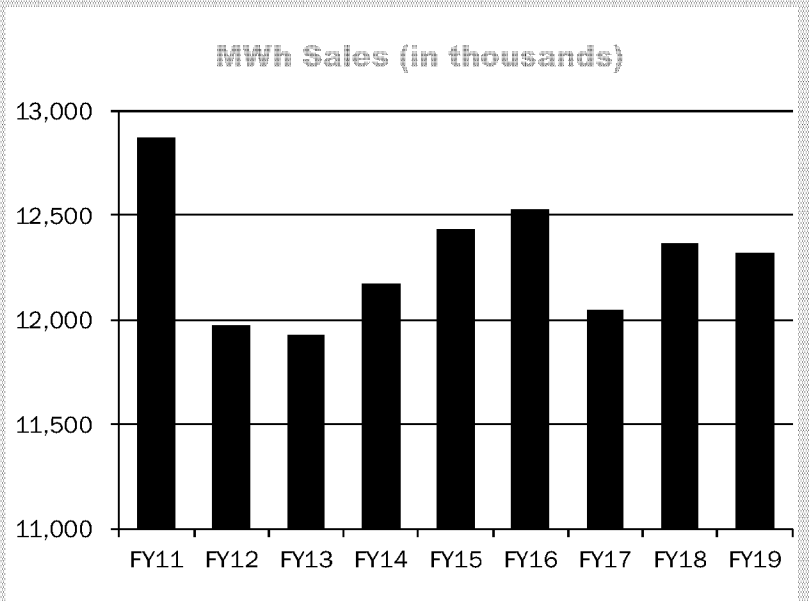
Energy System Update

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FY2019
Energy System MWh Sales

Unit Sales Drivers:

- FY2019 YTD MWh decrease due to mild winter compared FY 2018's winter
- FY2019 forecast is improving due to warmer weather in April and May
- Both Degree Days and Customer Accounts are higher year over year



Month	FY19	FY18	%
Oct	1,018,615	1,065,925	(4.4%)
Nov	898,455	833,994	7.7%
Dec	939,381	989,619	(5.1%)
Jan	992,410	1,205,005	(17.6%)
Feb	758,488	733,718	3.4%
Mar	910,894	889,143	2.4%
Apr	901,886	855,216	5.5%
May	1,158,218	1,050,255	10.3%
YTD	**7,578,347**	**7,622,875**	**(0.6%)**
Jun		1,124,820	
Jul		1,170,996	
Aug		1,249,276	
Sep		1,196,374	
Forecast/Total	12,319,813	12,364,341	

YTD Degree Days		
30-yr. Avg.	FY19	FY18
2,112	2,150	2,134

YTD Customer Accounts		
FY19	FY18	%
474,214	464,975	2.0%

Total System	(0.6%)
Residential	(0.0%)
Comm./Industrial	(0.5%)
Interruptible	2.2%

Energy System Update

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

May 2019
Significant Occurrences of Concern This Month:

- The JEA Fleet Forced Outage Rate will exceed target through FY19 due to various issues including extended unit recovery on NS Unit 2 as a result of excess ash build up
- CEMI-5 continues to be well below target in Q3, with only 344 customers experiencing more than 5 outages in the last 12 months
- ETR, Frequency, and Duration all performing better than goal

Energy System Update

Energy Monthly Operations Scorecard

Energy System	FY2018	FY2019 Goal	FY2019 YTD	Status
JEA Safety RIR	1.48	1.40	1.28	
Sales Forecast (million MWh)	12.4	12.4	12.3	
T&D Grid Performance Customer Outage				
Frequency (outages/year)	*1.4*	*1.8*	*1.31*	
Electric Outage Duration (minutes/year)	*67*	*80*	*62.5*	
Transmission Line Faults (# per 100 miles)	*2.2*	*2.5*	*1.6*	
CEMI5 (% cust. > 5 outages/year)	*0.4*	*0.8*	*0.11*	
Generating Plant Performance				
Generation Fleet Reliability (forced outages rate)	*2.1*	*2.0*	*5.11*	
Environmental Compliance (permit exceedances)	*2*	*4*	*2*	

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FY2019
Energy System Reliability Metrics:

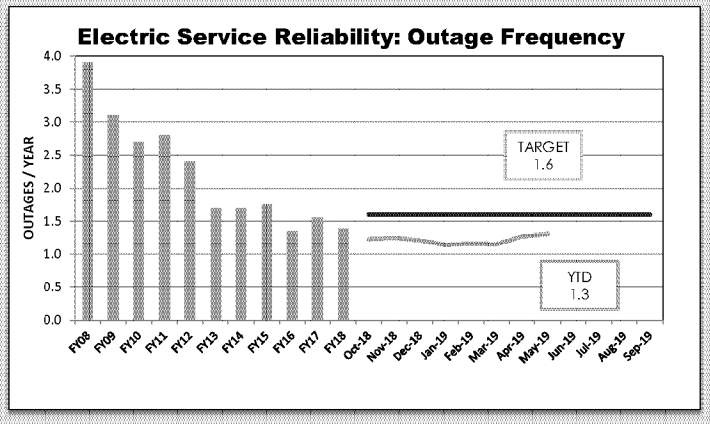
Electric Service Reliability
- Outage frequency and duration have been reduced significantly over the last 9 years; running flat over last several years
- The typical JEA customer sees 1.3 outages per year and a total outage duration of about 63 minutes

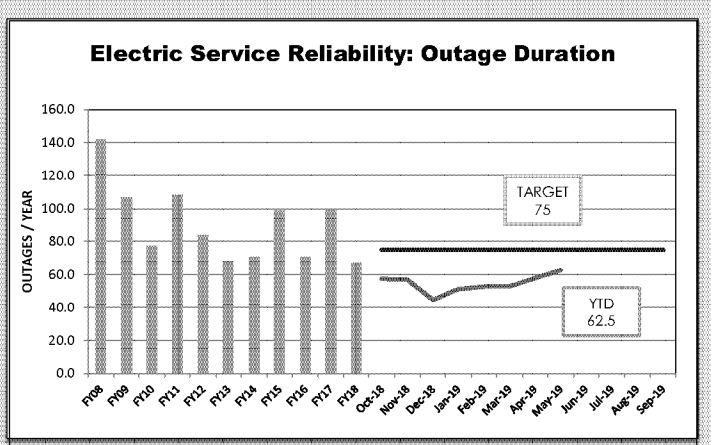
Transmission Line Reliability
- Overall downward trend over the last eight years
- FY19 (1.6) is better than target

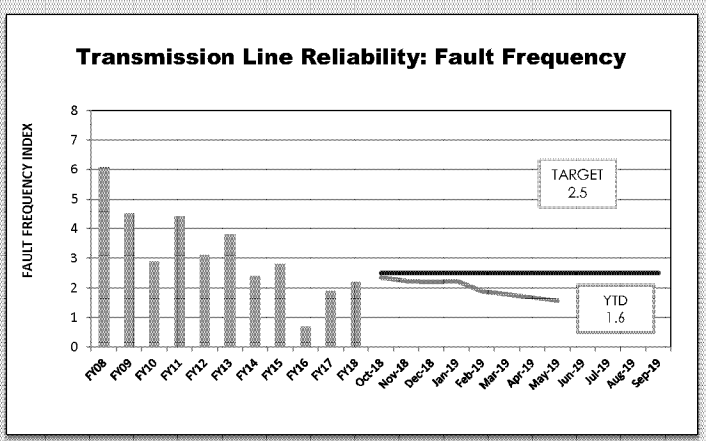
CEMI-5
- Improvement trend over past three years for CEMI5. 344 (0.11%) of our customers have experienced more than 5 outages in the past 12 months

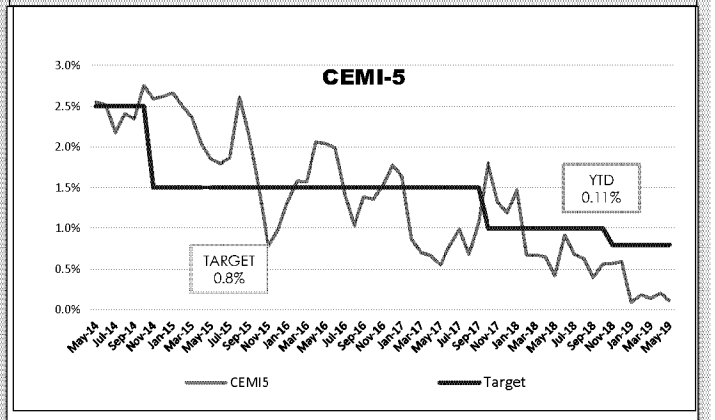
JEA continues to show favorable trends over time across all other operational metrics

Energy System Update









T&D Grid Performance	Metric	FY2017	FY2018	FY2019 Target	FY2019 YTD
Customer Outage Frequency	# of Outages per Year	1.55	1.39	1.6	1.31
Electric Outage Duration	# of Minutes out per Year	99.5	66.9	75	62.5
Transmission Line Faults	# of Faults per 100 miles	1.9	2.2	2.5	1.6
$CEMI_5$	% Customers > 5 outages per yr	1.07%	0.4%	0.8%	0.14%

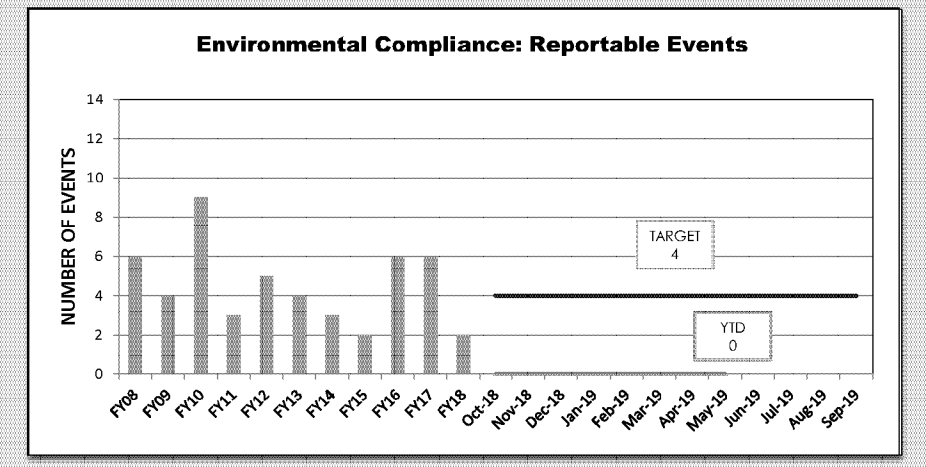
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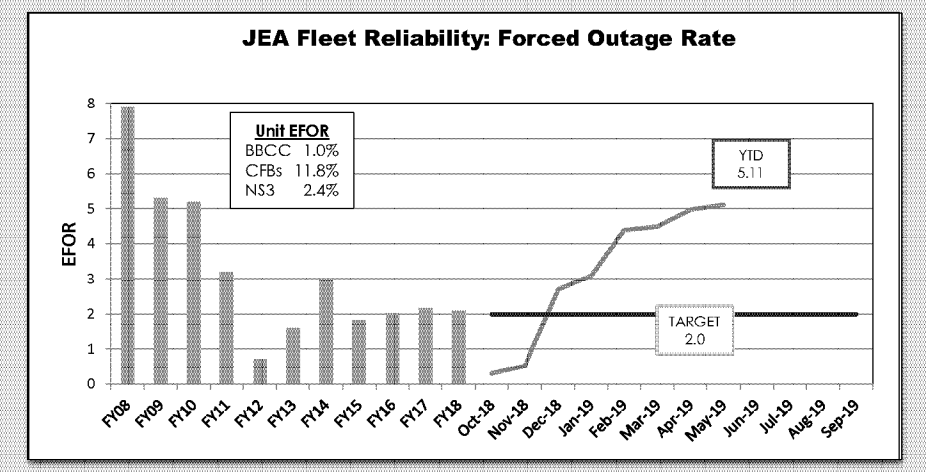
FY2019
Energy System Reliability Metrics:

Environmental Compliance
- We have experienced 0 reportable events thus far during FY2019
- JEA remains actively engaged in preparing for all new and emerging environmental regulations

Generating Fleet Reliability
- The JEA Fleet Forced Outage Rate will exceed target through FY19 due to various issues including extended unit recovery on NS Unit 2 as a result of excess ash build up

Energy System Update



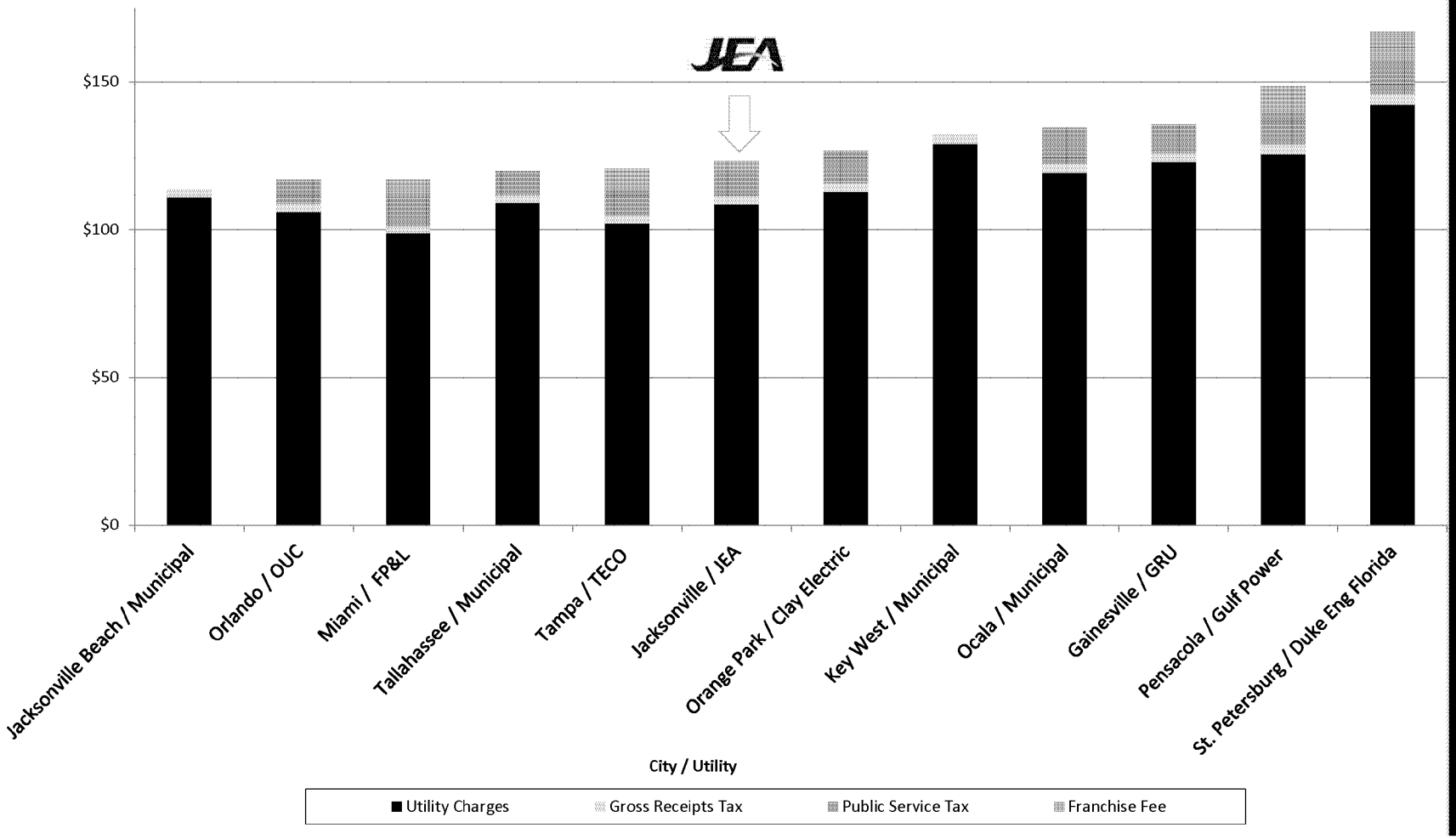


Generating Plant Performance	Metric	FY2017	FY2018	FY2019 Target	FY2019 YTD
Generation Fleet Reliability	Forced Outages Rate	2.17	2.1	2.0	5.11
Environmental Compliance	Permit Exceedances	6	2	4	2

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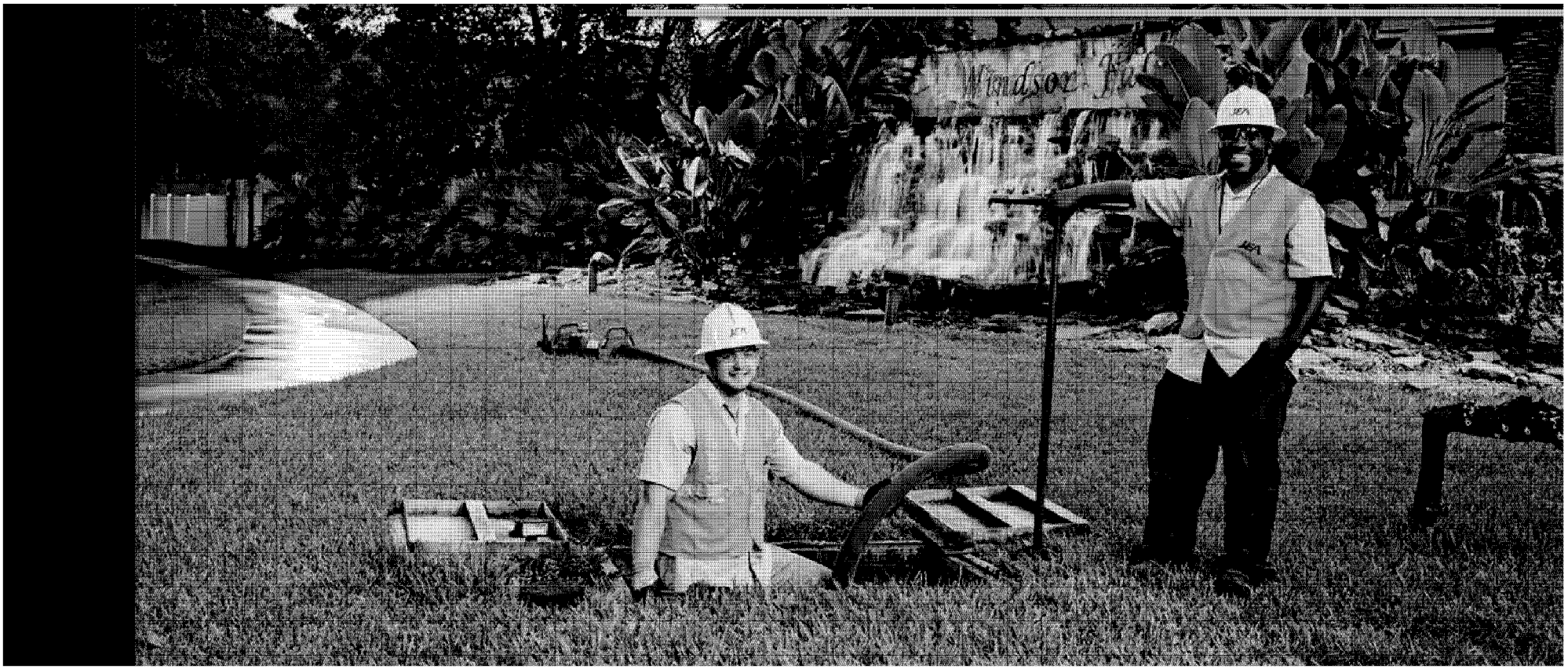
Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)
Residential Rates as of May 31, 2019



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Water/Wastewater System Update



FY2019
Water/Wastewater System Financial Results & Cost Metrics

Forecasted Cost Metrics:

Debt Coverage: 3.0x

Days Liquidity: 304 days

Days Cash on Hand: 142 days

Debt to Asset Ratio: 44%

Total Debt: $1.34B

Water/Wastewater System Update

Water Wastewater System	FY18 Actual	FY19 Budget	FY19 Forecast	FY19 vs FY18 ($)	FY19 vs FY18 (%)
Revenues					
Water & Sewer Revenues	$421,937	$444,081	$433,985	$12,048	2.9%
Other Revenue	70,902	71,063	$79,157	$8,255	11.6%
Total Revenues	$492,839	$515,144	$513,142	$20,303	4.1%
		($2)			
Select Expenses					
O&M Expense	$147,334	$161,825	$159,348	$12,014	8.2%
Net Revenues	$362,470	$352,654	$353,029	($9,440)	(2.6%)
		$0.75			
Capital Expenditures	$199,314	$248,461 [1]	$226,582	$27,268	13.7%
Debt Service	$112,791	$115,964	$109,925	($2,866)	(2.5%)

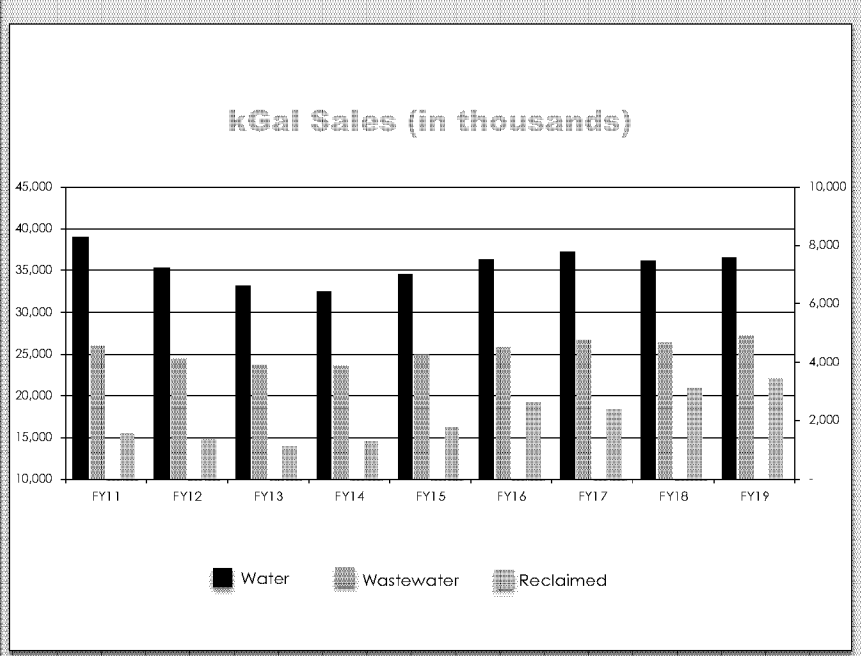
[1] Council approved limit for capital expenditures in FY19 is $248 million

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FY2019
Water/Wastewater System kgal Sales:

Unit Sales Drivers:

- FY 2019 Forecasted Sales are now higher than FY2018 Actuals
- Water sales are up YTD due to lower rainfall and a higher temperatures



Month	FY19	FY18	%
Oct	3,212	2,992	7.4%
Nov	2,862	3,037	(5.8%)
Dec	2,792	2,883	(3.2%)
Jan	2,724	2,790	(2.4%)
Feb	2,436	2,553	(4.6%)
Mar	3,014	3,191	(5.5%)
Apr	3,046	3,006	1.3%
May	3,921	3,270	19.9%
YTD	**24,007**	**23,722**	**1.2%**
Jun		3,001	
Jul		3,133	
Aug		3,157	
Sep		3,174	
Forecast/Total	36,622	36,187	

Total System	1.2%
Residential	3.1%
Comm./Industrial	0.5%
Irrigation	(2.9%)

YTD Customer Accounts			
	FY19	FY18	%
Water	354,303	346,787	2.2%
Sewer	276,615	269,638	2.6%
Reclaimed	13,803	11,092	24.4%

YTD Rainfall			
	30-Yr. Avg.	FY19	FY18
Inches	24.4	24.0	27.7
Days	58.6	70.0	61.0

Water/Wastewater System Update

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

May 2019
Significant Occurrences or Concerns This Month:

- JEA Safety RIR: Three OSHA recordable safety incidents for JEA in the month of May
- Unplanned Water Main Outages: 1,093 customers experienced an outage in the month of May
- CUP: Average daily flow of 115 MGD is 17% below CY limit of 138 MGD; reclaimed usage at 18 MGD
- Nitrogen to River: 287 tons YTD; JEA has a limit of 683 tons per year and provides the COJ with 37 tons
- SSO's Impacting Waters of the US: 27 YTD, root cause analysis is performed on each SSO - exploring other options for inspections of system

Water/Wastewater System Update

Water/Wastewater Monthly Operations Scorecard

Water/Wastewater System	FY2018	FY2019 Goal	FY2019 YTD	Status
JEA Safety RIR	2.0	1.40	1.28	
Water Sales Forecast (kgal in 1000's)	36,187	37,615	36,622	
Water Unplanned Outages (# cust.)	4.79%	2%	0.94%	
CUP Compliance	Yes	Yes	Yes	
Nitrogen to the River (tons)	550	616	287	
Sanitary Sewer Overflows (SSO's per 100 miles of pipe)	0.63	0.58	0.53	

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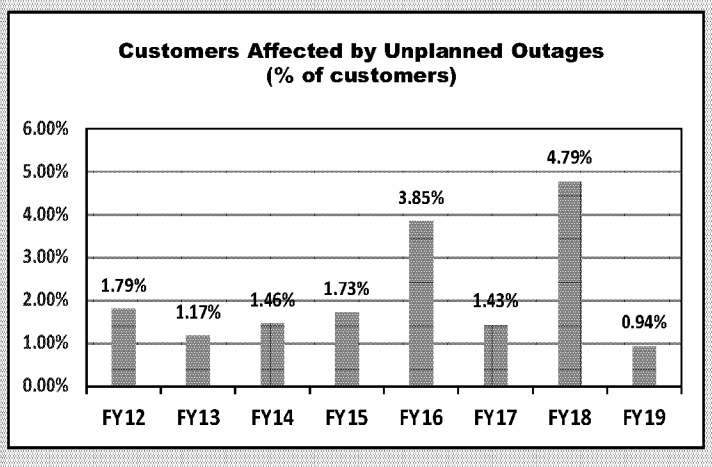
FY2019
Water/Wastewater System Customer Reliability:

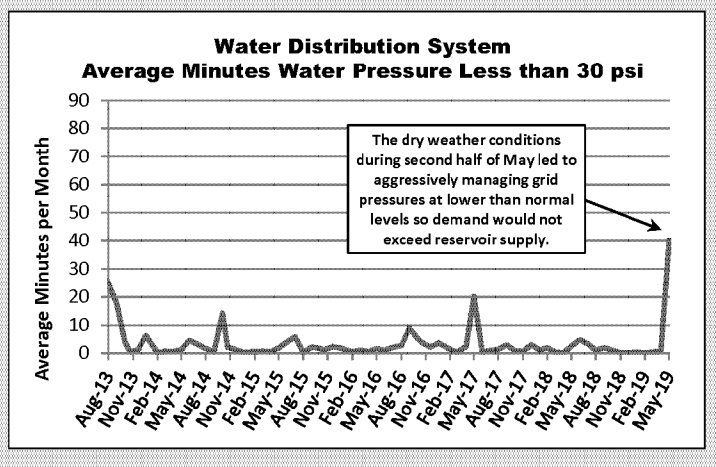
Unplanned Water Outages
- Percentage of customers affected by unplanned outages

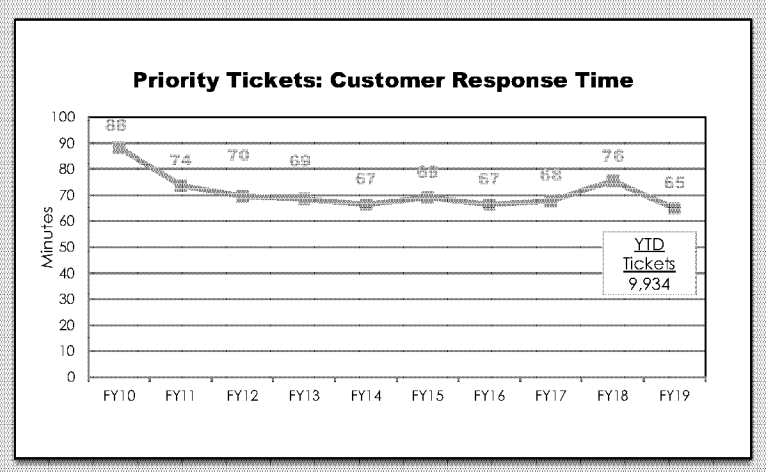
Water Pressure (minutes per month < 30 psi)
- Measured by 138 pressure monitoring stations in the distribution system. Pressure must be greater than 30 psi, and is expected to be greater than 50 psi. Regulatory requirements is minimum 20 psi.

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

Water/Wastewater System Update







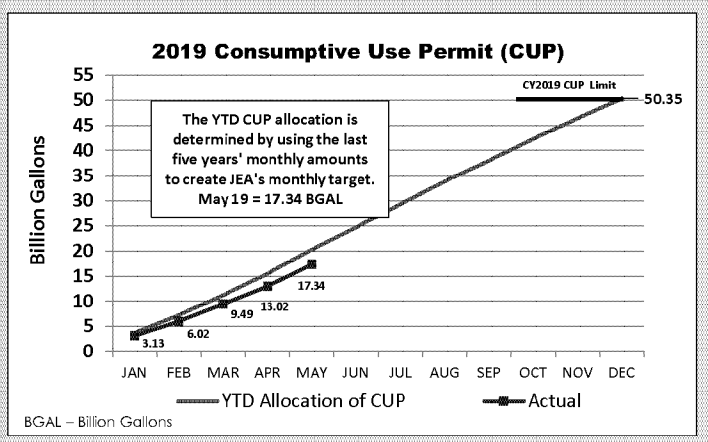
CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

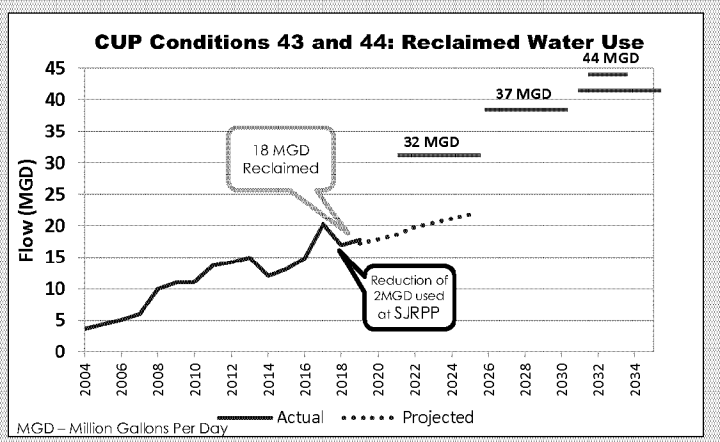
FY2019
Water System Consumptive Use Permit:
St. Johns River Water Management District CUP

YTD CUP Allocation
- The YTD CUP allocation is determined by using the last five years' monthly amounts to create JEA's monthly target
- May 2019 = 17.34 BGAL

Condition 18
- YTD average daily flow is 17% below CY limit of 138 MGD

Water/Wastewater System Update





CUP Condition 44: South Grid Wellfield Allocation Limits

	Permit Limit Post	Actuals					
Critical Wellfields	2014	2014	2015	2016	2017	2018	YTD 2019
Deerwood III	7.00	7.01	6.67	7.88	7.64	7.17	6.30
Ridenour	6.85	6.39	6.66	7.64	6.68	6.54	6.24
Oakridge	5.65	6.23	4.99	5.79	5.49	5.55	5.48
Greenland	4.53	1.53	4.27	4.16	3.99	4.18	4.07
Brierwood	3.02	4.53	2.84	3.36	2.98	2.43	2.64
Subtotal	*27.05*	*25.69*	*25.43*	*28.83*	*26.78*	*25.87*	*24.73*
Other Wellfields	23.18	20.92	22.07	24.12	21.85	20.48	21.55
Total South Grid	50.23	46.61	47.50	52.95	48.62	46.35	46.28
Total System ADF MGD	138	104	107	112	114	112	115

Compliance	Metric – CY Basis	2016	2017	2018	2019 Target	CY2019
Water	CUP Limits (MGD)	112 (131 limit)	114 (133 limit)	112 (135 limit)	138 limit	115
South Grid	Wellfield Allocation (MGD)	52.95 (<50.23 limit)	48.62 (<50.23 limit)	46.35 (<50.23 limit)	< 50.23 limit	46.28
Reclaim	Usage (MGD)	16	20	17	19	18

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FY2019
Wastewater System Environmental Compliance:

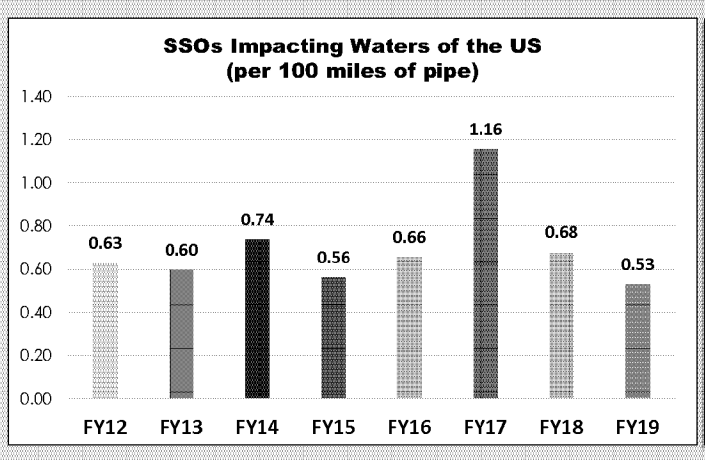
Sanitary Sewer Overflows (SSOs to US Waters)

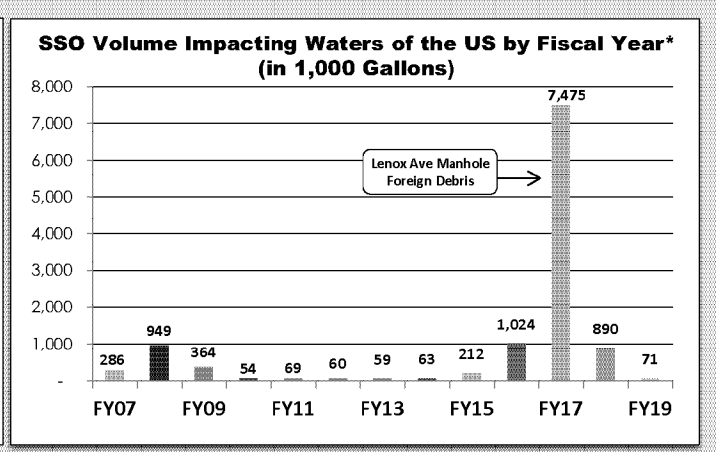
- FY04 – FY07: 54 per year average
- FY08 – FY18: 33 per year average
- 27 SSO's impacting US Waters during FY19

Nitrogen Discharge to St. Johns River

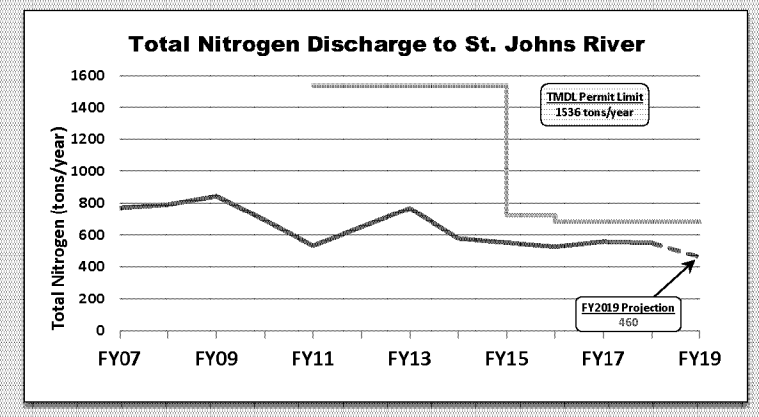
- Total Maximum Daily Load (TMDL) is 683 tons (rolling 12 month total)
- FY19 projection is 460 tons

Water/Wastewater System Update





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

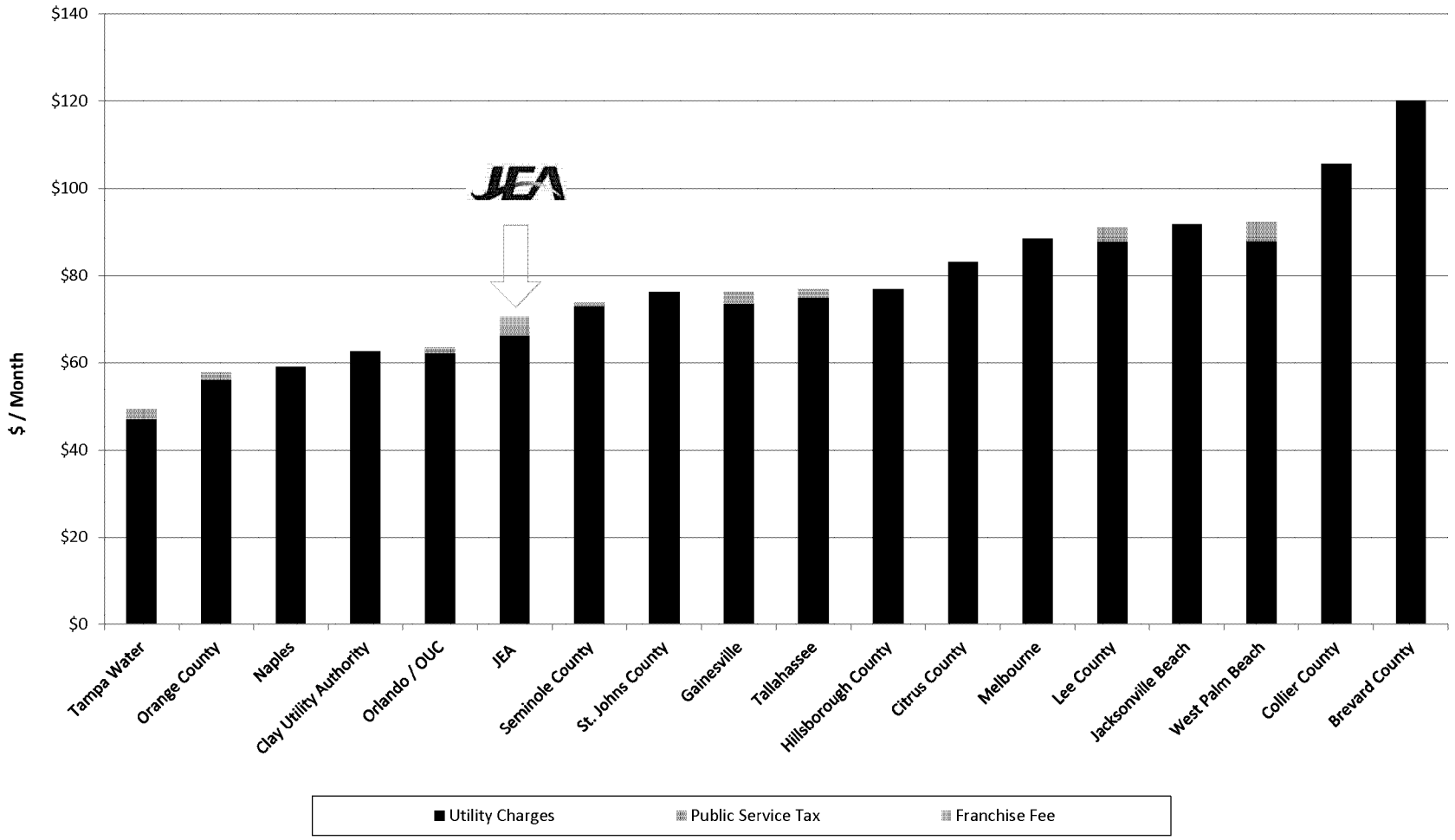


Compliance	Metric – CY Basis	2017	2018	2019 Target	FY2019
Sewer	Nitrogen (N) Tons – FY basis	527 (TMDL of 683*)	550 (TMDL of 683*)	616	287
Sewer	SSOs – US Waters (per 100 miles of pipe)	1.15	0.68	0.58	0.53

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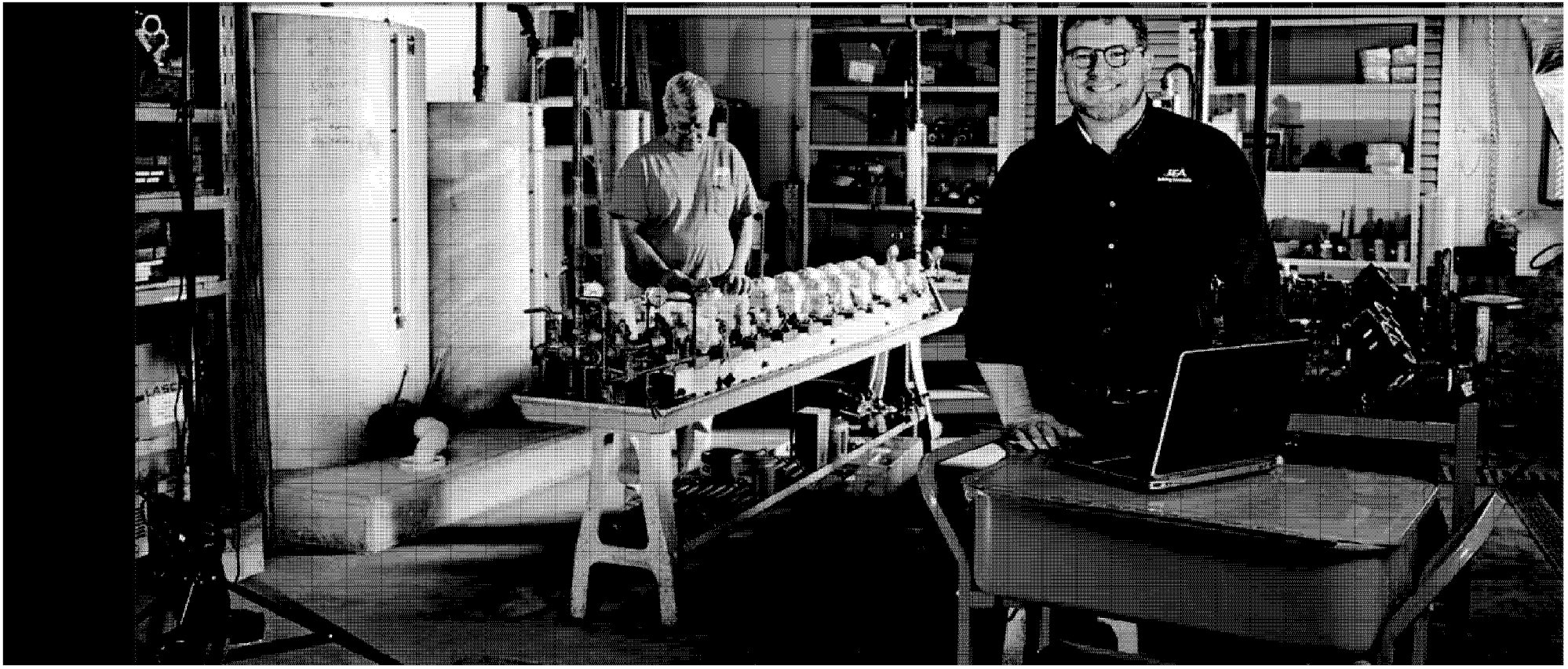
Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption
Residential Rates as of May 2019



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Safety Update



FY2019
Consolidated Safety Performance:

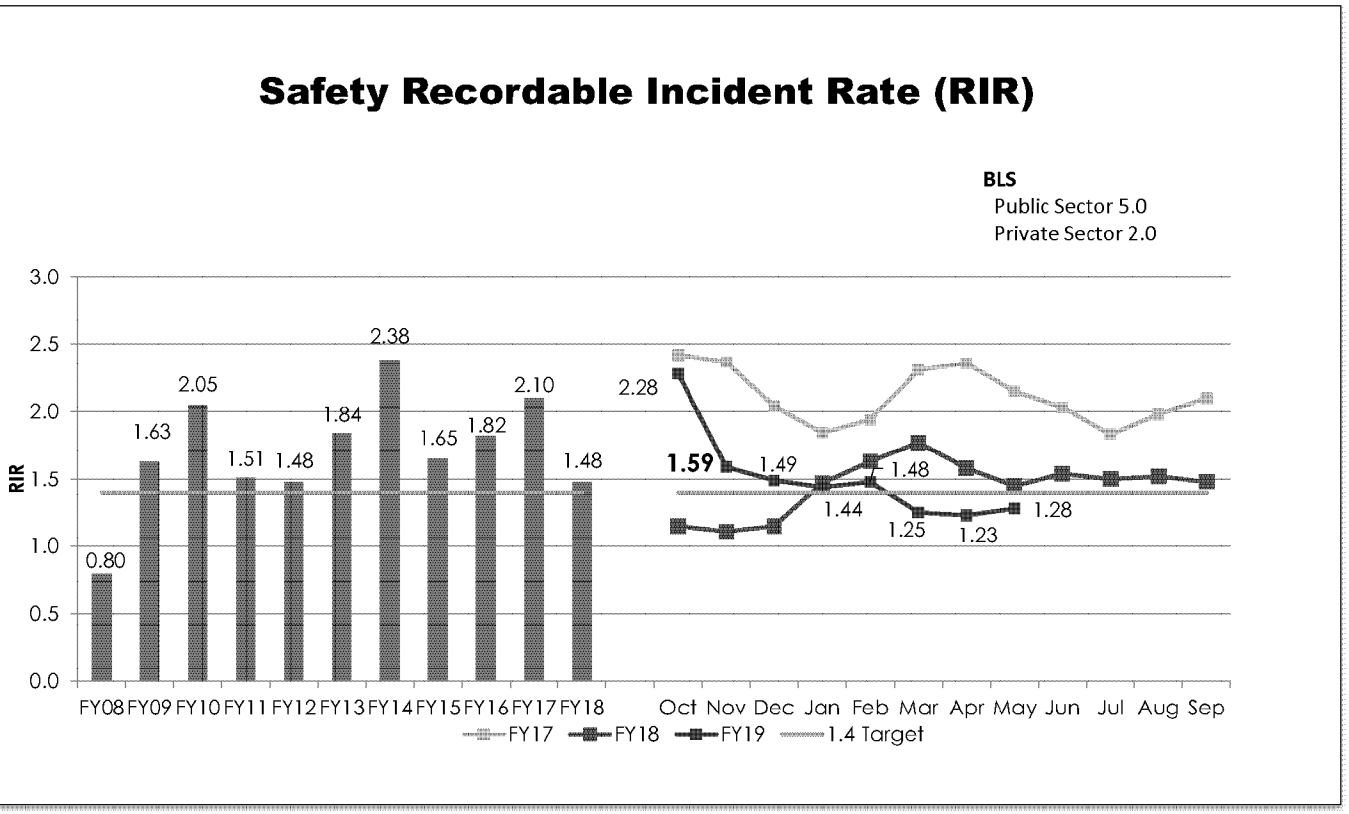
FY2018

- RIR = 1.48
- # of Recordables = 31

FY2019

- May Recordables = 3
- May Lost Time Incidents = 3
- Continuing to "Plan for Zero"
- Maintain focus on:
  - Complacency
  - Hand/Finger
  - 0-5 Year Employees
  - PPE Use
  - Strains, Sprains, Slip/Trip/Fall
  - Repeat Occurrences
  - Job Briefings
  - Training
- Industry Benchmark* RIR – 5.0
- APPA – 3rd Place, Group H CY 2018

Safety Update



Units	FY2017	FY2018	FY2019 Target	FY2019 YTD
Recordable Incident Rate (RIR)	2.10	1.48	1.40	1.28

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Customer Experience Update



Customer Experience Monthly Operations Scorecard

Customer Experience	FY2016	FY2017	FY2018	FY2019	Status
JDP Customer Satisfaction Index - Residential	2nd Q	1st Q	2nd Q	1st Q	
JDP Customer Satisfaction Index - Business	1st Q	1st Q	1st Q	3rd Q	
Overall First Contact Resolution Index	79.4%	79.4%	78.9%	79.9%	
Self Service Utilization	76.0%	79.6%	82.0%	83.1%	
Net Write-Offs	0.14%	0.15%	0.13%	0.14%	

Customer Experience Update

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FY19 Customer Satisfaction Goal

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

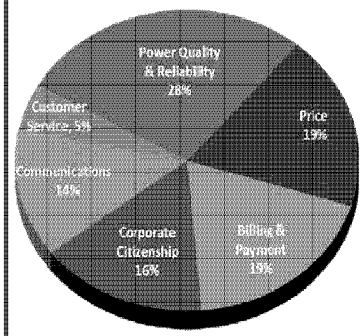
Residential (R)

FY17	FY18	Per 1	Per 2	Per 3	Per 4	YTD 19
1Q 747	2Q 737	2Q 750	1Q 765	1Q 754		1Q 756

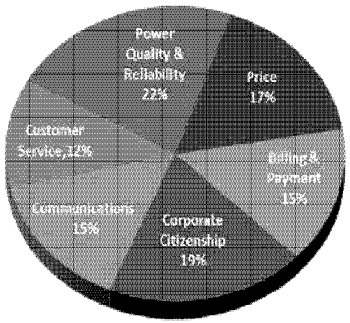
Business (B)

FY17	FY18	Per 1	Per 2	YTD 19
1Q 779	1Q 802	3Q 760		3Q 760

Residential



Business



FY19 Residential # of companies ranked: 142
FY19 Business # of companies ranked: 88

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

Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

Customer Service

	FY18		Per 1		Per 2		Per 3		Per 4	YTD 19	
R	2Q	788	1Q	849	1Q	818	2Q	824		1Q	830
B	1Q	843	2Q	811						2Q	811

Power Quality & Reliability

	FY18		Per 1		Per 2		Per 3		Per 4	YTD 19	
R	2Q	781	2Q	792	1Q	819	2Q	798		1Q	803
B	1Q	823	3Q	795						3Q	795

Empower Customers to Make Informed Decisions

Billing & Payment

	FY18		Per 1		Per 2		Per 3		Per 4	YTD 19	
R	2Q	794	2Q	811	1Q	823	2Q	798		1Q	811
B	1Q	844	3Q	803						3Q	803

Communication

	FY18		Per 1		Per 2		Per 3		Per 4	YTD 19	
R	1Q	696	2Q	695	1Q	728	1Q	707		1Q	710
B	1Q	796	3Q	728						3Q	728

Price

	FY18		Per 1		Per 2		Per 3		Per 4	YTD 19	
R	2Q	675	1Q	706	1Q	702	1Q	707		1Q	705
B	1Q	760	2Q	722						2Q	722

Demonstrate Community Responsibility

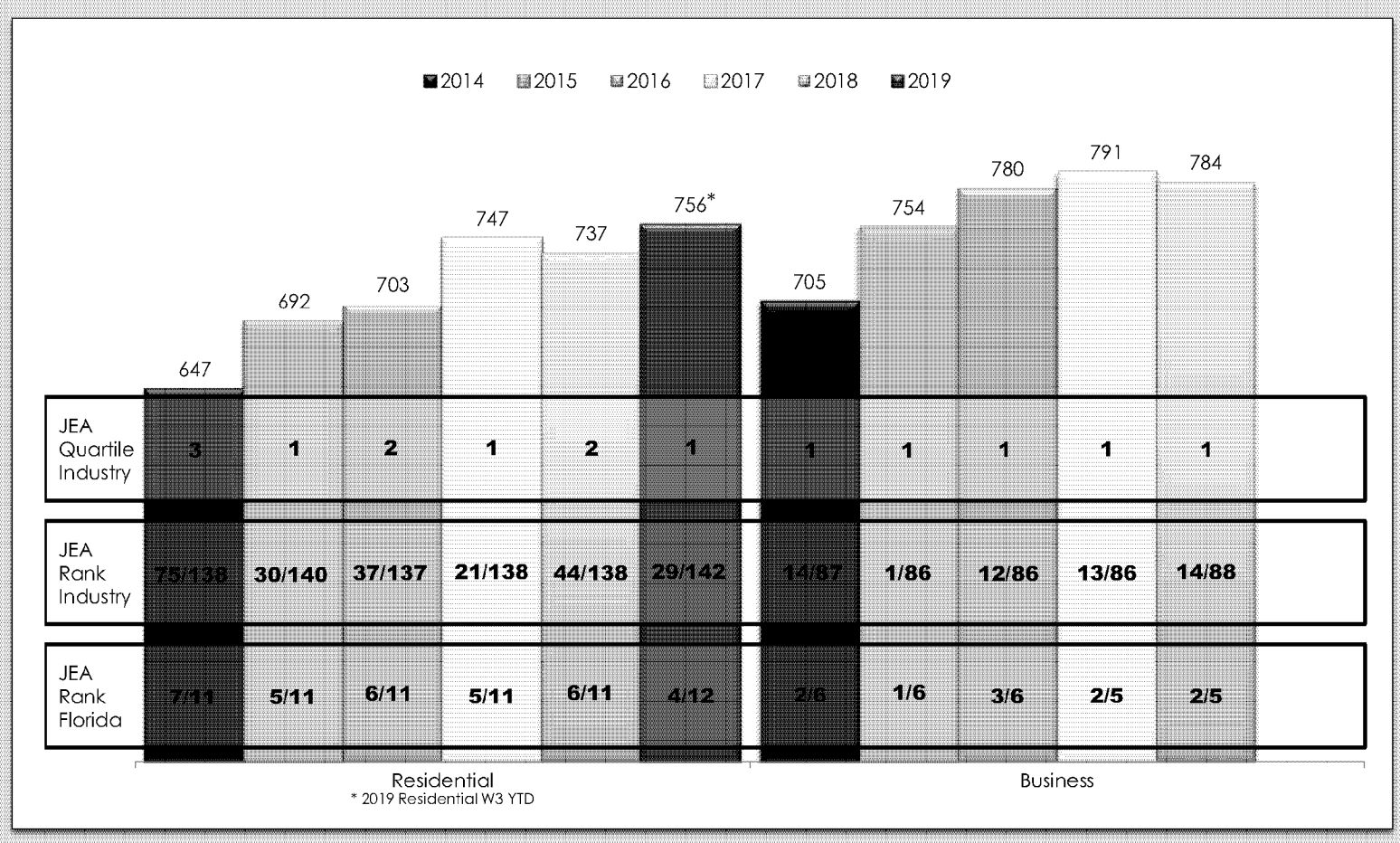
Corporate Citizenship

	FY18		Per 1		Per 2		Per 3		Per 4	YTD 19	
R	2Q	684	2Q	682	2Q	697	1Q	698		2Q	692
B	1Q	765	3Q	721						3Q	721

Customer Experience

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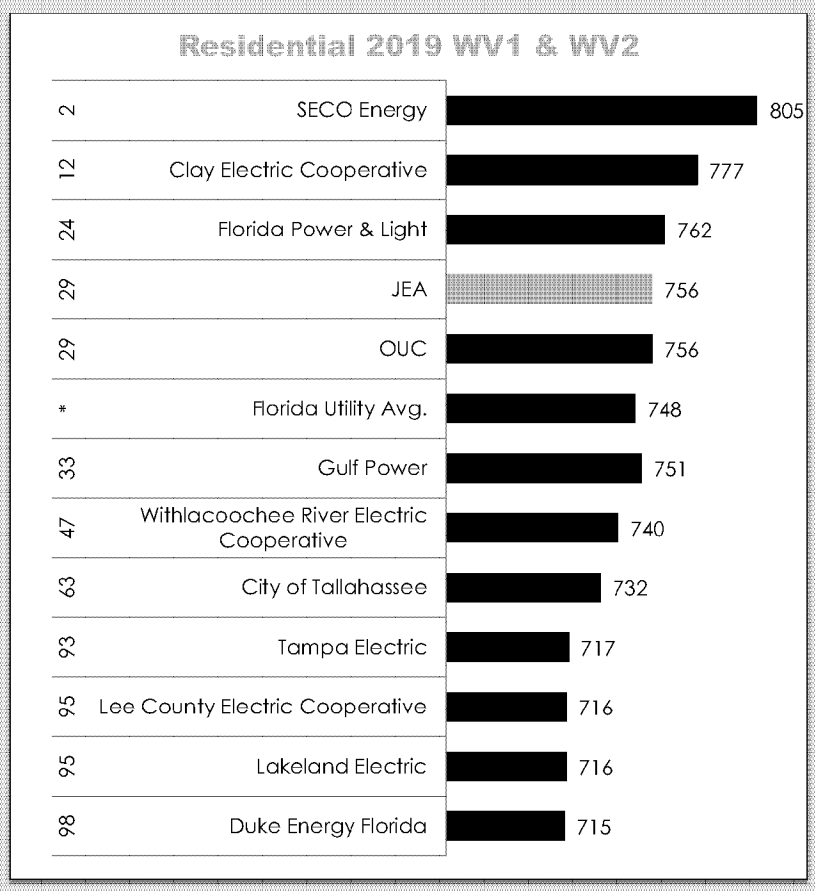
Customer Satisfaction Index Scores

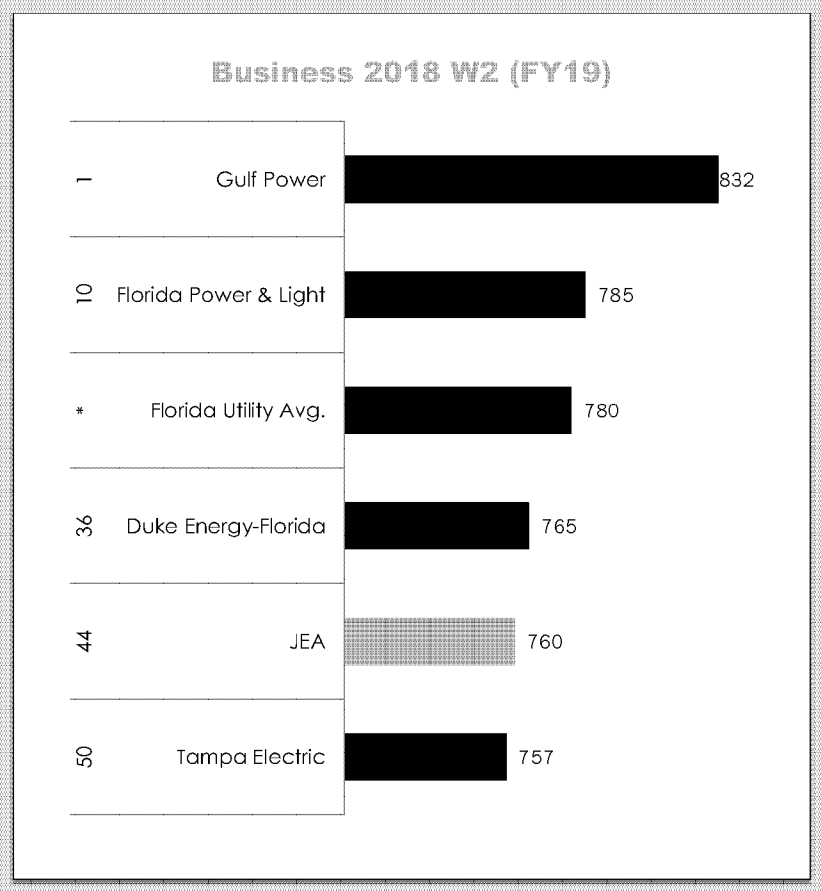


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Customer Satisfaction Index Score

Florida Utilities





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Customer & Community Engagement Overview and Update
May FY19

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

Customer Communications

Power of One Campaign Launch
The month of May launched a special campaign aimed at educating the community of JEA's purpose, which is to improve lives through ongoing innovation. Through a series of television commercials, radio spots and social media engagement efforts, the dynamic campaign emphasized the passion and commitment of JEA to use the power of one—and powerfully revealed that if one person, with one idea, can make one difference—imagine what we can all do together.

Protecting the Environment through Innovation
JEA used the platform of our May bill insert to remind customers of our commitment to protecting the environment and improving lives through innovation. Through this method, we emphasized the continued expansion of solar and renewable energy sources, keeping our water supply safe and the rebates offered by JEA for the use of electric lawn equipment, that helps reduce waste and conserve natural resources.

Watering Tips
In May, with near-record high temperatures and very little rain, we reminded the public of the importance of conserving water in and around their homes through television and radio promotions. JEA also offered practical tips to preserve our most precious natural resource at jea.com and through social media channels.

Community Engagement
JEA employees participated in numerous Ambassador events and Volunteer activities throughout the month of May. Ambassadors participated in 101 activities and volunteers served 809 hours in the community.

JEA Ambassadors
May was a busy month for Ambassadors through participation in several community events including Orange Park Touch a Truck, Youth Leadership Academy Career Fair, Holiday Hills Elementary Career Fair and Rufus Payne Career Day. Ambassadors began new sessions of JEA Power Pals at the Tiger Academy, Kite Elementary and Smart Pope Livingston Elementary Schools and participated in the Greenland Pines School Takeover with Junior Achievement.

Facility tours were conducted for staff of the Department of Homeland Security and residents who live near the McMillan Road Pump Station.

Employee Volunteerism
In May, 166 JEA employees volunteered 809 hours in the community, connecting with customers and assisting with numerous nonprofit projects and activities. From volunteering at the Arts for All Festival, Stamp Out Hunger with Farm Share, 25th Annual Miracle on Ashley Street, JEA employees gave generously of their time and talents to benefit our community.

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JEA employees also volunteered time at USO No Dough Dinner, Farm Share, Catty Shack Ranch, Cathedral Terrace Café, HabiJax Builds, Callahan Food Distribution, Catholic Charities Food Pantry, Feeding NE FL Food Bank, and Eden Gardens.

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

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JEA Community Engagement Calendar - May - July 2019

Date	Event/Activity	Location	Time	Type
May-19				
5/1/2019	Deusche Bank Earth Day	5022 Gate Parkway	10am	Ambassador Event
5/1/2019	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
5/2 - 5/3/2019	Arts4All Fest	Cummer Art & Gardens	8am	Volunteer Activity
5/2/2019	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructors
5/2 - 5/3/2019	Catty Shack Team Activity	Starratt Rd.	10am	Volunteer Activity
5/3/2019	Rufus Payne Elem. Career day	6025 Hema Rd	9am	Ambassador Event
5/4/2019	Eden Gardens	9179 Gardens St.	8am	Volunteer Activity
5/6/2019	USO No Dough Dinner	2560 Mayport Rd.	10am	Volunteer Activity
5/7 - 5/8/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity
5/7/2019	JEA Power Pals	Kite Elem.	9:30am	Ambassador Instructors
5/8/2019	BEAM Food Bank	6th Ave.	1pm	Volunteer Activity
5/8/2019	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
5/9/2019	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructors
5/10/2019	Matthew Gilbert Middle Career Fair	1424 Franklin St	9:30am	Ambassador Event
5/11 - 5/17/2019	Stamp Out Hunger with Farm Share	1502 Jessie St.	9am	Volunteer Activity
5/11/2019	GreenRelief Tree Planting	Camp Deep Pond	8am	Ambassador Event
5/13/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30PM	Volunteer Activity
5/13/2019	JEA Power Pals	Henry Kite Elem.	9:30am	Ambassador Instructors
5/14/2019	Catty Shack Team Activity	Starratt Rd.	10am	Volunteer Activity
5/14/2019	r Achievement School Takeove	Greenland Pines Elem.	8:30am	Ambassador Instructors
5/14/2019	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
5/15/2019	Tree Circus	DCPS	9am	Ambassador Event
5/15/2019	Bulls Bay Preserve Trail Maintenance	8017 Old Plank Rd., JAX, 32220	8am	Volunteer Activity
5/15/2019	Normandy Village Elem. Career Day	8257 Herlong Rd.	9am	Ambassador Event
5/16/2019	Medtronic Resource Fair	Medtronic Offices	10am	Ambassador Event

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JEA Community Engagement Calendar - May - July 2019

Date	Event/Activity	Location	Time	Type
5/16/2019	Black Hammock Island Trail Maintenance	15770 Sawpit Rd., JAX, 32226	8am	Volunteer Activity
5/16/2019	JEA Power Pals	Tiger Academy	1pm	Ambassador Instructors
5/16/2019	St Clair Evans Career Fair	5443 Moncrief Rd	9am	Ambassador Event
5/17/2019	Catty Shack	Starratt Rd.	10am	Volunteer Activity
5/17/2019	25th Annual Miracle on Ashley Street	Ashley St.	10am	Volunteer Activity
5/17/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
5/17/2019	Twin Lakes Elem. Career Fair	8000 Point Meadows Dr.	9am	Ambassador Event
5/17/2019	Julington Creek HOA Tour	Julington Creek Plant	3pm	Ambassador facility Tour
5/18/2019	FCNMHP Pet Food Bank	Cassat Ave.	8am	Volunteer Activity
5/18/2019	Wild Amelia Nature Festival	Omni Amelia Island	9am	Volunteer Activity
5/18/2019	Eden Gardens	9179 Gardens St.	9am	Volunteer Activity
5/18/2019	Clay County Touch a Truck	Orange Pk Mall	9am	Ambassador Event
5/18/2019	Panama Park Neighborhood Fair	6912 Buffalo Ave	5pm	Ambassador Event
5/20/2019	USO No Dough Dinner	2560 Mayport Rd.	10am	Volunteer Activity
5/20/2019	JEA Power Pals	Henry Kite Elem.	9:30am	Ambassador Instructors
5/20/2019	North Shore Elem. 1 Hour Power Pals	5801 Silver Plaza	12pm	Ambassador Instructors
5/20/2019	Sheffield Elem. Career Fair	Sheffield Elem.	8am	Ambassador Event
5/22/2019	Salvation Army Food Pantry	West Adams St.	8am	Volunteer Activity
5/22/2019	Riverside Park Apts.	750 Oak St.	2pm	Ambassador Speakers
5/22/2019	Holiday Hills Elem. Career Fair	6900 Altama Rd	9am	Ambassador Event
5/22/2109	Ortega Elem. Career Fair	4010 Baltic St	9am	Ambassador Event
5/22/2019	Hyde Grove Elem. Career Fair	2056 Lane Ave.	8am	Ambassador Event
5/22/2019	Riverside Pk Apartments	750 Oak St.	2pm	Ambassador Speakers
5/22/2019	Kings Trail Elem. Career Fair	5351 Trout River Blvd.	8am	Ambassador Event
5/23/2019	Eden Gardens	9179 Gardens St.	8am	Volunteer Activity
5/23 - 5/24/2019	USO Food Pantry	2560 Mayport Rd.	9am	Volunteer Activity

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JEA Community Engagement Calendar - May - July 2019

Date	Event/Activity	Location	Time	Type
5/23/2019	Chimney Lakes Elem. Career Fair	9353 Staplea Mills Dr.	8:30am	Ambassador Speaker
5/24 - 5/26/2019	Jacksonville Jazz Fest.	Downtown	Multiple Shifts	Volunteer Activity
5/24/2019	Tiger Academy Career Day	6079 Bagley Rd.	8:30am	Ambassador Event
5/24/2019	Chimney Lakes Elem. Career Fair	9353 Staplea Mills Dr.	9am	Ambassador Speaker
5/24/2019	Youth Leadership Academy	900 Acorn Ave	9am	Ambassador Event
5/24/2019	JEA Power Pals	SP Livingston Elem.	1pm	Ambassador Instructors
5/29 - 5/30/2019	PACE Center for Girls	University Blvd.	9am	Volunteer Activity
5/30/2019	Cathedral Terrace Café	Newnan St.	11am	Volunteer Activity
5/30/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
5/30/2019	McMillian Pump Station Community Meeting	McMillian Pump Station	6pm	Ambassador Event
5/31/2019	Jacksonville Arboretum & Gardens	Millcoe Rd.	8am	Volunteer Activity
5/31/2019	Recovered Treasures	Normandy Blvd.	10am	Volunteer Activity
5/31/2019	HabiJax Builds	Hubbard St.	7:30am	Volunteer Activity
Jun-19				
6/1/2019	National Trails Day	Cedar Creek Preserve	8:30am	Volunteer Activity
6/1/2019	Eden Gardens	9179 Gardens St.	8am	Volunteer Activity
6/3/2019	S Bryan Jennings Career fair	215 Corona Dr.	10am	Ambassador Event
6/6/2019	South Dist. Youth Conference	Wayman Chapell - Labelle St	10am	Ambassador Speakers
6/7/2019	VA Resource Fair	1536 Jefferson St	10am	Ambassador Event
6/8/2019	Annual Housing & Resource Expo	5310 Lenox Ave.	10am	Ambassador Event
6/10/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30pm	Volunteer Activity
6/12/2019	Tote Maritime Safety Fair	10401 Deerwood Pk. Blvd.	12pm	Ambassador Event
6/13/2019	Recovered Treasures	Normandy Blvd.	10am	Volunteer Activity
6/13/2019	Jacksonville Zoo	Zoo Blvd.	9am	Volunteer Activity
6/14/2019	COJ Men's Health Fair	Legends Center 5050 Soutel Dr.	10am	Ambassador Event

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JEA Community Engagement Calendar - May - July 2019

Date	Event/Activity	Location	Time	Type
6/14/2019	Groundworks Jax	Main St Lab Tour	9am	Ambassador facility Tour
6/15/2019	Eden Gardens	9179 Garden St.	9am	Volunteer Activity
6/15/2019	Military & Veterans Expo	UNF Conference Center	9am	Ambassador Event
6/20/2019	ARC Summer Program	3601 Kernan Blvd.	10am	Ambassador Speaker
6/19 - 20/2019	National Community Dev. Conference	Omni Hotel	8am	Ambassador Event
6/20/2019	Farm Share	1502 Jessie St.	9am	Volunteer Activity
6/20/2019	ReStore with HabiJax	Beach Blvd.	9:30am	Volunteer Activity
6/21/2019	Salvation Army Food Pantry	800 West Adams	8am	Volunteer Activity
6/21/2019	STEM Conference	UNF Conference Center	9am	Ambassador Event
6/21/2019	Girls Inc. Career fair	900 Acorn St.	12pm	Ambassador Event
6/21/2019	R E Lee Summer Camp	Main St Lab Tour	9am	Ambassador facility Tour
6/24/2019	Callahan Food Distribution	Nassau County Extension Ofc.	12:30pm	Volunteer Activity
6/24/2019	USO No Dough Dinner	2560 Mayport Blvd.	10am	Volunteer Activity
6/25 - 6/26/2019	USO Food Pantry	2560 Mayport Blvd.	9am	Volunteer Activity
6/26/2019	Communities in Schools	Main St Lab Tour	10am	Ambassador facility Tour
6/27/2019	Deusche Bank Technology Day	5022 Gate Parkway	10am	Ambassador Event
6/27/2019	Cathedral Terrace Café	602 Ocean St.	11am	Volunteer Activity
6/27/2019	Eden Gardens	9179 Garden St.	8am	Volunteer Activity
6/28/2019	Feeding NE FL Food Bank	Edgewood Ave.	8:30am	Volunteer Activity
6/28/2019	Jax Parks Bullsbay Preserve	8017 Old Plank Rd.	8am	Volunteer Activity
Jul-19				
7/5/2019	Annual July 5th Beaches Cleanup	Jacksonville Beach next to Lifeguard Station	7:30am	Volunteer Activity
7/10 - 7/14/2019	FCNMHP Mega Adoption	Jacksonville Fairgrounds	multiple shifts	Volunteer Activity
7/11/2019	Barkin' Biscuits	Berry Good Farms	9am	Volunteer Activity
7/11/2019	YMCA Thingamajig	Prime Osborn	9am	Ambassador Event
7/11/2019	ARC Jax	3601 Kernan Blvd	10am	Ambassador Speaker
7/12/2019	Jacksonville Zoo	Zoo Blvd.	9am	Volunteer Activity
7/12/2019	Recovered Treasures	Normandy Blvd.	10am	Volunteer Activity

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA Community Engagement Calendar - May - July 2019

Date	Event/Activity	Location	Time	Type
7/12/2019	Hope at Hand	3886 Atlantic Blvd.	11am	Volunteer Activity
7/12/2019	Jr Achievement Day of the Girl	UNF	9am	Ambassador Event
7/19/2019	PACE Center Career fair	2933 University Blvd. N	8:30am	Ambassador Event

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

Building Community

INTER-OFFICE MEMORANDUM
June 3, 2019

SUBJECT:	**PROPOSED FY2020 OPERATING AND CAPITAL BUDGETS**
FROM:	Aaron F. Zahn, Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
Annually, after the JEA Board's review and action, JEA staff recommends transmitting the Energy System, Water and Wastewater System, and District Energy System operating and capital budgets to the Jacksonville City Council for final action. By law, JEA must submit its proposed budget to the City Council by July 1, 2019.

DISCUSSION:
At the March 2019 and May 2019 Finance and Audit Committee meetings, staff presented key strategic initiatives and major budget assumptions for the FY2020 operating and capital budgets. Budget assumptions include: no rate adjustments for Energy or Water and Wastewater systems and financial metrics that are within Pricing Policy goals. The proposed budgets include considerable internal funding for the capital program in an effort to support the "pay-go" philosophy for all recurring capital expenditures. The proposed budgets address the new strategic initiatives of developing an adaptive culture, aligning to a pervasive commitment to profitability and value, de-risking the business, and becoming a platform for customer choice. In addition, the budget includes a record high contribution to the City of Jacksonville General Fund in the amount of $118.8 million. The operating and capital budget schedules that will be transmitted to the City Council upon JEA Board approval are attached as Schedules A and B. As required by the City of Jacksonville, JEA transmits its Five-Year Capital Improvement Program during the annual budget process, which is attached as Schedule C.

The proposed budgets include the following:

1. Consolidated Operating Budget and Capital Budget Schedules
   The proposed budgets include considerable internal funding for the capital program in an effort to support the "pay-go" philosophy for all recurring capital expenditures.

2. Energy System
   There are no planned rate increases in FY2020. The FY2020 operating budget includes a $36.8 million decrease from FY2019. Budget assumptions include an $11.9 million decrease in Fuel and Purchased Power along with stable Non-Fuel Purchased Power. Debt service decreased $65.6 million from FY2019, mostly due to the execution of Phase 1 of the Strategic and Timely Asset Realignment (STAR) plan.

3. Water and Wastewater System
   There are no planned rate increases in FY2020. The FY2020 operating budget includes a $33.9 million decrease from FY2019. Operating revenues and expenses have decreased due to an estimated lower budgeted volume of sales for the Water, Wastewater, and Reclaimed Water

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Systems. Debt service has decreased $41.6 million from FY2019. This is also in part due to the successful execution of the aforementioned STAR plan.

4. Government Transfers
   The budget includes a record high contribution to the City of Jacksonville General Fund in the amount of $118.8 million.

5. Regulatory Accounting
   In connection with the Pricing Policy, the budget was prepared using the Utility Basis, resulting in the inclusion of regulatory accounting items such as Pension, Demand-side Management (DSM)/ Conservation, Debt Management, Environmental, Fuel, Purchased Power and the Self-Funded Health Plan.

On January 5, 2018 the St. Johns River Power Park (SJRPP) was decommissioned. The JEA Board will continue to approve the annual operating budget for JEA's ownership interest in SJRPP. The SJRPP budget is not approved by the City Council. Schedule D, attached, summarizes JEA's share of the proposed FY2020 operating budget for SJRPP, which includes debt service costs.

JEA owns a 23.64 percent interest in Unit 4 of the Robert W. Scherer Electric Generating Plant (Scherer Unit 4). As with SJRPP, JEA's share of the operating and capital budgets for this unit is a component of the JEA Energy System fuel and purchased power expense. Decisions regarding the operation of Unit 4 are made by majority vote of the co-owners. The JEA Board approves JEA's share of the annual budget for Scherer Unit 4, but the City Council does not review or approve the Plant Scherer budget. Schedule D, attached, summarizes JEA's share of the FY2020 operating and capital budgets for Plant Scherer. Note that this budget is subject to approval by the other co-owners.

RECOMMENDATION:

Staff recommends the Board:

(1) approve the proposed operating and capital budgets as shown on Schedules A, B, and C (attached), authorize staff to transmit the recommended budgets to the Jacksonville City Council for final action, and transmit the Five-Year Capital Improvement Program (Schedule C) as required by the Jacksonville City Planning Department, and

(2) approve JEA's share of the SJRPP and Plant Scherer operating and capital budgets as shown on Schedule D (attached), and

(3) authorize the Managing Director/CEO to adjust the budget approved by the Board of Directors and submitted to Council, if necessary, within the total approved budget amounts for each system.

Aaron F. Zahn, Managing Director/CEO

AFZ/RFW/KMQ

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JEA

Proposed FY2020 Budget

June 25, 2019

Board of Directors Meeting

FY2020 Budget Snapshot

Energy System

Revenue	FY2020B	FY2019B	Δ	FY19F
(in millions)	$1,250	$1,286	($36)	$1,194^

Unit Sales Growth
- 2.8% decrease to system sales from FY2019B to properly align sales with accurate growth assumptions and trends
- 5.0% weather contingency

COJ Transfer	FY07	FY17	FY18	FY19F	FY20P
Total ($ in millions)	$121	$192	$195	$195	$195

O&M Expenses

Increases by $47.2m or 20.2% versus prior year's budget
- Includes bargaining unit step increases per contractual agreements and estimated general increases.
- Includes funding for strategic initiatives and enterprise asset management

Capital (millions)	FY19F	FY20*	FY21	FY22
Depreciation	$194	$193	$203	$211
Expenditures	$275	$261	$349	$409

Funding	FY19F	FY20*
R&R	$64	$64
OCO	$108	$177
Prior	$103	$20
Debt	$0	$0
	$275	$261

*FY20 Budget Includes 10% contingency

Metrics	FY20B	Pricing Policy
Coverage	3.9x	≥ 2.2x
Debt to Asset	53%	≤ 60%
Days of Liquidity	270	150-250 days
Total Debt	$2.06bn	--
Change in Debt	($236m)	--

Water/Wastewater System

Revenue	FY2020B	FY2019B	Δ	FY19F
(in millions)	$494	$528	($34)	$502^

Unit Sales Growth
- 4.7% unit sales reduction to properly align sales with accurate growth assumptions and trends
- 5.0% weather contingency

COJ Transfer	FY07	FY17	FY18	FY19F	FY20P
Total ($ in millions)	$27	$49	$50	$50	$51

O&M Expenses

Increases by $23.8m or 14.7% versus over prior year's budget
- Includes bargaining unit step increases per contractual agreements and estimated general increases.
- Includes funding for strategic initiatives and increased benefit costs

Capital (millions)	FY19F	FY20*	FY21	FY22
Depreciation	$144	$145	$151	$156
Expenditures	$198	$260	$249	$254

Funding	FY19F	FY20*
R&R	$24	$25
OCO/Capacity	$150	$165
Environmental	$14	$14
Prior	$10	$56
Debt	$0	$0
	$198	$260

*FY20 Budget Includes 10% contingency

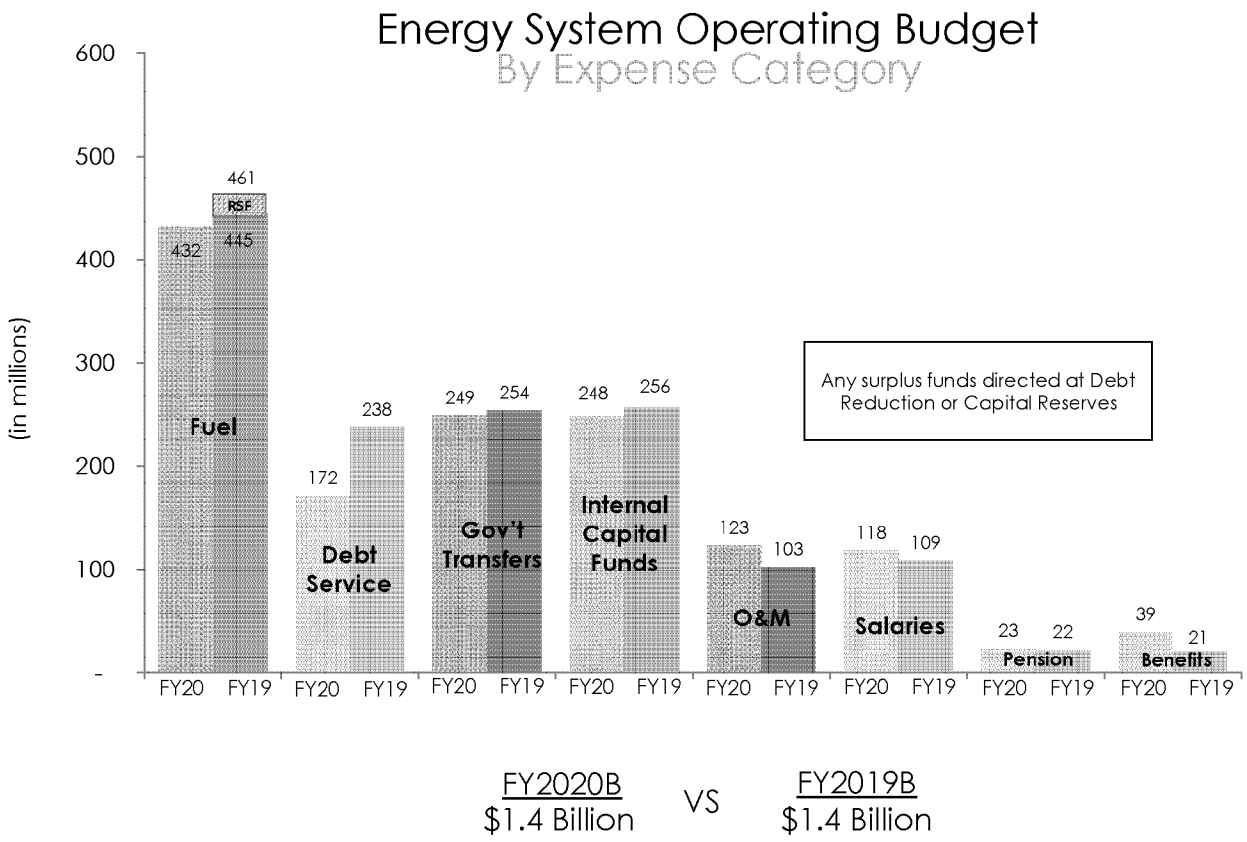
Metrics	FY20B	Pricing Policy
Coverage	4.3x	≥ 1.8x
Debt to Asset	43.4%	≤ 50%
Days of Liquidity	280	--
Total Debt	$1.38bn	--
Change in Debt	($148m)	--

^Does not include $100m debt defeasance for the Energy System or $95m for the Water and Sewer System

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FY2020 Budget: Energy System Operating Budget

- Fuel includes Scherer transmission and capacity expenses
- SJRPP and Scherer non-fuel purchased power expenses included in Debt Service and Internal Capital. Scherer also included in O&M
- O&M Salaries, Benefits, and Pension are net of capital
- FY2020 O&M includes $1M Natural Gas retail sale operations
- Internal Capital Funds include JEA Energy System R&R and OCO, SJRPP R&R, and Scherer R&R, no new debt is required
- FY2020 Debt Service decrease reflects debt restructuring in FY2017 and the STAR plan defeasance of $100m in debt in February 2019, approximately $5m of which impacts FY2020
- Internal capital funds for FY2020 are greater than annual depreciation but less than the estimated capital budget for FY20 of $261m
- Any surplus funds directed at debt reduction or capital reserves

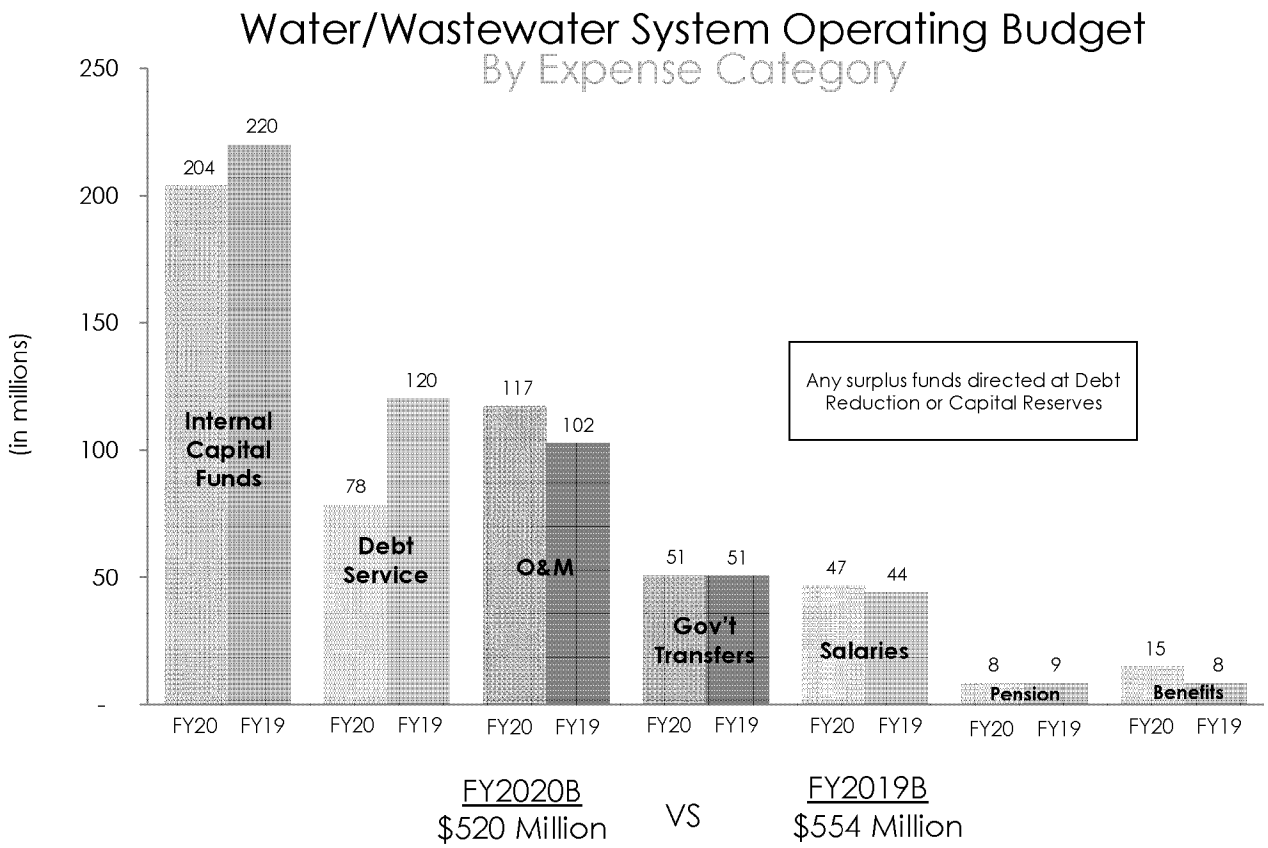


FY2020B $1.4 Billion VS FY2019B $1.4 Billion

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FY2020 Budget: Water/Wastewater System Operating Budget

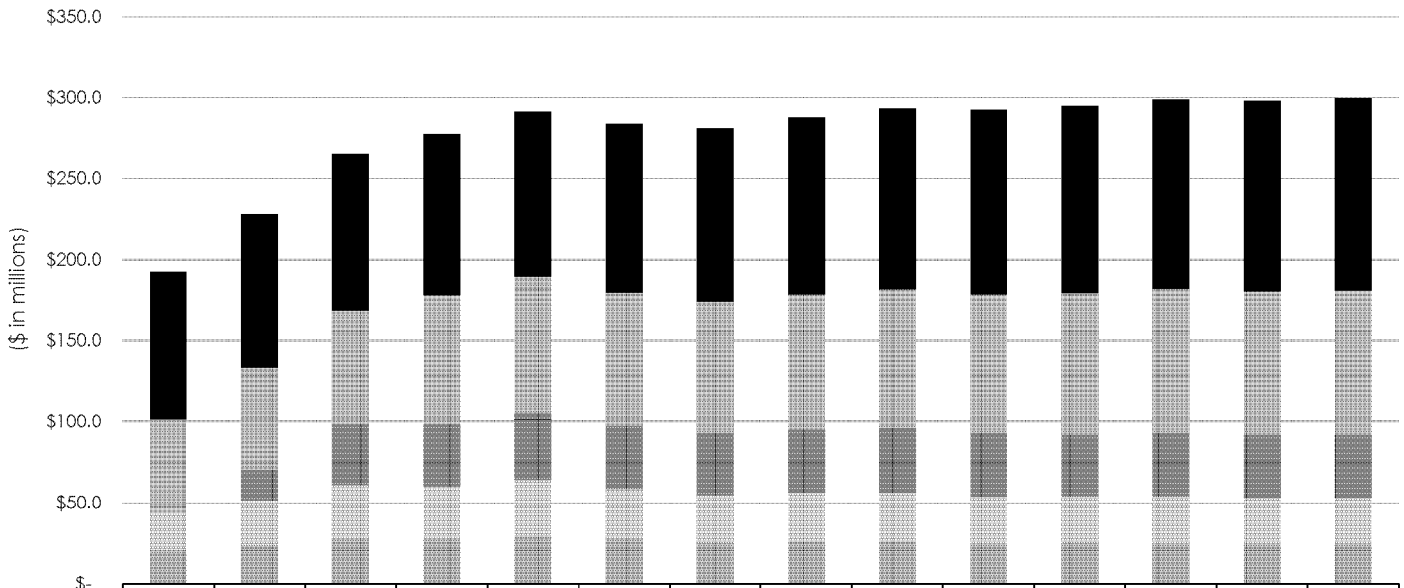
- Government Transfers include City Contribution, COJ Public Service Tax, and COJ Franchise Fee
- O&M Salaries, Benefits, and Pension are net of capital
- The FY2020 capital program is partially funded by $204m in internal capital funds
- FY2020 Debt Service decrease reflects the STAR plan defeasance of $95m in debt in February 2019, approximately $41m of which impacts FY2020
- Internal capital funds for FY2020 are greater than annual depreciation but less than the estimated capital budget for FY2020 of $260m
- Any surplus funds directed at debt reduction or capital reserves



CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

FY2020 Budget
Government Transfers Via the JEA Bill

- Paid to COJ:
  - City Contribution
  - Public Service Tax
  - City Franchise Fee
- Paid to State of Florida:
  - Gross Receipt Tax
- Paid to COJ & State:
  - Sales Tax
- JEA transfers to the City of Jacksonville have increased to $246 million
- FY2020 shows a 55.4% increase in total contributions as compared to FY2007
- The City Contribution Agreement has been extended through FY2023



	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19F	FY20
City Contribution	$91.4	$94.2	$96.7	$99.2	$101.7	$104.2	$106.7	$109.2	$111.7	$114.2	$115.8	$116.6	$117.6	$118.8
Public Service Tax	$56.9	$63.6	$70.5	$79.7	$84.2	$81.8	$80.9	$83.1	$85.6	$85.8	$86.9	$89.1	$88.1	$88.5
City Franchise Fee	$-	$18.3	$37.5	$38.6	$41.7	$39.3	$38.1	$39.0	$39.4	$38.9	$38.3	$39.0	$38.6	$38.8
Gross Receipt Tax	$23.7	$27.6	$32.1	$31.7	$34.1	$30.8	$29.3	$30.2	$30.2	$29.2	$28.4	$29.2	$28.8	$28.7
Sales Tax	$20.6	$24.1	$28.5	$28.1	$29.7	$27.7	$25.8	$26.1	$26.4	$24.5	$25.6	$25.1	$24.8	$24.7
Totals	$192.7	$227.8	$265.4	$277.2	$291.4	$283.7	$280.8	$287.5	$293.3	$292.6	$295.0	$299.0	$297.9	$299.5

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FY2020 Budget Timeline

Next Step Action Items

JEA Staff recommends the Board:

- Approve the proposed operating and capital budgets for FY2020, authorize staff to transmit the recommended budgets to the Jacksonville City Council for final action by July 1,2019 and transmit the Five-Year Capital Improvement Program as required by the Jacksonville City Planning Department
- Approve JEA's share of the SJRPP and Plant Scherer operating and capital budgets
- Authorize the Managing Director/CEO to adjust the budget approved by the Board of Directors and submitted to Council, if necessary, within the total approved budget amounts for each system

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
CONSOLIDATED OPERATING BUDGET
FISCAL YEAR 2020

	Energy System	Water & Wastewater System	District Energy System	Total
FUEL RELATED REVENUES & EXPENSES:				
FUEL REVENUES:	$ 410,912,768	$ -	$ -	$ 410,912,768
Total Net Revenues	$ 410,912,768	$ -	$ -	$ 410,912,768
FUEL EXPENSES:				
Fuel & Purchased Power	$ 410,912,768	$ -	$ -	$ 410,912,768
FUEL SURPLUS/(DEFICIT)	$ -	$ -	$ -	$ -
BASE RELATED REVENUES & EXPENSES				
BASE OPERATING REVENUES:				
Base Rate Revenues	$ 791,145,587	$ 423,697,334	$ 9,044,699	$ 1,223,887,620
Environmental Charge Revenue	7,814,100	27,039,600	-	34,853,700
Conservation Charge & Demand Side Revenue	768,600		-	768,600
Other Revenues	26,509,115	11,806,041	-	38,315,156
Natural Gas Pass Through Revenue	1,000,000	-	-	1,000,000
Total Base Related Revenues	$ 827,237,402	$ 462,542,975	$ 9,044,699	$ 1,298,825,076
BASE OPERATING EXPENSES:				
Operating and Maintenance	$ 269,858,935	$ 180,791,924	$ 5,164,460	$ 455,815,319
Environmental	7,814,100	4,828,763	-	12,642,863
Conservation & Demand-side Management	7,173,600	-	-	7,173,600
Natural Gas Pass Through Expense	960,991	-	-	960,991
Non-Fuel Purchased Power	73,738,390	-	-	73,738,390
Non-Fuel Uncollectibles & PSC Tax	1,399,517	540,884	-	1,940,401
Emergency Reserve	5,000,000	1,000,000	-	6,000,000
Total Base Related Expenses	$ 365,945,533	$ 187,161,571	$ 5,164,460	$ 558,271,564
BASE OPERATING INCOME:	**$ 461,291,869**	**$ 275,381,404**	**$ 3,880,239**	**$ 740,553,512**
NON-OPERATING REVENUE:				
Investment Income	11,378,365	4,308,356	-	15,686,721
Transfer To/From Fuel Recovery	-	-	-	-
Capacity Fees	-	27,600,000	-	27,600,000
Total Non Operating Revenues	$ 11,378,365	$ 31,908,356	$ -	$ 43,286,721
NON-OPERATING EXPENSES:				
Debt Service	138,049,892	78,536,036	3,020,550	219,606,478
Total Non Operating Expenses	$ 138,049,892	$ 78,536,036	$ 3,020,550	$ 219,606,478
BASE INCOME BEFORE TRANSFERS	**$ 334,620,342**	**$ 228,753,724**	**$ 859,689**	**$ 564,233,755**
City Contribution Expense	93,870,968	24,953,042	-	118,824,010
Interlocal Payments	-	-	-	-
Renewal and Replacement Fund	64,000,000	25,263,781	435,426	89,699,207
Operating Capital Outlay	176,749,374	137,326,064	424,263	314,499,701
Environmental Capital Outlay	-	13,610,837	-	13,610,837
Capacity Fees	-	27,600,000	-	27,600,000
Operating Contingency	-	-	-	-
Total Non-Fuel Expenses	$ 334,620,342	$ 228,753,724	$ 859,689	$ 564,233,755
SURPLUS/(DEFICIT)	$ -	$ -	$ -	$ -
TOTAL REVENUES	**$ 1,249,528,535**	**$ 494,451,331**	**$ 9,044,699**	**$ 1,753,024,565**
TOTAL APPROPRIATIONS	**$ 1,249,528,535**	**$ 494,451,331**	**$ 9,044,699**	**$ 1,753,024,565**
BUDGETED EMPLOYEE POSITIONS	1,527	625	6	2,158
BUDGETED TEMPORARY HOURS	104,000	20,800	0	124,800

Schedule A

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
CONSOLIDATED CAPITAL BUDGET
FISCAL YEAR 2020

	Energy System	Water & Wastewater System	District Energy System	Total
CAPITAL FUNDS:				
Renewal & Replacement Deposits	$ 64,000,000	$ 25,263,781	$ 435,426	$ 89,699,207
Operating Capital Outlay	176,749,374	137,326,065	424,263	314,499,702
Environmental Capital Outlay	-	13,610,837	-	13,610,837
Capacity Fees	-	27,600,000	-	27,600,000
Debt Proceeds	-	-	-	-
Other Proceeds	20,261,326	56,199,317	2,970,311	78,680,954
Total Capital Funds	$ 261,000,000	$ 260,000,000	$ 3,830,000	$ 524,080,000
CAPITAL PROJECTS:				
Generation Projects	$ 68,740,000	$ -	$ -	$ 68,740,000
Transmission & Distribution Projects	140,556,000	-	-	140,556,000
District Energy Projects	-	-	3,830,000	3,080,000
Water Projects	-	74,581,000	-	74,581,000
Sewer Projects	-	161,716,000	-	161,716,000
Other Projects	51,704,000	23,703,000	-	75,407,000
Total Capital Projects	$ 261,000,000	$ 260,000,000	$ 3,830,000	$ 524,080,000

Schedule B

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
Five Year Capital Improvement Program
Fiscal Years 2020-2024
($000'S Omitted)

Project Title	FY2020	FY2021	FY2022	FY2023	FY2024	Project Total
Electric System Generation	68,740	189,482	300,312	140,132	17,605	716,271
Electric System Transmission and Distribution	140,556	103,430	68,491	69,441	82,379	464,297
Electric System Other	51,704	56,482	40,310	40,313	41,690	230,499
Total	**$261,000**	**$349,394**	**$409,113**	**$249,886**	**$141,674**	**$1,411,067**
Water Treatment and Distribution	74,581	76,330	76,077	64,426	69,558	360,972
Sewer, Wastewater, and Reclaimed	161,716	147,998	147,335	114,297	94,117	665,463
Other Capital	23,703	24,533	30,708	27,111	37,808	143,863
Total	**$260,000**	**$248,861**	**$254,120**	**$205,834**	**$201,483**	**$1,170,298**
District Energy System	**$3,830**	**$880**	**$2,750**	**$450**	**$3,250**	**$11,160**

Schedule C

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

JEA
ST. JOHNS RIVER POWER PARK (SJRPP)
AND PLANT SCHERER (SCHERER)
OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2020

	SJRPP	SCHERER
OPERATING BUDGET:		
Revenue:		
Operating Revenue from JEA	$ 26,400,703	$ 63,148,374
Expenses:		
Fuel and O & M	$ -	$ 43,112,678
Transmission	-	5,500,000
Debt Service	23,467,292	10,099,696
Renewal & Replacement	2,933,411	4,436,000
Total Expenses	$ 26,400,703	$ 63,148,374
CAPITAL BUDGET :	$ -	$ 4,436,000
MWHs Purchased by JEA Electric System	0	1,175,406
Employee Positions	0	

Notes: all Plant Scherer employees are Georgia Power Co. employees.
SJRPP was decommissioned as of January 5, 2018.

Schedule D

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

Corporate Metrics Dashboard

As of May 31, 2019

Metrics for FY19 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 YTD	2019 Goal	Variance
Customer Value										
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile	1st Quartile	1st Quartile	
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Quartile	1st Quartile	1st Quartile	1st Quartile	1st Decile	3rd Quartile	Top Decile	
Customer Response Time (min.): W/WW System	70	69	67	69	67	68	76	65	65	0%
Overall First Contact Resolution	N/A	N/A	78.5%	80.9%	79.4%	79.4%	79.0%	79.9%	80.0%	-0.1%
Estimated Time of Restoration Accuracy	-	-	88%	85%	89%	82%	80%	89%	80%	12%
Grid Performance: Frequency (outage/year)	2.4	1.7	1.7	1.7	1.4	1.6	1.4	1.31	1.6	18%
Grid Performance: Outage Duration (minutes/year)	84	68	71	99	71	99.5	67	63	75	17%
Grid Performance: CEMI5 (% cust. > 5 outages/year)	n/a	n/a	2.34	2.10	1.40	1.07	0.40	0.11	0.80	86%
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%	0.94%	2%	53%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8	5.4	2.0	-169%
Financial Value										
Net Write-Offs	0.19%	0.15%	0.15%	0.16%	0.14%	0.14%	0.13%	0.14%	0.18%	22%
Generation Fleet Reliability (forced outages rate)	0.7%	1.6%	3.0%	1.8%	2.0%	2.2%	2.1%	5.1%	2.0%	-156%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%	98%	95%	-3%
Cost Reduction Metric ($000)	n/a	n/a	n/a	n/a	$25,156	$10,087	$10,495	$8,451	$9,100	TBD
Community Impact Value										
Capital Invested ($000)	$273,774	$234,718	$158,392	$204,708	$298,045	$307,918	$374,456	$279,490	$437,774 – $574,578	TBD
Safety (RIR)	1.48	1.84	2.38	1.65	1.82	2.10	1.48	1.28	1.40	9%
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	1,050 Activities	4,807 Hours	4,800 Hours	0.1%
JSEB Spend ($000)	$9,168	$10,121	$7,302	$9,318	$9,983	$13,365	$15,760	$11,590	$15,000	TBD
Environmental Value										
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2	2	4	TBD
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	650	767	579	553	527	558	550	287	616	TBD
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.62	0.60	0.74	0.56	0.66	1.16	0.68	0.53	0.58	TBD

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast
Financial Value								
Change in Net Position ($000)	$182,642	$79,975	$156,269	$323,008	$210,016	$254,620	$126,488	$207,817
Debt to Capitalization	75%	73%	70%	69%	66%	63%	59%	54%
City Contribution ($000)	$104,188	$106,687	$109,188	$111,688	$129,187	$115,823	$116,620	$132,648
Electric sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364	12,320
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187	36,622
Sewer Sales (000's kgal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340	27,136
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120	3,441
Community Impact Value								
Utility Scale Solar Energy (000's MWh)	21	21	20	21	21	26	55	65
New Partnerships and Student Programs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	75% Complete
Voluntary Attrition	46	36	44	32	33	35	35	26
Diverse Slate of Candidates (% of requitments)	N/A	N/A	N/A	97.6%	98.6%	100%	100%	100%
Economic Development Program Participants	N/A	0	0	1	0	0	4	3
Environmental Value								
Reclaimed Water Customer Growth*	35%	40%	43%	31%	27%	25%	22%	24%

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Forecast
Customer Value								
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%	98.6%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%	92.0%
Financial Value								
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%	10.5%
Return on Net Assets	4%	2%	3%	4%	5%	5%	4%	5.3%
Unlevered Free Cash Flow: EBITDA less CAPEX ($000)	$606,131	$532,872	$632,212	$591,925	$547,897	$573,259	$367,007	$350,639
Net Position (Book Value of Equity) ($000)	$1,991,311	$2,071,286	$2,196,006	$2,166,909	$2,376,928	$2,631,545	$2,755,310	$2,963,126
City Contribution NPV	-	-	-	-	-	-	$1,998,311	$1,998,311
Electric Credit Ratings	Aa2/AA-/AA-	Aa2/AA-/AA-	Aa2/AA-/AA-	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	A2/A+/AA
W/WW Credit Ratings	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AA/AA	Aa2/AAA/AA	Aa2/AAA/AA	Aa2/AAA/AA	A2/AAA/AA
Community Impact Value								
Employee engagement (survey)	-	71%	-	74%	72%	79%	81%	-
Environmental Value								
CO_2 Emissions (lbs/MWh), net basis, w/ Scherer	1,631	1,828	1,851	1,731	1,799	1,593	1,516	1,600
CO_2 Emissions Mass(10^3 Short Tons), w/ Scherer	8,881	10,414	11,194	10,425	10,609	8,916	7,731	7,926
Aquifer Withdrawal Limit	104	100	103	107	112	114	112	113
Residential Water Use Efficiency (gal per capita per day)	88	80	75	79	81	82	75	73

*May contain reclaimed customers temporarily supplied with potable water

MANAGEMENT DISCUSSION

Financial

Electric Enterprise:

- FY19 sales down 0.6% compared to May FY18 YTD
- Sales per customer are down 2.5% compared to May FY18 YTD
- Degree days are up 0.7% compared to May FY18 YTD
- Total customers are up 2.0% compared to May FY18 YTD
- Revenues decreased $46m vs. FY18 driven by SJRPP decreases, lower fuel stabilization withdrawals, and lower sales.
- Expenses decreased $70m vs. FY18 with decreases in SJRPP, fuel and purchased power, and Scherer, partially offset by higher O&M (professional services, compensation, maintenance, industrial svcs) and depreciation due to increase in depreciable base. Decrease in fuel and purchased power was driven by net lower costs.

Water and Sewer:

- Water sales are up 1.2% compared to May FY18 YTD
- Sewer sales are up 3.0% compared to May FY18 YTD
- Reclaimed sales are up 10.3% compared to May FY18 YTD
- Sales per customer down 0.4% compared to May FY18 YTD
- Rain days are up 14.8% (9 days) compared to May FY18 YTD, irrigation down 2.9% versus May FY18 YTD
- Total customers are up 2.7% compared to May FY18 YTD
- Revenues increased by $11m vs. FY18 due to increased customer accounts and higher enviro stabilization transfers.
- Expenses increased $13m vs. FY18 driven by an increase in O&M (compensation, supplies such as chemicals and gases, professional services), higher environmental regulatory expenses, and depreciation due to increase in depreciable base.

DES

- Stable, minimal change from FY18

FEMA reimbursement:

- Matthew - $7m of $10m received
- Irma - $0.04m of $1.4m received

Operations

Three (3) OSHA recordable safety incidents for JEA in the month of May.

Electric:

- The JEA Fleet Forced Outage Rate will exceed target through FY19 due to various issues including extended unit recovery on NS Unit 2 as a result of excess ash build up
- CEMI-5 continues to be well below target in Q3, with only 344 customers experiencing more than 5 outages in the last 12 months
- ETR, Frequency, and Duration all performing better than goal

Water/Sewer:

- Unplanned Water Main Outages: 1,093 customers experienced an outage in the month of May due to a main break on Cedar Point Rd. our tapping crew was installing a tap for a new service and the pipe was in a bind, causing a split in the pipe.
- Water Distribution System Pressure (avg min < 30 psi): We have seen a spike in the average mins water pressure was <30psi this month due to dry weather conditions during the month of May, which led to aggressively managing grid pressures at lower than normal levels so demand would not exceed reservoir supply. Highest flow during peak hours was 265 MGD and our Max daily flow was 171 MGD. Our average flow during normal peak hours is 164MGD and our normal Max daily flow 156 MGD. Measures have been put in place to continue to monitor the water levels.
- CUP: Average daily flow of 115 MGD is 17% below CY19 limit of 138 MGD; reclaimed usage at 18 MGD
- Nitrogen to River: FY19 Forecast is 460 tons this includes the deletion of 45 additional tons possible during the aeration basin project at Buckman, the project has been deferred until after the biosolids process rebuild. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- SSO's Impacting Waters of the US.: 27YTD, root cause analysis is performed on each SSO - exploring other options for inspections of system

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INTER-OFFICE MEMORANDUM
June 11, 2019

SUBJECT:	**FLEX PRICING PILOT UPDATE**
FROM:	Aaron F. Zahn, Interim Managing Director/CEO
TO:	JEA Board of Directors

BACKGROUND:
JEA launched the Flex Pricing Pilot on June 1, 2019.

DISCUSSION:
This item provides an update to the board of directors on the progress to date.

RECOMMENDATION:
For information only.

Aaron F. Zahn, Managing Director/CEO

AFZ/KS

Ver 2.2 02/01/2014



JEA

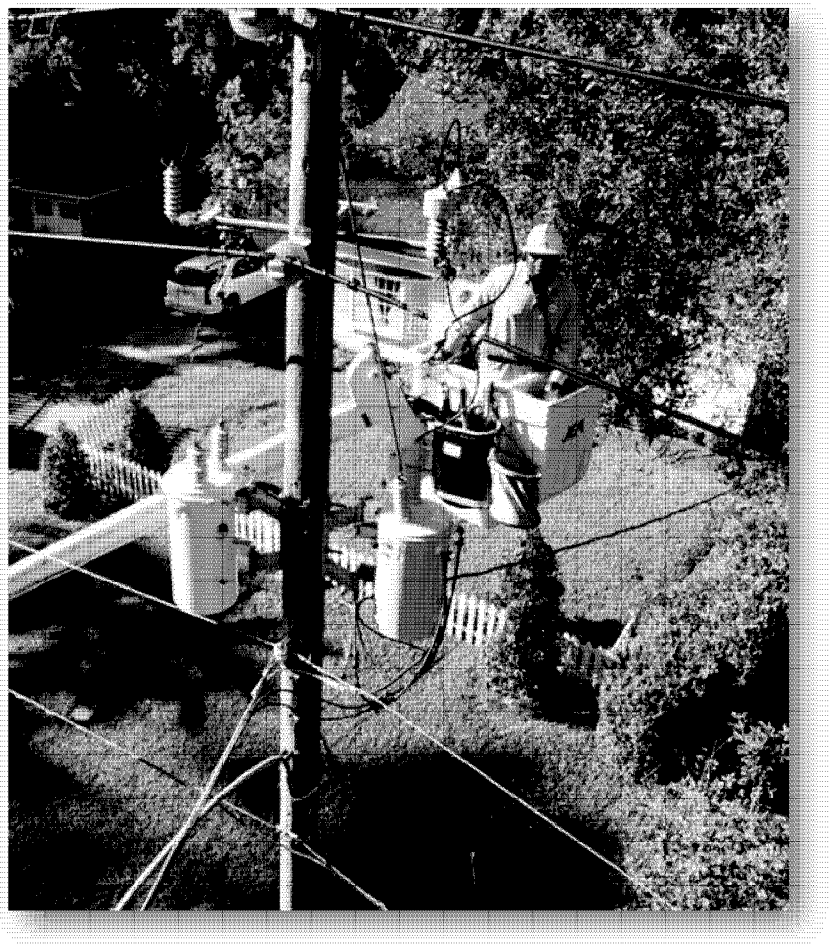
Flex Pricing Pilot Update (6/25/19)

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Customer Value ✓ | Financial Value ✓ | Community Impact Value ✓ | Environmental Value ✓

- Progress Check
- Scorecard Review
- Home Energy Management (HEM) Pilot Update
- Looking Ahead

AGENDA



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Progress Check

FLEX PRICING PILOT UPDATE (6/25/19)

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Customer Value ✓ | Financial Value ✓ | Community Impact Value ✓ | Environmental Value ✓

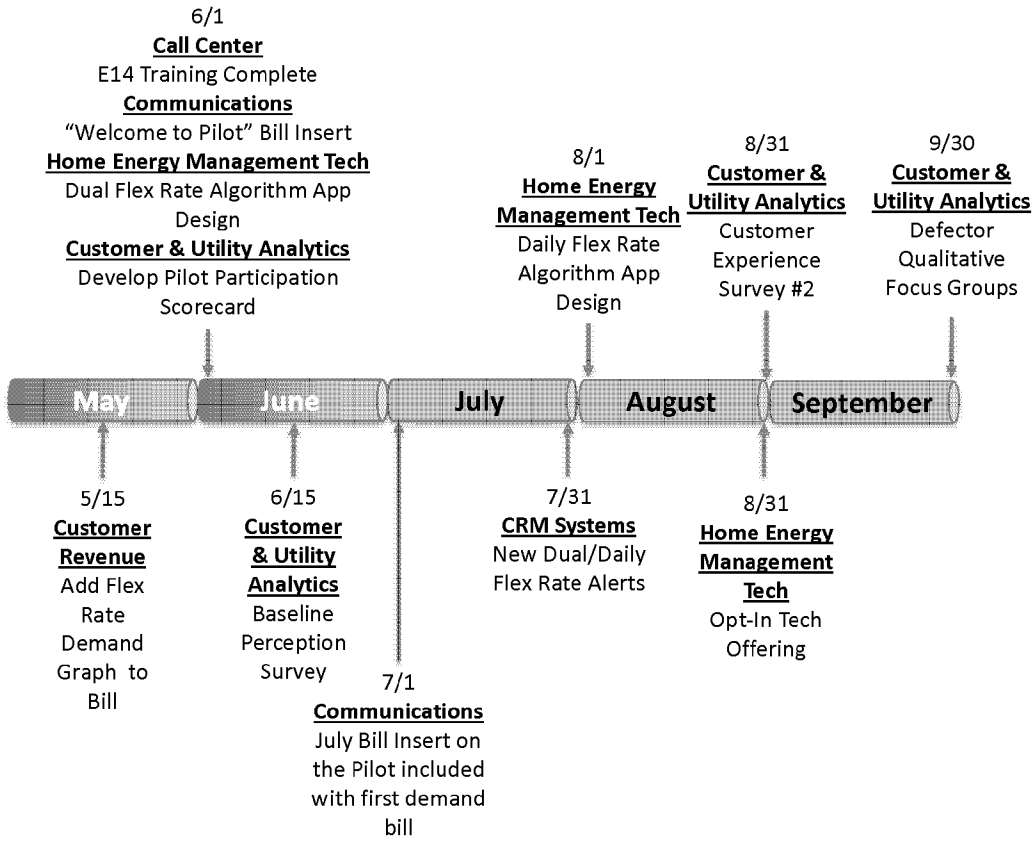
Task List Update

- Conducting weekly task review meetings
- Tasks prioritized by functionality 'at risk' for launch
- 9 Functional teams representing over 100 employees
- Reduced 112 tasks to 58 since March

Recent Milestones Completed

- Initial pilot welcome packet sent to 2,530 participants
- "E14" call center established
- Baseline, intercept and exit surveys deployed

PROGRESS CHECK



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Scorecard Review

FLEX PRICING PILOT UPDATE (6/25/19)

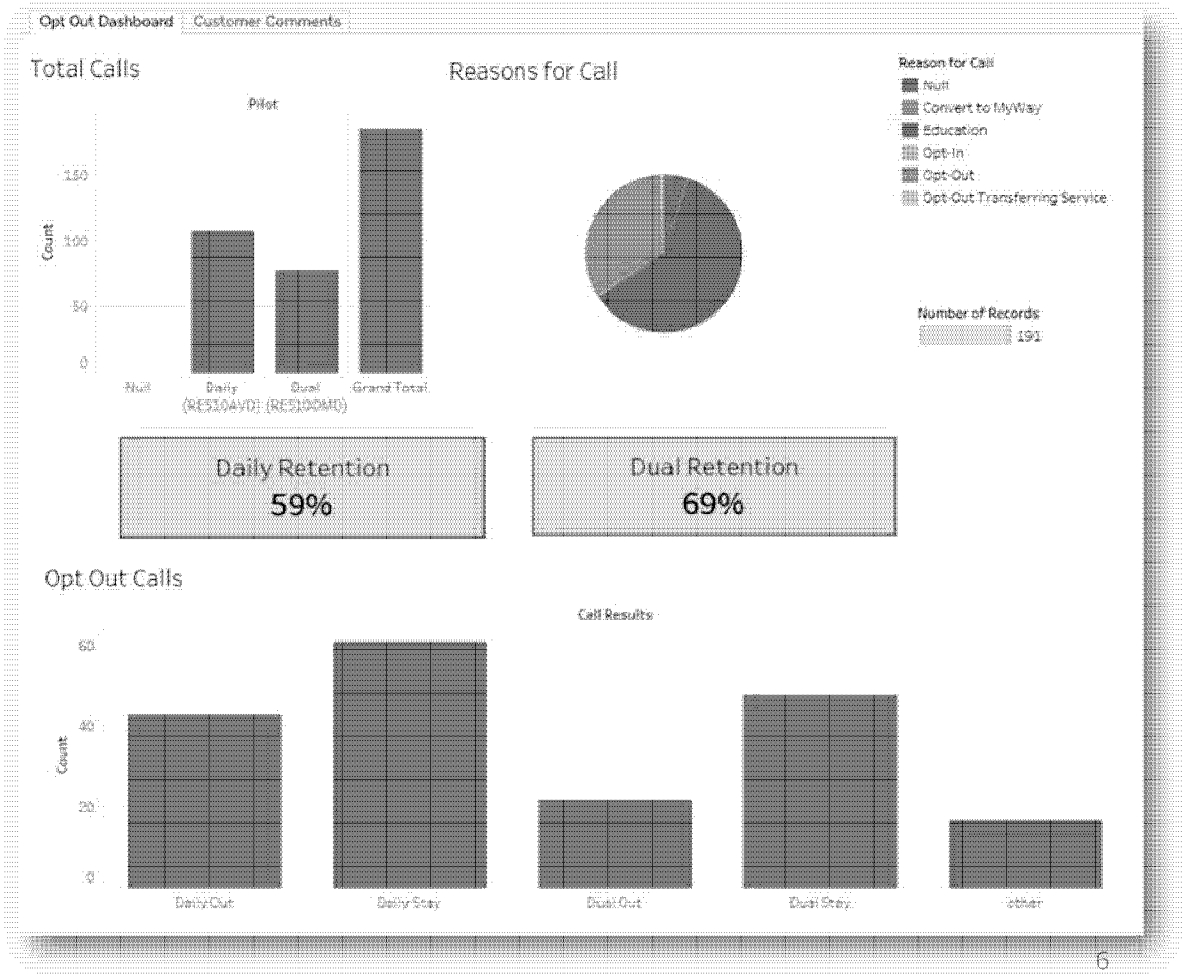
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Customer Value ✓ | Financial Value ✓ | Community Impact Value ✓ | Environmental Value ✓

Flex Pricing Pilot by the Numbers

- 2 Flex Rates
  - Dual Flex (On-Peak & Anytime)
  - Daily Flex (Avg. Daily for the Month)
- 2,530 Treatment Group Participants
  - 1,248 Rate Only
  - 364 Technology
  - 908 Low Income
- 20,000 Control Group Participants
- 186 Home Energy Management (HEM) Technology Participants
  - 112 Pre-Pilot
  - 74 New Participants

SCORECARD REVIEW



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HEM Pilot Update

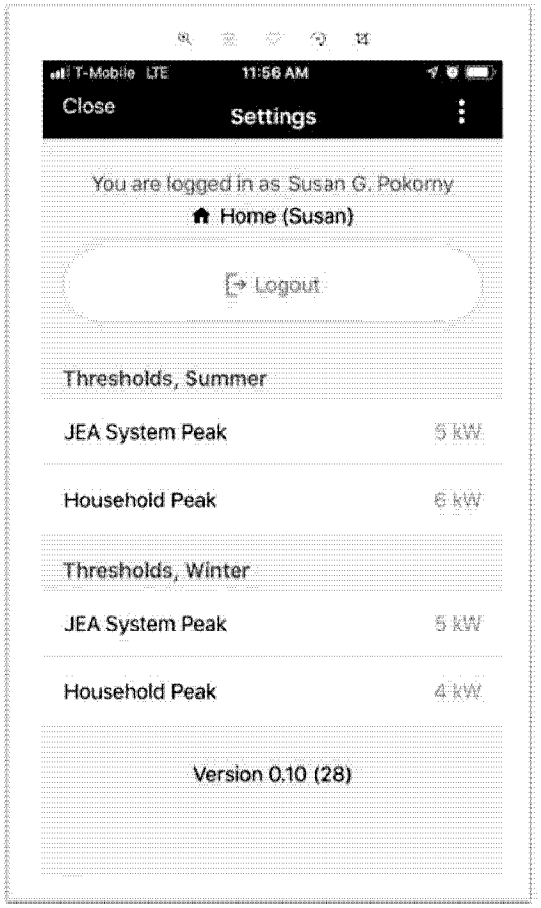
FLEX PRICING PILOT UPDATE (6/25/19)

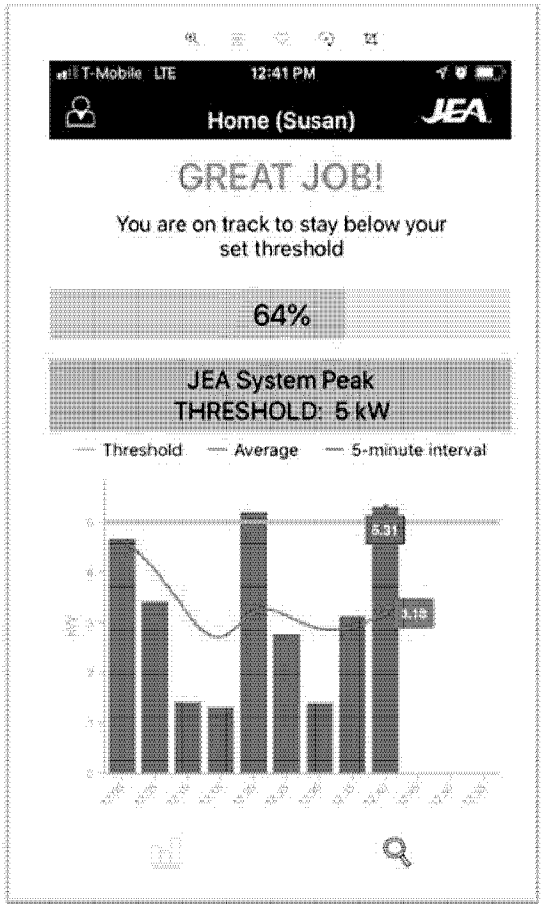
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Customer Value ✓ | Financial Value ✓ | Community Impact Value ✓ | Environmental Value ✓

Headlines:

- First Smart phone residential demand control technology
- Provides customer information and/or control for managing demand
- Typical savings 5% information only, and 17% when combined with automated control
- Testing advanced analytics demand alert forecasting and notification
- Field testing with existing Flex Rate participants nearly complete





HEM PILOT UPDATE

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Looking Ahead

FLEX PRICING PILOT UPDATE (6/25/19)

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Customer Value ✓ | Financial Value ✓ | Community Impact Value ✓ | Environmental Value ✓

June Milestones

- June usage will result in July demand bills for treatment groups
- Substantial participant feedback - Baseline Perception surveys, Exit surveys, Call Center & Social Media
- Response team established to move quickly on mitigating Participant pain points when identified real time during the Pilot

LOOKING AHEAD

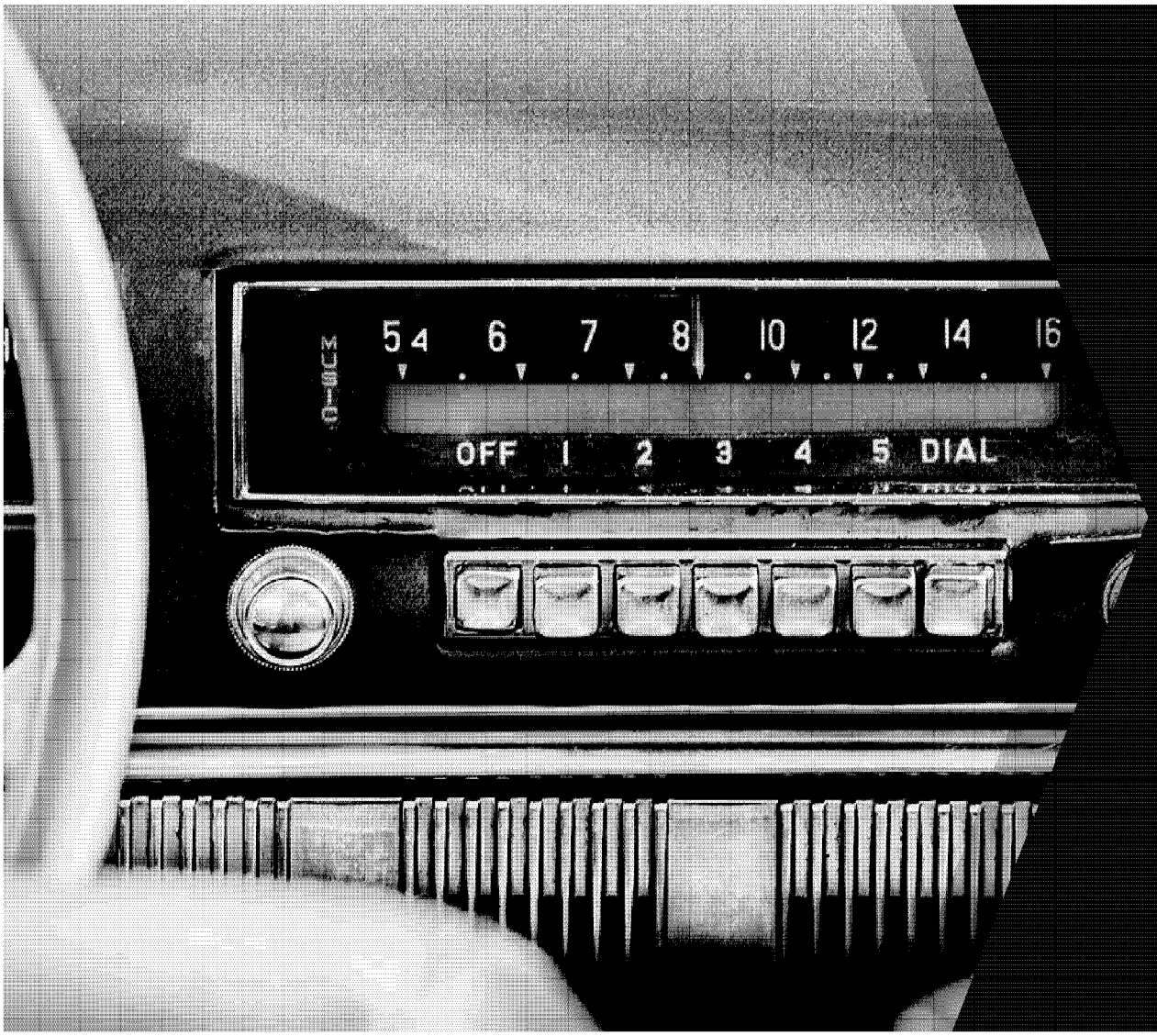


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Flex Pricing Pilot Update (6/25/19)

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STRATEGIC PLANNING OVERVIEW

Baseline/Scenario 1:
Status Quo

Scenario #2:
Traditional Response

JEA®

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DISCLAIMER

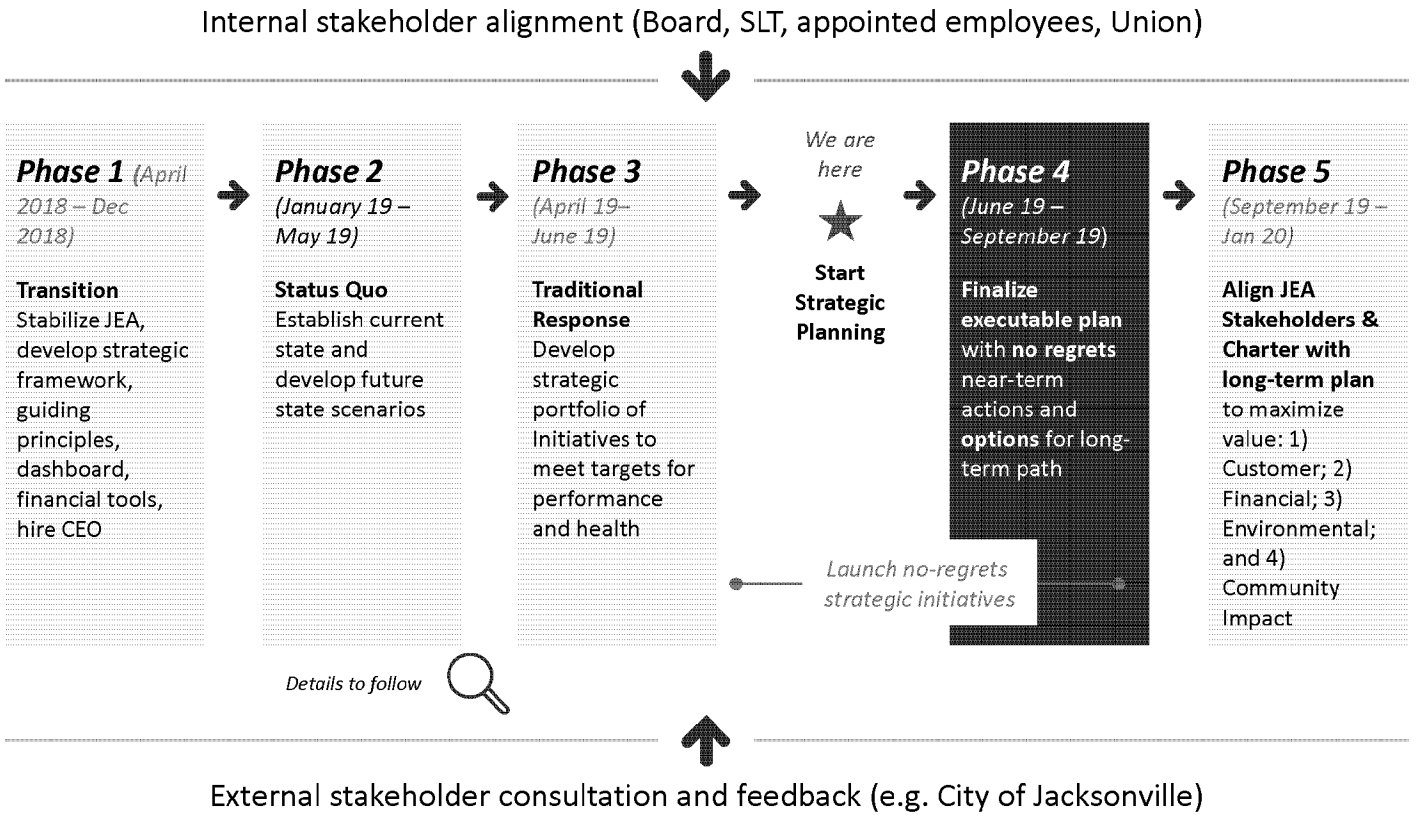
The following financial projections to follow are presented solely for JEA Board of Directors planning and action in connection with the development of a strategic plan. They are not a projection of future financial performance and, as such, should not be relied upon by present or prospective JEA bond investors to purchase or sell any security or to make an investment decision. The projections are a mathematical representation of a status quo business case and do not reflect numerous likely future events and future JEA actions that will likely cause actual results to differ materially from this business case. The presentation should be viewed in its entirety with individual slides or sections of the presentation having no greater or reduced significance relative to other slides or sections of the presentation

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STRATEGIC PLANNING PROCESS AND STEPS

Phased approach chosen to increase transparency with community

McKinsey has worked closely with JEA throughout Phase 1, 2 & 3



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WHAT IS SCENARIO-BASED STRATEGIC PLANNING?



A disciplined approach for articulating possible futures and defining strategic options in face of uncertainty

Scenario-based Strategy Development

- **Outside-in.** Starts from external forces shaping the businesses environment
- **Full-ecosystems approach.** Opens up new thinking and reveals hidden connections
- **The "unthinkable."** Considers disruptions and discontinuities
- **Alternative futures.** Prepares the organization for multiple plausible outcomes
- **Co-creative.** Engages multiple stakeholders through immersive workshops
- **Numbers and narrative-based.** Creates true awareness by "dress-rehearsing" the future

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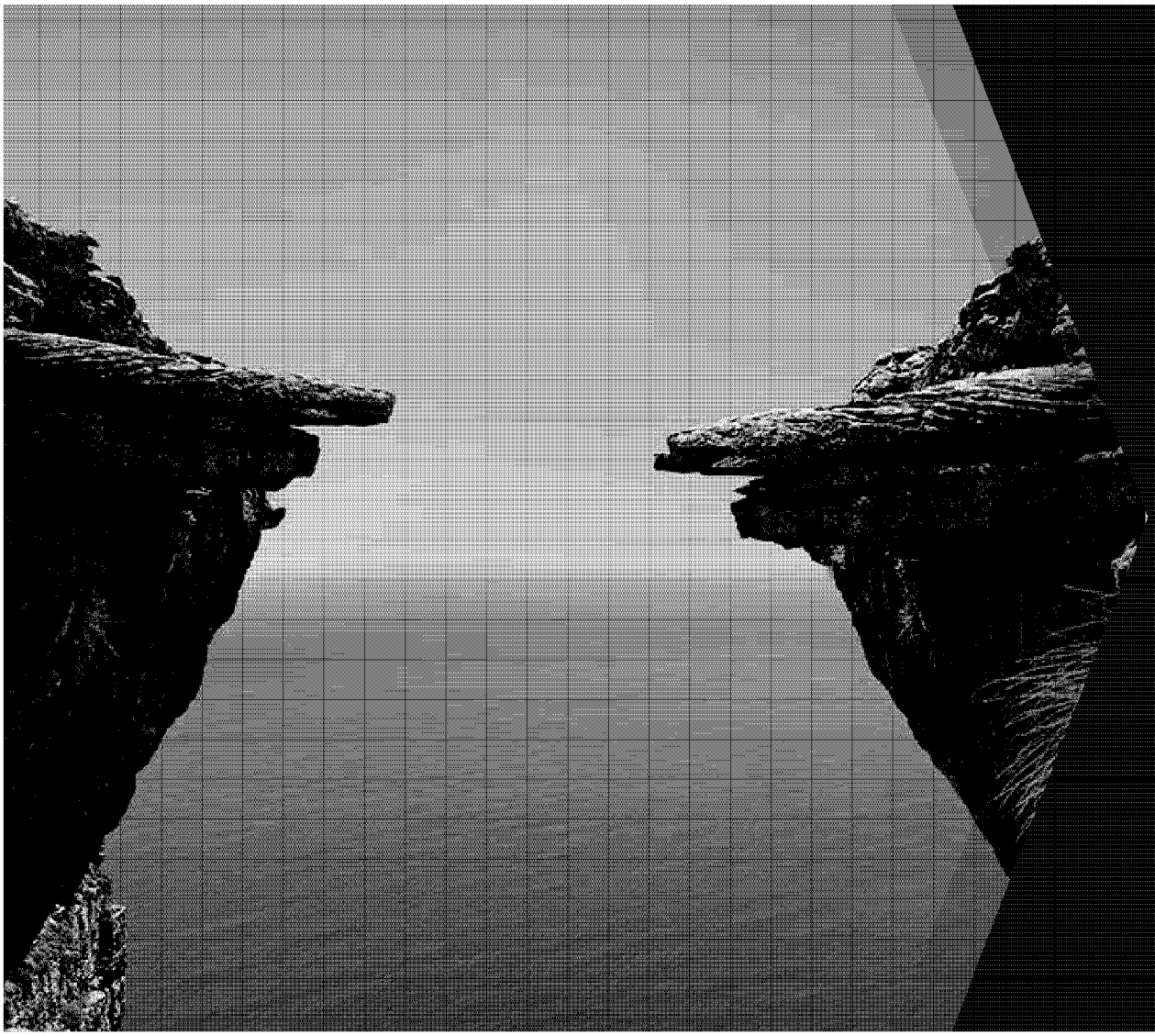
PRINCIPLES OF STRATEGIC PLAN

Seven core elements underpin a successful strategy

AN EFFECTIVE STRATEGY REQUIRES

- A strategic plan responsive to trends
- A clearly articulated vision for the future
- Defined goals and metrics for success
- An aligned organization
- Discrete initiatives, clearly prioritized
- Owners accountable for driving each initiative
- A clear process to track and measure progress

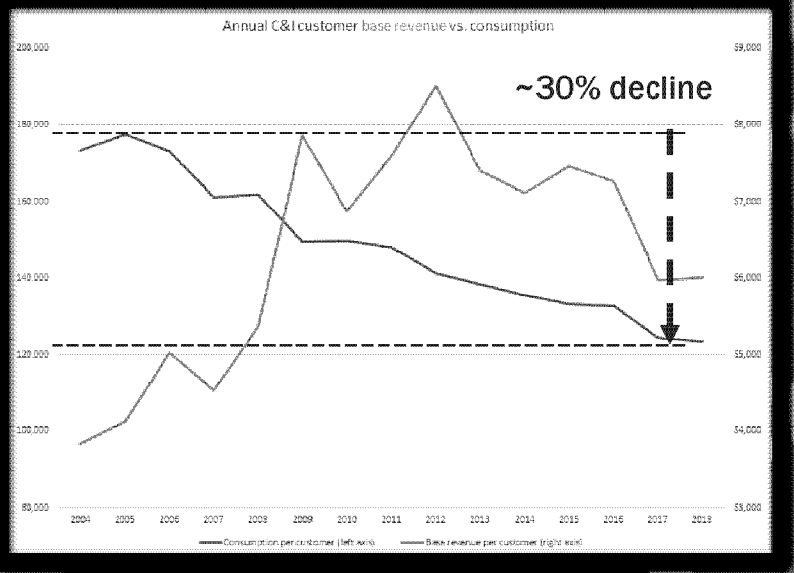
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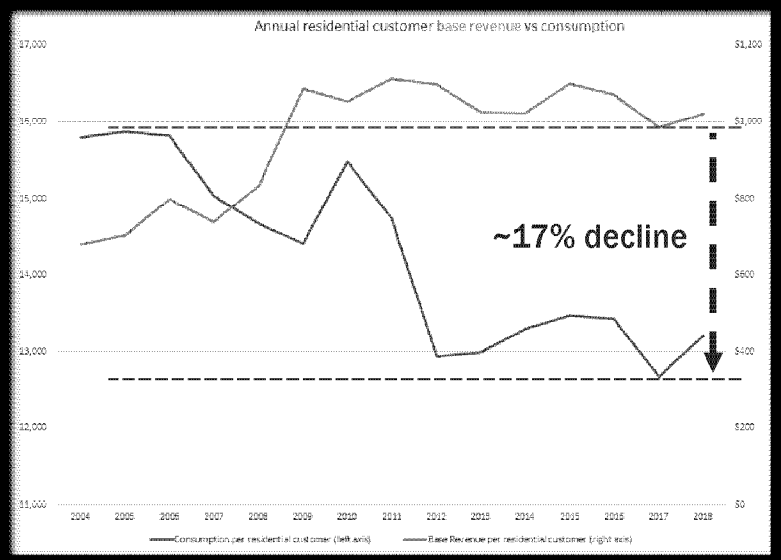


Review of History, Status Quo & Issues

JEA®

Energy Efficiency
2000's Technology Trend





ENERGY POLICY ACT OF 2005

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IMPACT OF THE LAST DECADE OF BUSINESS DISRUPTION

	2006 Actual	2018 Actual	Change	Change %
Rates ($ yield per MWh)	36	62	26	71%
Unit Sales (MWh)	13,440,900	12,364,340	(1,076,560)	(8)%
# of Energy Customers	402,142	466,411	64,269	16%
Rates ($ yield per kgal)	3.74	6.45	2.71	72%
Unit Sales (kgal)	57,463,877	65,646,920	8,183,043	14%
# of Water Customers	293,689	348,159	54,470	19%
Annual City Contribution	88,688	116,620	27,932	31%
Total JEA Headcount	2,598[1]	2,191	(407)	(16)%
Total Long-term Debt ('000)[2]	$6,386,000	$3,335,000	($3,051,628)	(48)%
Total Maintenance and Other Operating Exp.	$282,282	$445,953	$163,671	58%

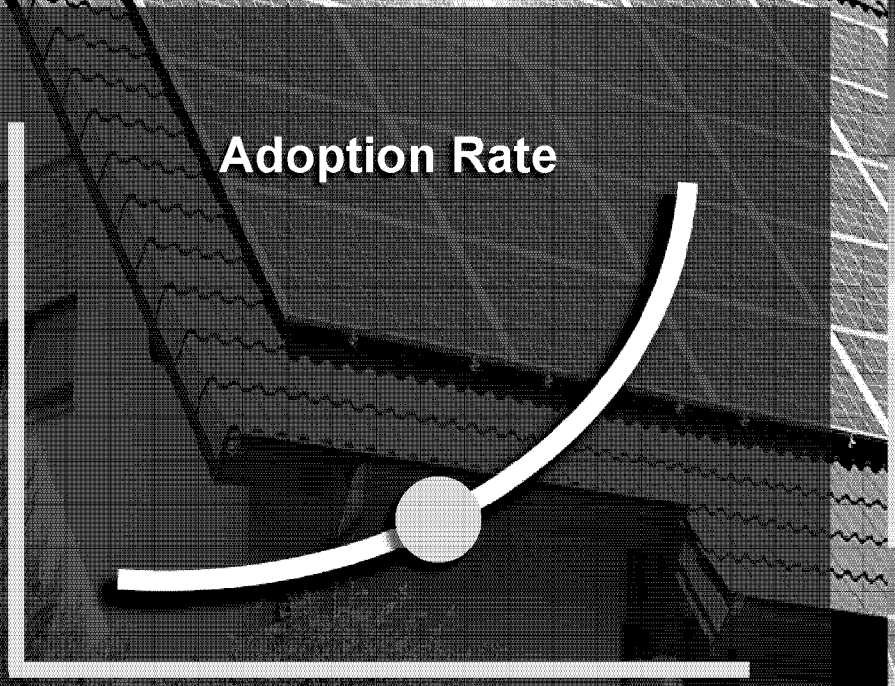
[1] *Reflects headcount from 2008* [2] *Peak JEA Long-term debt in 2010 compared to October 2019 balances.*

- Customer rates increased 71% in the electric system *(went from lowest in the state to median)* and 72% in the water system
- 407 jobs eliminated since 2008
- ~$3 billion of debt repaid from 2010-2019

SOURCE: JEA historical operational data and financial statements

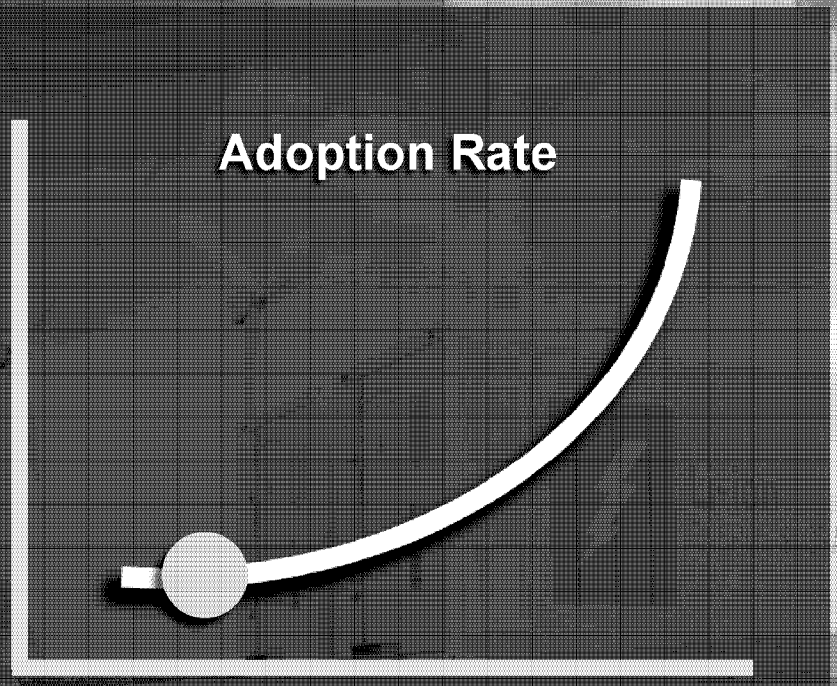
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SOLAR & OTHER
(2010's tech trend)



- Solar growth increasing in JEA territory 67% CAGR since FY 14
- >$2.5MM of Net Income lost to distributed generation annually

BATTERIES
(2020's tech trend)



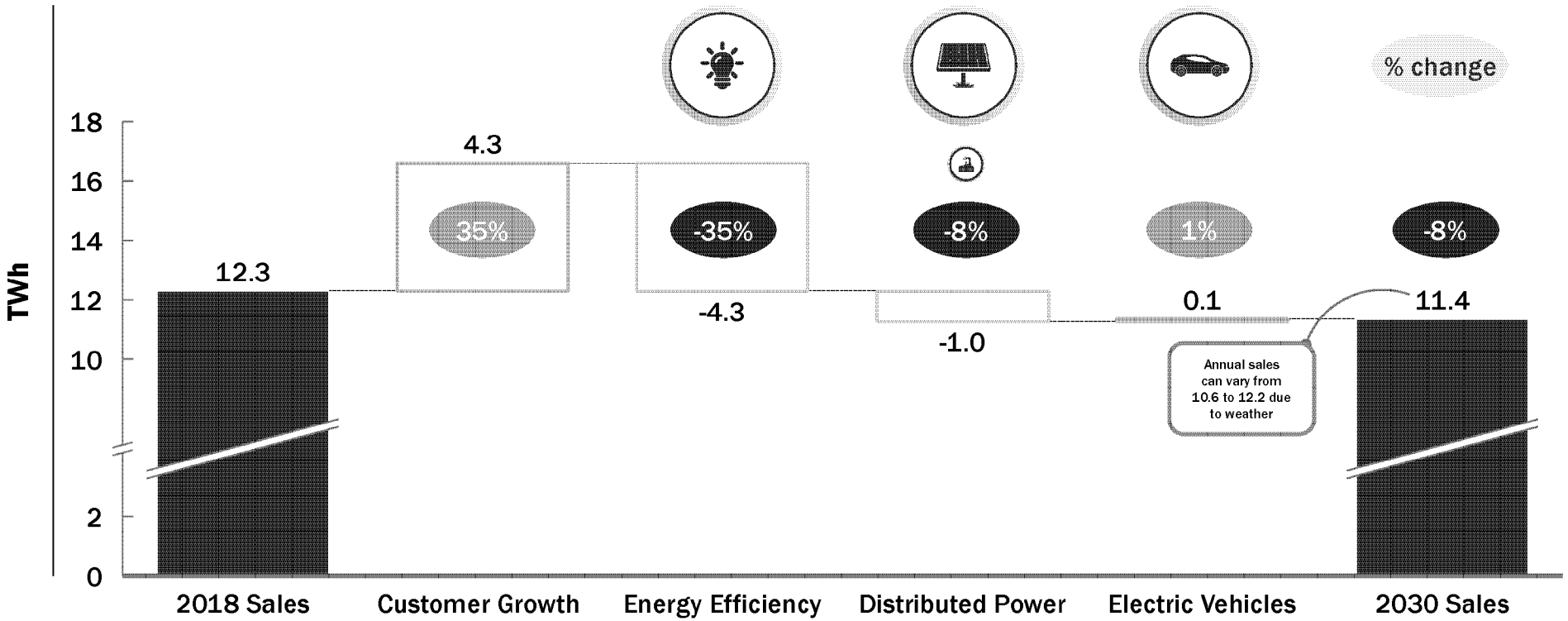
- Similar cost / performance trends to Distributed Generation (DG)
- DG + Storage will be at cost parity with utility by ~2025

SOURCE: JEA current operational data; EIA and GTM forecasts

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STATUS QUO ENERGY SALES PROJECTION

By 2030 JEA's Customers May Likely Increase 16% and Energy Sales May Likely Fall by 8%



DRAFT 6/21/2019

SOURCE: Moody's, JEA forecasts, EPA, GTM, 2018 Storage cost model, 2018 EV growth model

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PROJECTED IMPACT OF THE NEXT DECADE OF BUSINESS DISRUPTION

	2018 Actual	2030 Projection	Change	Change %
Rates ($ yield per MWh)	62	94	32	52%
Unit Sales (MWh)	12,364,340	11,382,447	(981,893)	(8)%
# of Customers - Energy	466,411	542,502	76,091	16%
Rates ($ yield per kgal)	6.45	7.42	0.97	15%
Unit Sales (kgal)	65,646,920	73,695,324	8,048,404	12%
# of Customers – Water	348,159	416,470	68,311	20%
Total Annual City Contribution	116,620	131,256	14,636	13%
Total JEA Headcount	2,191	2,191	0	0%
Total Long-Term Debt plus Contract Debt ('000)[1]	$5,110,000	$4,834,000	($276,000)	(5)%
Total Maintenance and Other Operating Exp.	$393,657[2]	$737,376	$343,719	87%

[1] JEA Long-term debt in October 2019 2018 [2] Actual Maintenance and Other Operating Exp adjusted to exclude SJRPP

- Customer rates increase 52% in the electric system
- Customer rates increase 15% in the water system
- $276 million of debt repaid, leaving $4.8 billion of direct + contract debt outstanding
  - Contract debt amortizes through 2062, JEA obligation to pay debt service for all contract debt through 2043

SOURCE: JEA financial planning and forecasting model

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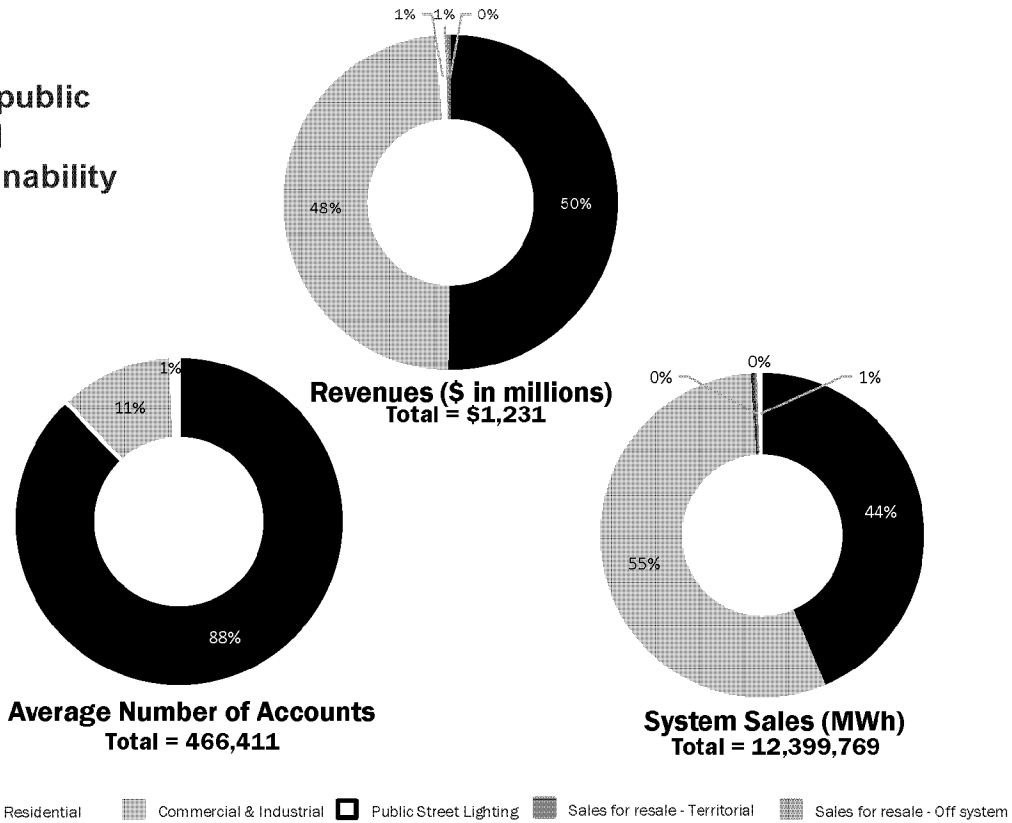
STATUS QUO DOESN'T ASSUME SUBSTANTIAL OFF-GRID MOVE BY COMMERCIAL AND INDUSTRIAL

With 11% of customers representing ~55% of sales a C&I off-grid trend would exacerbate decline

Top Ten Customer Accounts

Account	Annual Billed	Percent of Revenue	
US Navy Public Works Center	$22,130,326	1.8	←
City of Jacksonville	21,660,130	1.8	
CMC Steel Florida	18,726,308	1.5	
WestRock CP LLC	15,236,857	1.2	←
Duval County School District	14,546,196	1.2	
Anheuser Busch, Inc.	8,318,025	0.7	←
Southern Baptist Hospital of Florida Inc.	8,133,950	0.7	←
Publix Supermarkets Inc.	7,828,937	0.6	←
Johnson & Johnson Vision Care Inc.	7,343,645	0.6	←
Winn Dixie Stores, Inc.	7,173,720	0.6	←
TOTAL	$131,098,094	10.7	

Have public stated sustainability goals



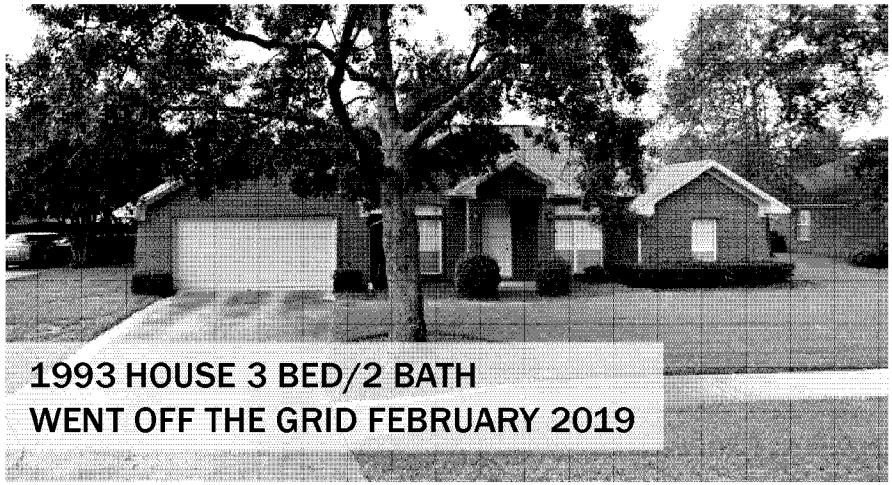
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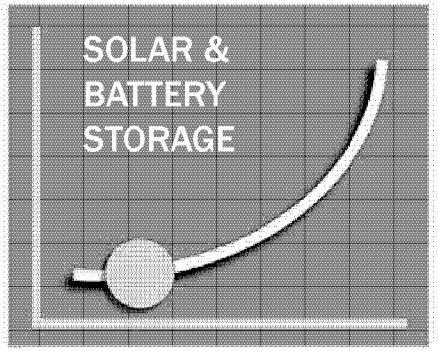


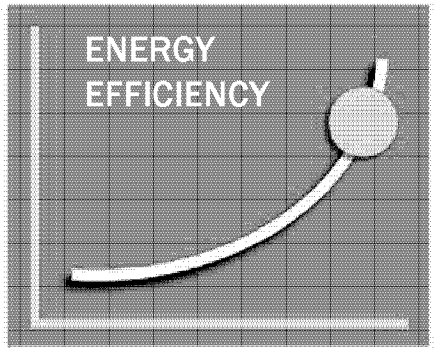
Analysis of Growth Initiatives

JEA®

TECHNOLOGY DISRUPTION OF ENTIRE INDUSTRIES





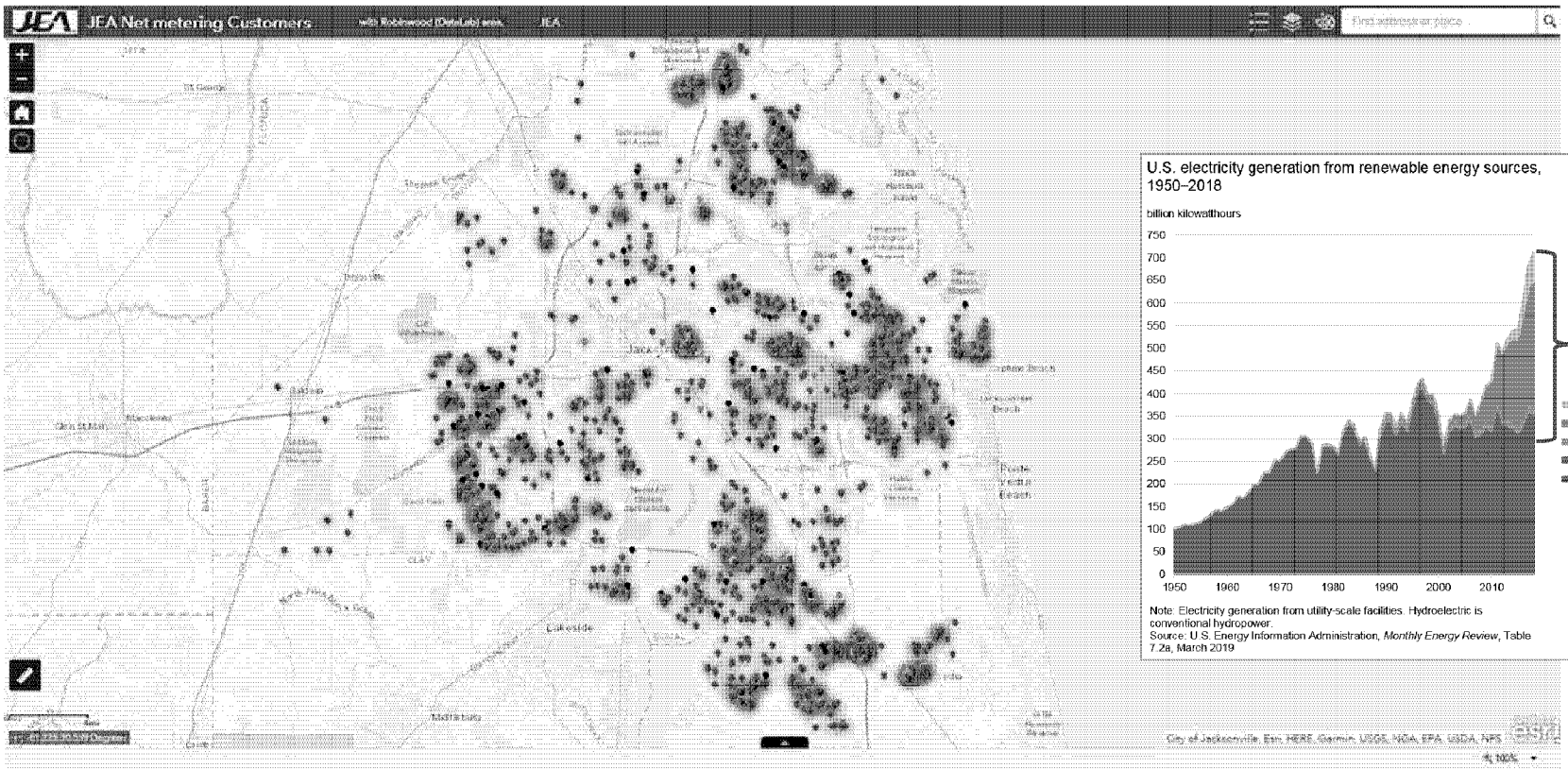


Winners and losers made hard choices at critical times in history...



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EXISTING ADOPTION OF SOLAR GENERATION BY JEA CUSTOMERS

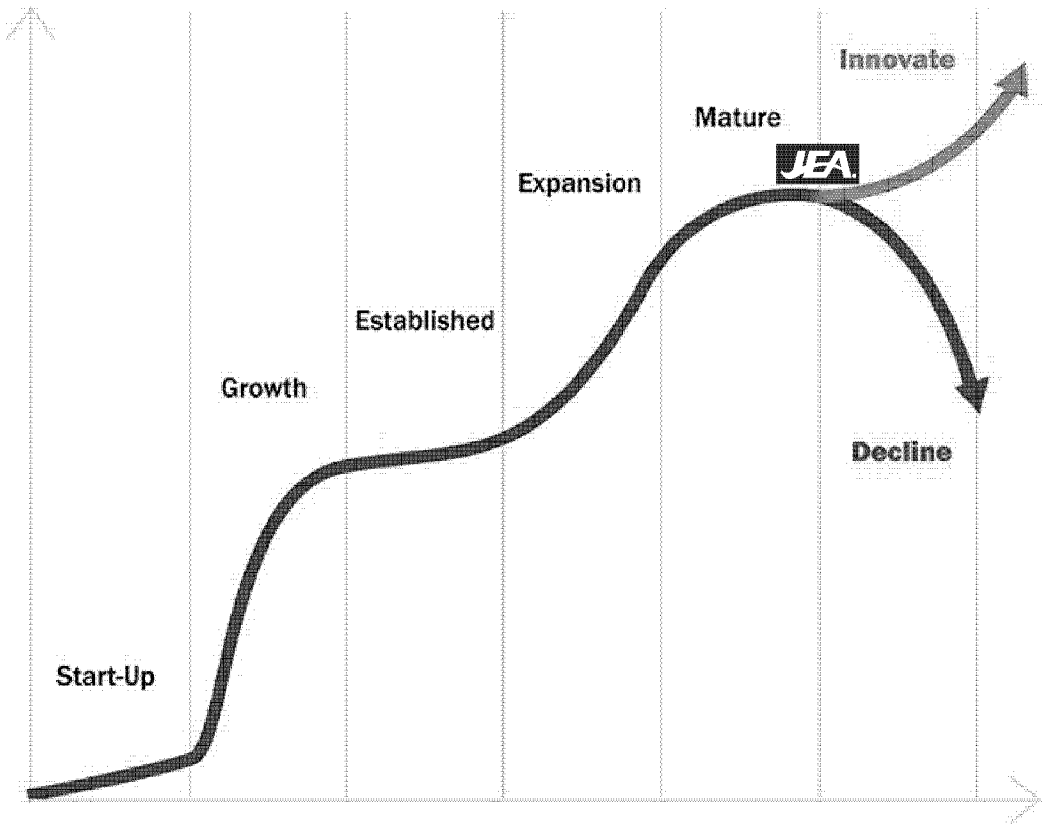


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WHAT COMPANIES DO TO COMPETE AND GROW IN THE FACE OF MARKET CHALLENGES

General opportunities for companies facing a cash gap

- Sell more product to existing customers
- Cut costs and workforce
- Increase prices
- Investment in R&D and IP
- Sell alternative new product lines or offerings
- Sell equity and retire debt
- Acquire new businesses or customers
- Reduce investment in capex
- Reduce dividend
- Sell assets
- Create partnerships / JV's



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EXAMPLES OF STRATEGIC JOURNEYS

Companies innovate to remain at the center of their customer's experience

FedEx

Air courier in US



Express courier in US and Europe



Global integrated logistics / transport



Apple

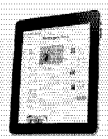
i-Pod



i-Phone



i-Pad



GE

US lamp manufacturer



Energy powerhouse in US and Europe

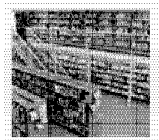


Global diversified conglomerate

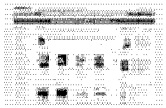


amazon

Books



Books online



Kindle



Goldman Sachs

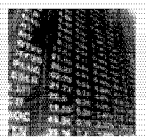
M&A shop



IPO powerhouse

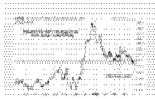


Hedge fund

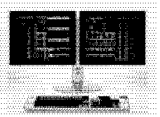


Bloomberg

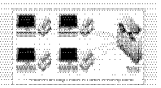
Bond price aggregator



Terminal



Data management



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CONSTRAINTS SET BY JEA CHARTER AND OTHER APPLICABLE LEGISLATION

What other companies do when faced with a cash gap…

Opportunity	Can JEA do this?
Sell more kWhrs or kGals to existing customers	✗
Cut costs and workforce	✓
Increase prices on kWhrs or kGals for customers	✓
Investment in R&D and IP for an ROI	✗
Sell alternative new product lines or offerings	✗
Sell equity and retire debt	✗
Acquire new businesses & customers	✗
Reduce investment in capex	✓
Reduce dividend / city contribution	✗
Sell assets	✗
Create partnerships / JV's	✗

- JEA is subject to several constraints due to:
  - Constitution of the State of Florida
  - Florida Public Service Commission
  - City of Jacksonville Charter
  - Florida Statutes
  - Bond Resolutions
  - Policy Considerations
  - Business Structure as defined by Charter
- Collectively, these constraints limit JEA from diversifying and implementing creative *profit generation* initiatives and *cripples JEA's ability to evolve and remain relevant* to address customer and community needs, as well as market and industry trends

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THE TRADITIONAL PATH

Corporate Response Under Existing Constraints

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APPROACH TO SCENARIO 2: TRADITIONAL UTILITY RESPONSE

WHAT IS INCLUDED IN THIS SCENARIO

- A projection of JEA's finances through 2030 based on one course of action JEA could take without charter change, and reflecting the impact of external market forces on JEA
- A high level assessment of the trade-offs that accompany this course of action against JEA's core values
- A tool for JEA to develop a strategy and action plan to succeed in light of market forces

... AND WHAT THIS IS NOT INTENDED TO BE

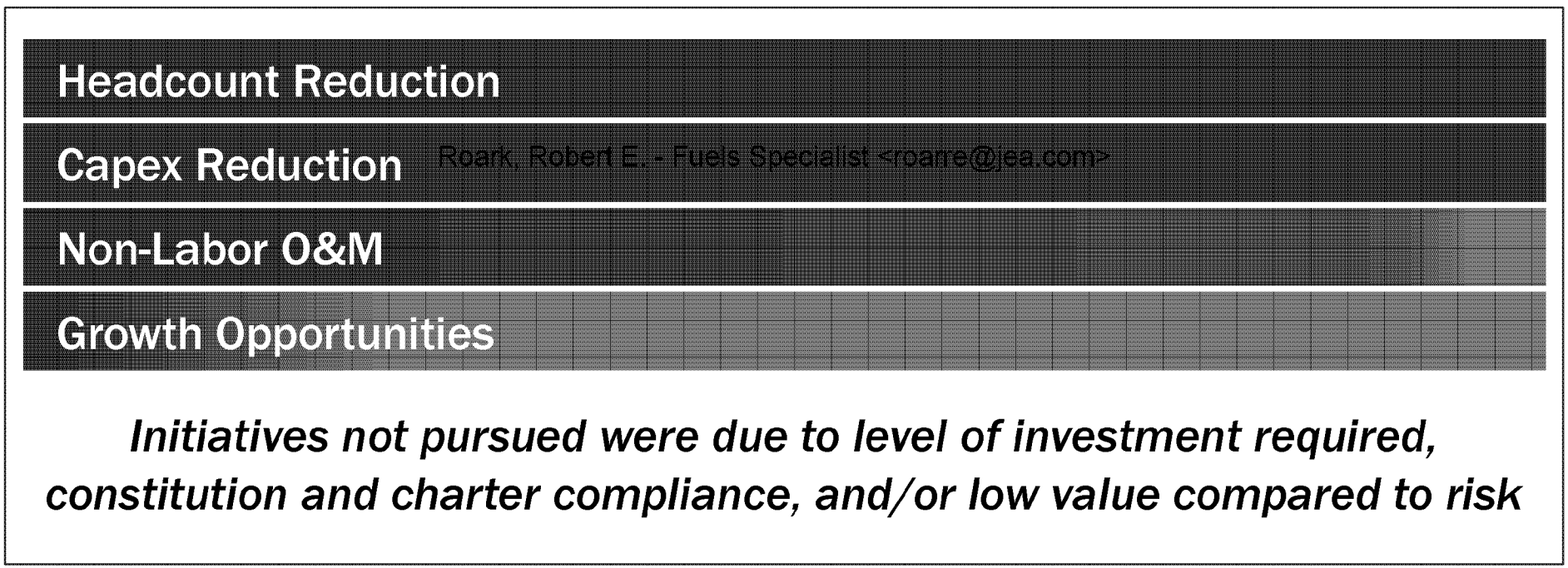
- A financial forecast or most likely scenario for JEA
- A forecast that reflects potential JEA actions/initiatives
- A set of only "off the table options" (some initiatives proposed in Scenario 2 may be implemented pending further analysis)
- A forecast that reflects likely changes to laws or regulations
- A tool for making specific resource planning or investment decisions
- A substitute for or input into the IRP / IWRP

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100+ SCENARIO 2 INITIATIVES EVALUATED ON *OPPORTUNITY, SIZE AND EFFORT* TO IMPLEMENT

Initiatives pursued *Not pursued*

Categories of Initiatives



Roark, Robert E. - Fuels Specialist <roarre@jea.com>

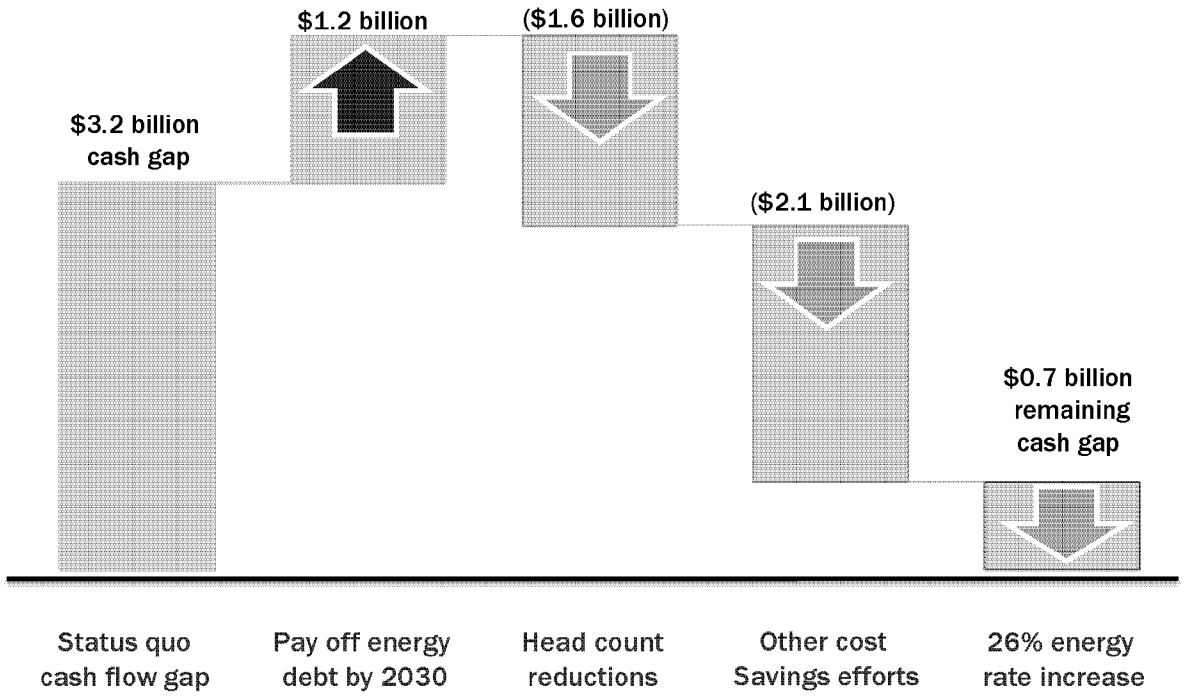
Initiatives not pursued were due to level of investment required, constitution and charter compliance, and/or low value compared to risk

SOURCE: JEA

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TRADITIONAL MANAGEMENT RESPONSE *within current constraints*

Cumulative cash flows for both energy and water: 2019 – 2030, $B



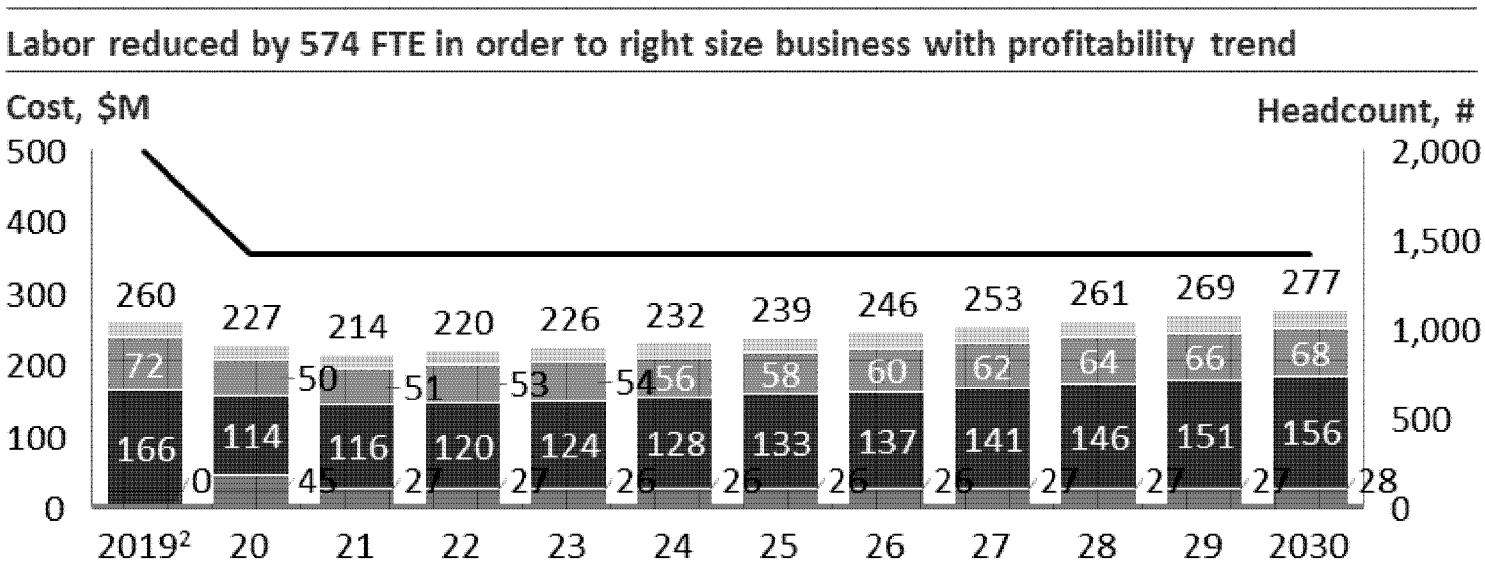
- Headcount reduced by 29%
- Other expense reductions including capital investments and reductions in service levels to customers (reliability, environmental stewardship, and customer service all reduced)
- Cancel new building and move to rented space in suburbs
- Reduces debt levels in the energy business to prepare for accelerated revenue loss from competition
- Cost cuts reduced the cash flow gap but 26% energy rate increase still required

SOURCE: JEA internal financial projections

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IN ADDITION, TRADITIONAL RESPONSE ~30% REDUCTION IN FORCE

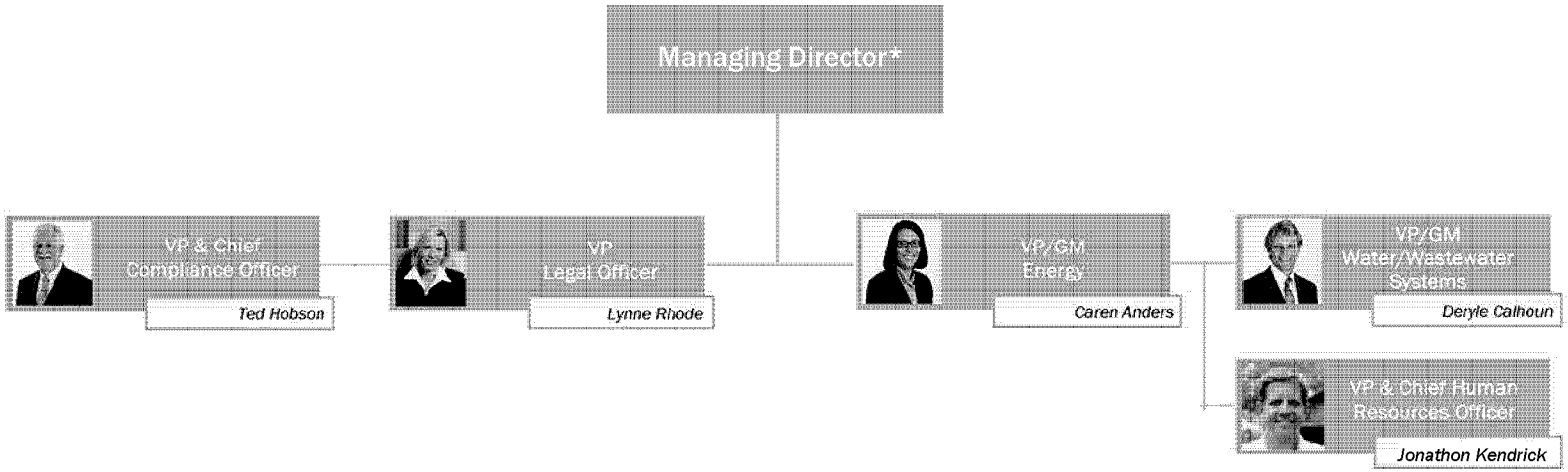
Similar to last 10 years, all parts of JEA reduced to shrink in an organized manner with profitability



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HEADCOUNT REDUCTIONS STARTS WITH 69% SLT REDUCTION

Strategic positions eliminated if business strategy is a glide path toward substantially shrinking

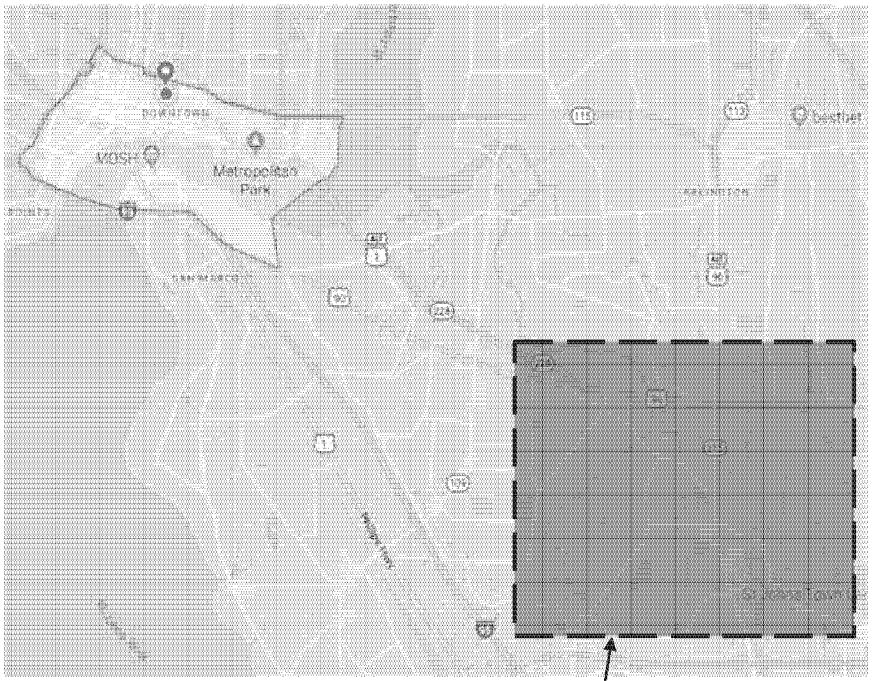


* Required by Charter

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MOVE OUT OF DOWNTOWN REQUIRED TO MINIMIZE COST





JEA leaves downtown: Future headquarters location in existing office space to house smaller work force and minimize cost

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REDUCES 2019–2030 TOTAL CAPEX BY $1B

Category	Total 2019-2030 spend – Status Quo 1, $M	Total 2019-2030 spend – Status Quo 2, $M	% change from SQ1	Assumptions
Energy - R&R	1,728	1,278	-26%	Cancel or defer planned generation maintenance, PPAs, T&D maintenance
Energy - Capacity	893	481	-46%	Cancel Greenland and replace with PPA, cancel substation reconfiguration, defer substation upgrades, Cancel substation feeder network project; defer upgrades
Energy - Other	163	57	-65%	25% reduction in TS spend starting 2020

REDUCES 2019–2030 TOTAL W/WW CAPEX BY $0.8B

W/WW - R&R	1618	1112	-31%	Defer and reduced rehabilitation, improvements, replacements, Remove planned spend on facility generators, reduce future resiliency spend
W/WW - Capacity	1010	765	-24%	Reduce well rehab and replacement, Defer and reduce reclaim capacity and storage projects, Removed water purification phases 2 and 3 and 3rd river crossing
W/WW - Other	85	85	0%	No change

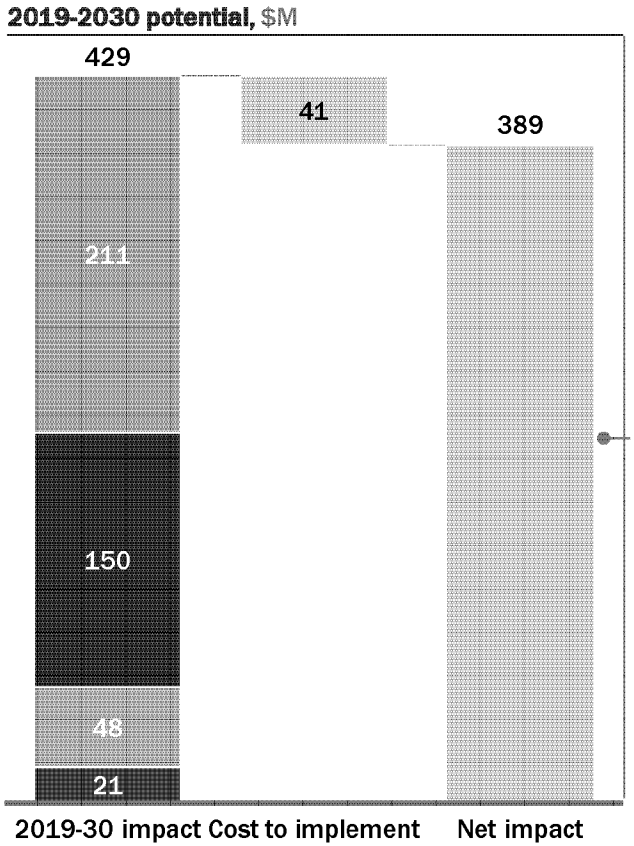
Impacts/Risks

- Customer and community: Decrease in reliability; new development slow-down
- Financial: Increase maintenance costs; potential costs in emergency repair and replacement; reduced reclaimed water revenue
- Environmental: Slower response to non-compliance events and delay in addressing water supply challenges

SOURCE: JEA

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INITIATIVES DEVELOPED TO DATE WILL PROVIDE $389M REVENUE BY 2030

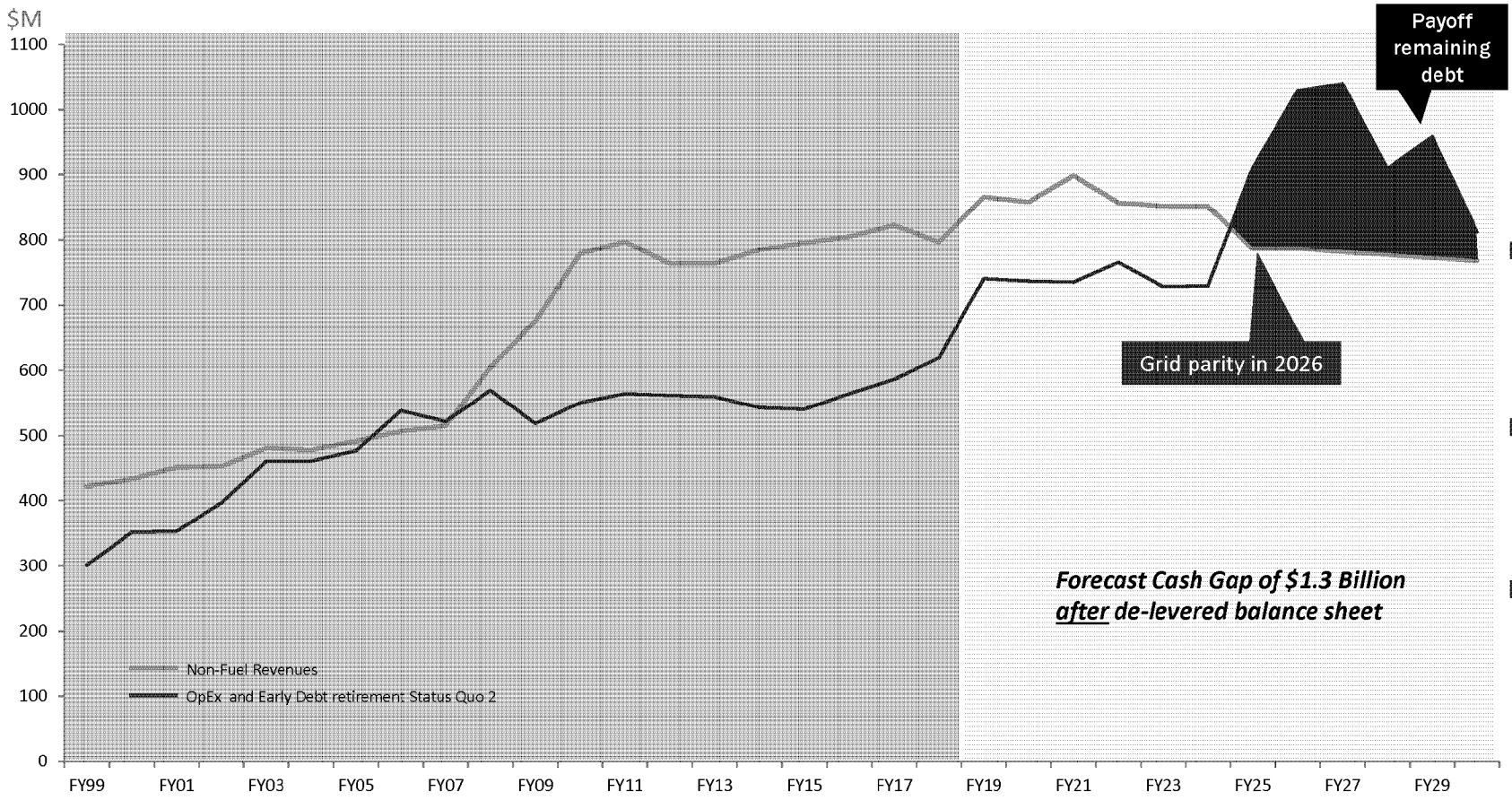


Initiative	Overview	Risks & considerations
Expand electrification	Convert more commercial and industrial customers to electric (e.g., vehicles)	No regrets
Real estate optimization	Sell/lease surplus properties	Trade-offs; less flexibility
Retail marketplace	Online marketplace to connect customers with providers of energy-related appliances and services. Use to collect data, create engagement and awareness, and generate modest income.	No regrets
Residential Solar Application Fee	Charge an application/inspection fee to cover the cost of solar PV interconnection reviews and inspections	Trade-offs; publicity and customer pushback

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ENERGY BUSINESS IN TRADITIONAL UTILITY RESPONSE

Accelerate Early Debt Repayment; Creates Additional Cash Gap



Cash Gap

$1.3B

Base Rate increase

26%

OR

Base Rate increase

13%

⊕

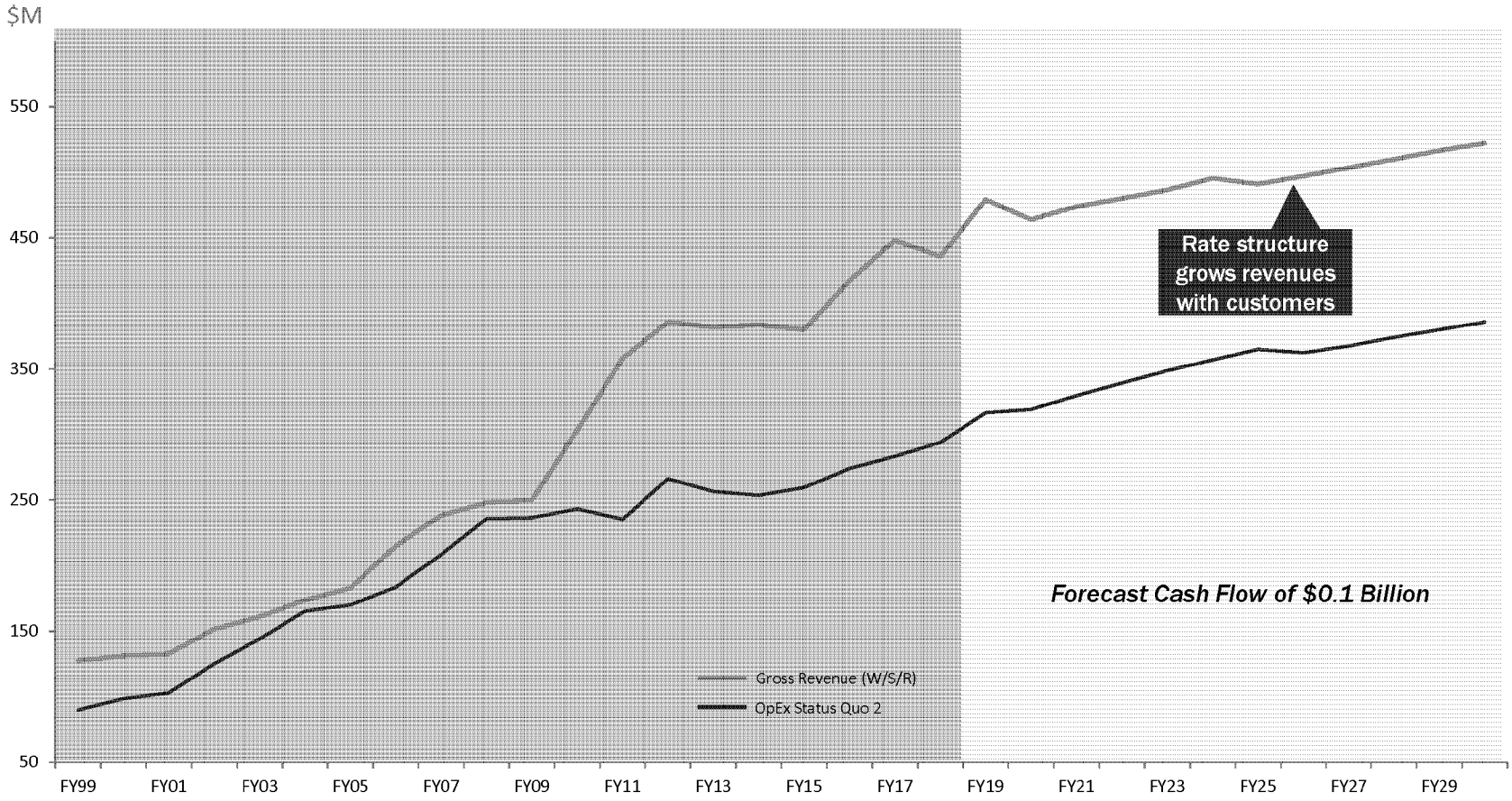
No city contribution past 2023

SOURCE: JEA financial statements 1999-2018
NOTE: Historical figures include only OpEx; 2019 and beyond include both OpEx and early debt retirement amounts

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WATER BUSINESS IN TRADITIONAL UTILITY RESPONSE

No Rate Increases Required



Positive Cash Flow

$0.1B

No need for rate increases

SOURCE: JEA financial statements 1999-2018

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TRADITIONAL RESPONSE PREPARES JEA FOR ORGANIZED DECLINE

	2018 Actual	2030 SQ Projection	Change .vs 2018	% Change	2030 Traditional Response Projection	Change .vs 2018	% Change
Rates ($ yield per MWh)	62	94	32	52%	78	16	26%
Unit Sales (MWh)	12,364,340	11,382,447	(981,893)	(8)%	Same as SQ	-	-
# of Customers - Energy	466,411	542,502	76,091	16%	Same as SQ	-	-
Rates ($ yield per kgal)	6.45	7.42	0.97	15%	6.36	(0.09)	(1)%
Unit Sales (kgal)	65,646,920	73,695,324	8,048,404	12%	Same as SQ	-	-
# of Customers – Water	348,159	416,470	68,311	20%	Same as SQ	-	-
Total Annual City Contribution	116,620	131,256	14,636	13%	Same as SQ	-	-
Total JEA Headcount	2,191	2,191	0	0%	1,418	(773)	(35)%
Total Long-Term Debt plus Contract Debt ('000)[1]	$5,110,000	$4,834,000	($276,000)	(5)%	3,523,690	($1,586,310)	(31)%
Annual O&M and Other Operating Exp.	$393,657[2]	$737,376	$343,719	87%	494,989	$101,322	26%

[1] JEA Long-term debt in October 2018 [2] Actual Maintenance and Other Operating Exp adjusted to exclude SJRPP

- Customer rates increase 52% in SQ1 for the electric system vs. SQ2 rates increase only 26%.
- Customer rates increase 15% in SQ1 for the water system vs. SQ2 rates decrease 1%.
- $276 million of debt repaid, leaving $4.8 billion of direct + contract debt outstanding in SQ1 vs. Reduction in debt by additional $1.3B in SQ2.
- Contract debt amortizes through 2062, JEA obligation to pay debt service for all contract debt through 2043

SOURCE: JEA Financial planning and forecasting model

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THE NON-TRADITIONAL PATH

A trail less traveled

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WHY JEA IS DEVELOPING A 'NON TRADITIONAL' STRATEGIC PLAN

The industry is changing and JEA's strategy needs to change

1 Technology

- Emerging energy economics of the supply stack shifting
- Emerging operational technologies laying the foundation for digital transformation

2 Policy

- Push for decarbonization gaining momentum
- More comprehensive policies (e.g. net metering, Energy Efficiency)

3 Customer

- Rising bar on customer experience driven by non-utility players
- Customer awareness of emerging technologies rising

4 Capital

- Entry of players with competitive capital has potential to change returns and competitive play profile (e.g. Canadian and European investors, activists)

Objectives: Develop a 10 year strategy for JEA that drives an increase in the value of JEA now and in the future. The strategy will:

Position JEA to succeed in the face of trends

Proactively shape talent and culture

Drive growth

Identify and enable investments

Maintain affordability and reliability

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JEA'S SCENARIO #3 SETS FOUNDATION OF JACKSONVILLE'S FUTURE

JEA started this conversation in October 2018



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American Public Power Association

"If public power utilities do not face these challenges head on, 'we could lose our customers' business and risk being disrupted – indeed, we could be left behind."

– Sue Kelly, CEO of APPA

APPA 2019 National Conference on June 10, 2019

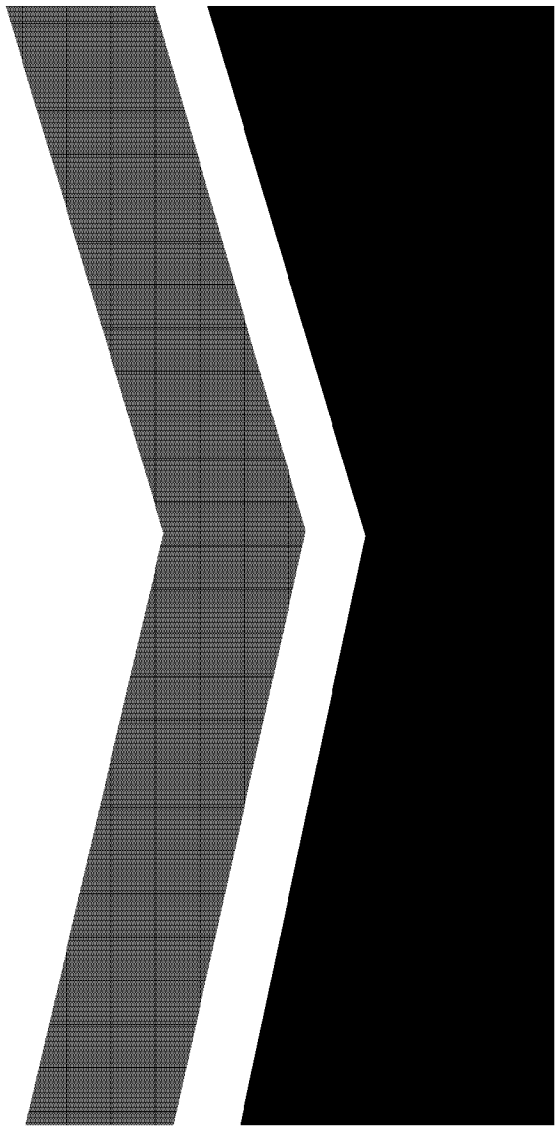
TOP 3 CHALLENGES:

1) Technology Disruption 2) Cyber and Physical Security 3) Policy around climate change

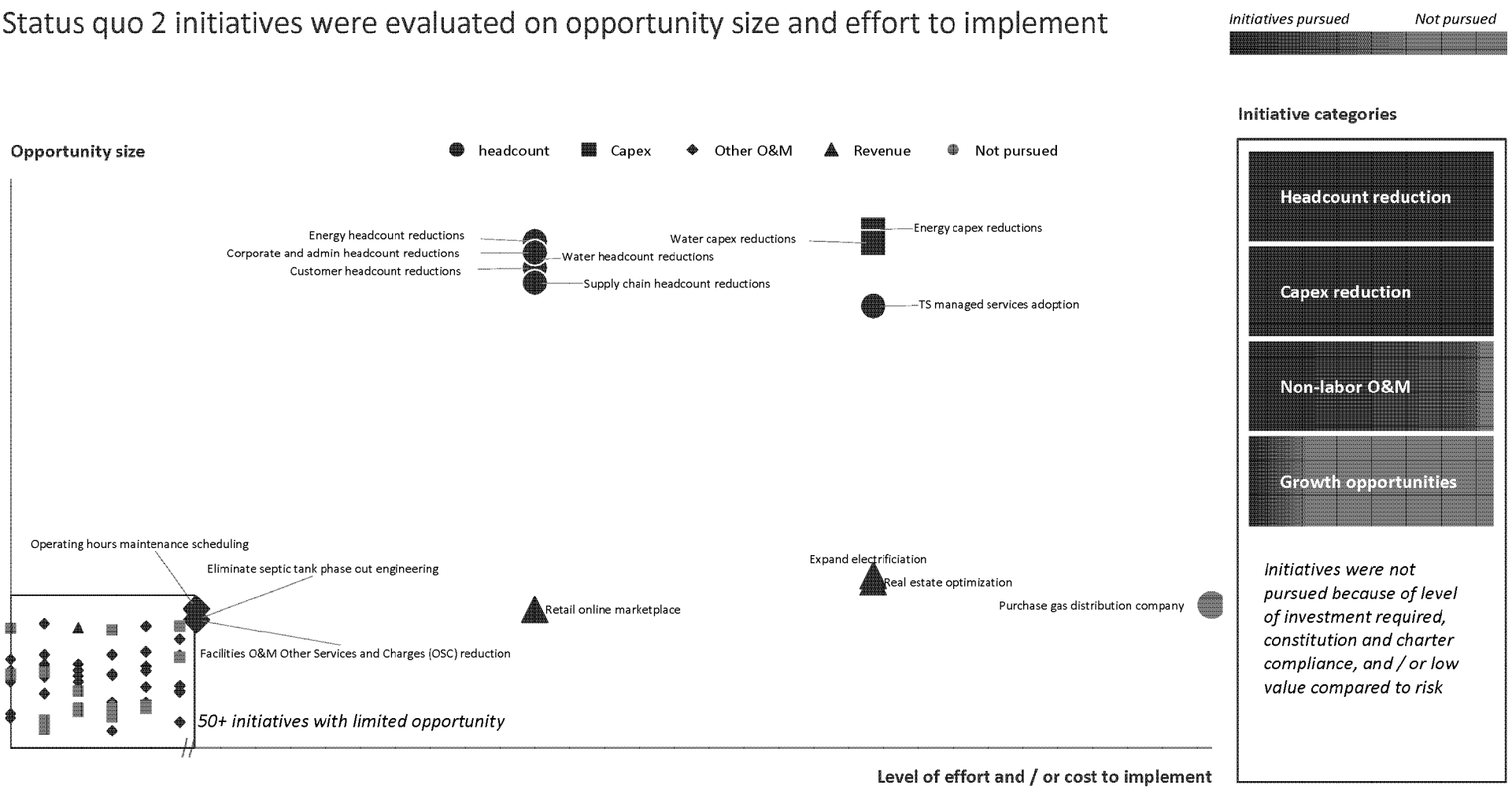
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APPENDIX A:

Initiatives & Impacts of Traditional Utility Response



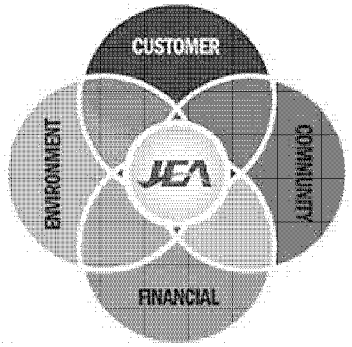
Status quo 2 initiatives were evaluated on opportunity size and effort to implement

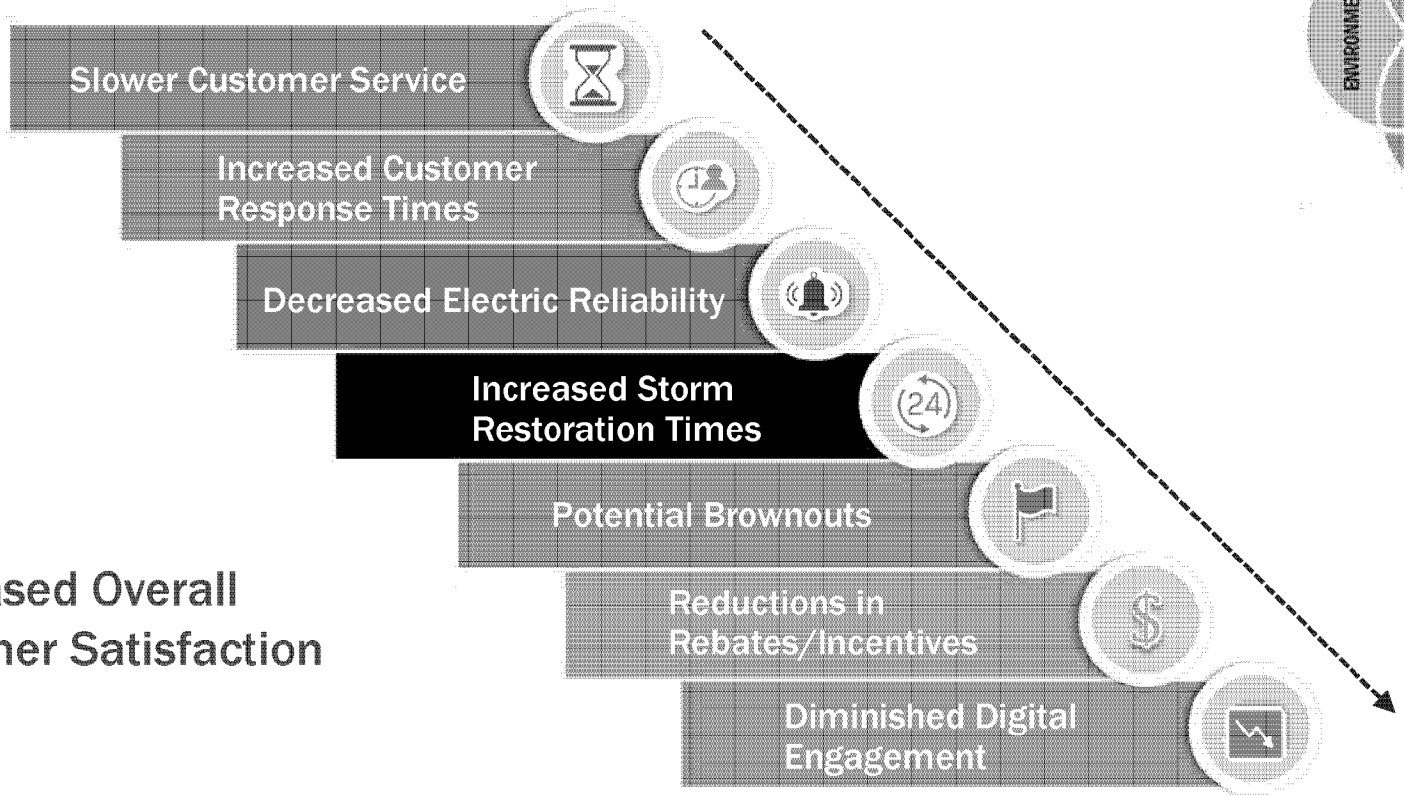


SOURCE: JEA

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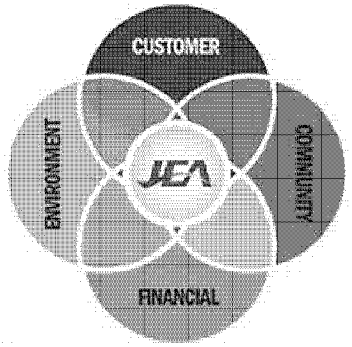
CUSTOMER EXPERIENCE CHANGES

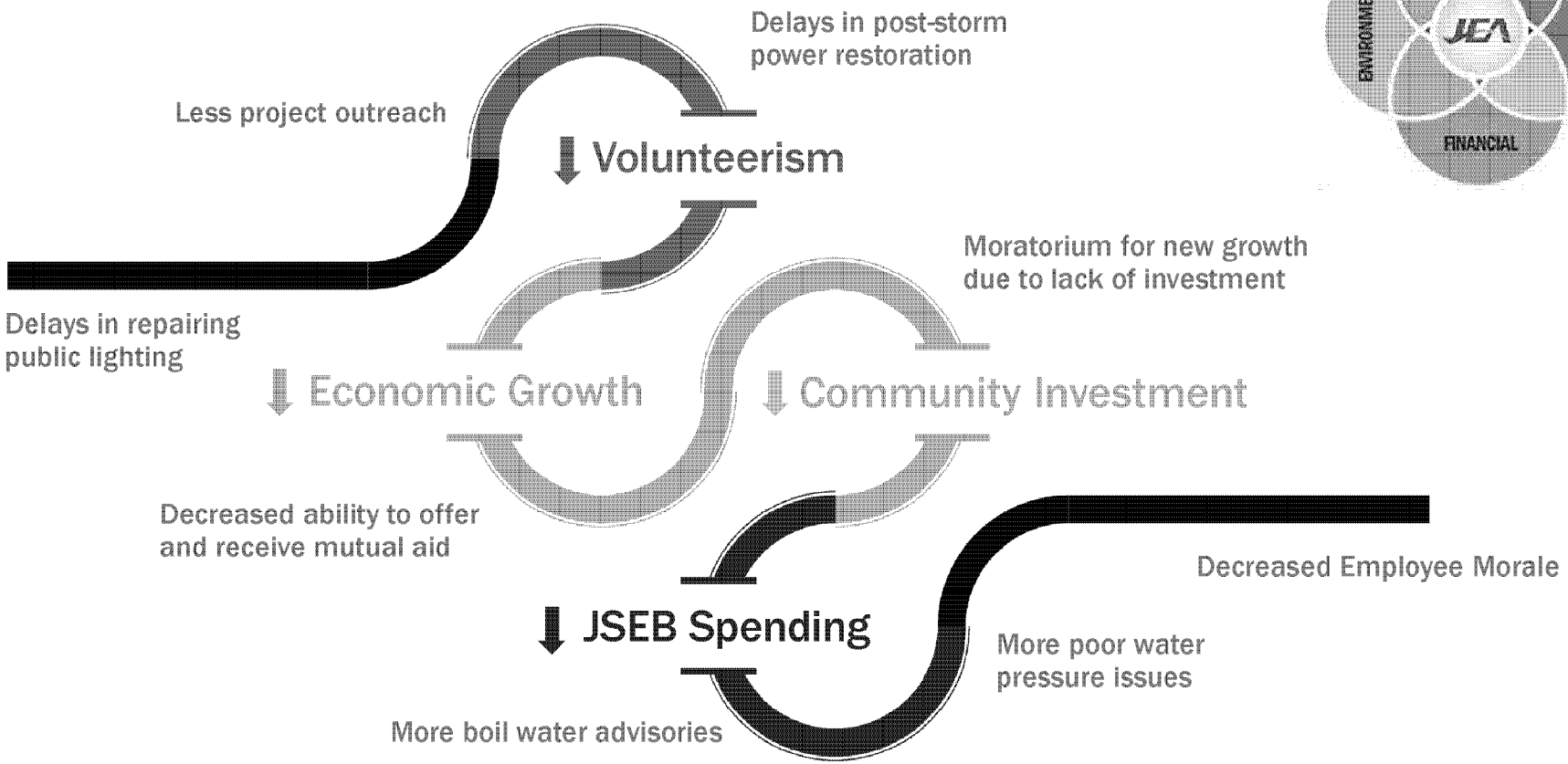




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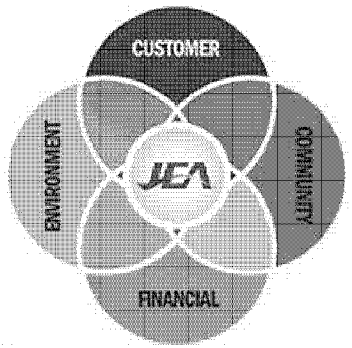
COMMUNITY IMPACT CHANGES



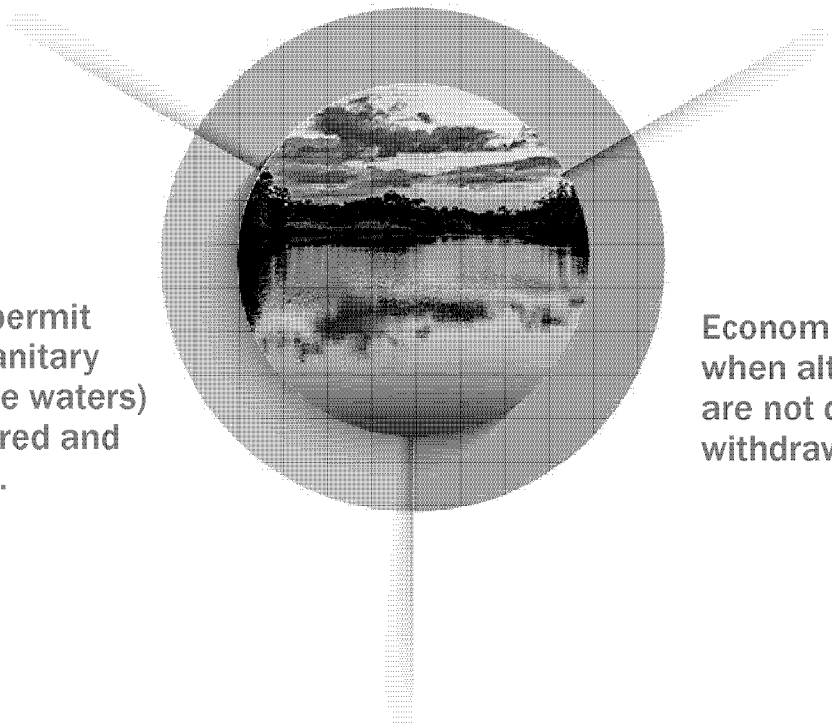


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ENVIRONMENTAL CHANGES



Increased Nitrogen to the St. Johns River as growth increases.

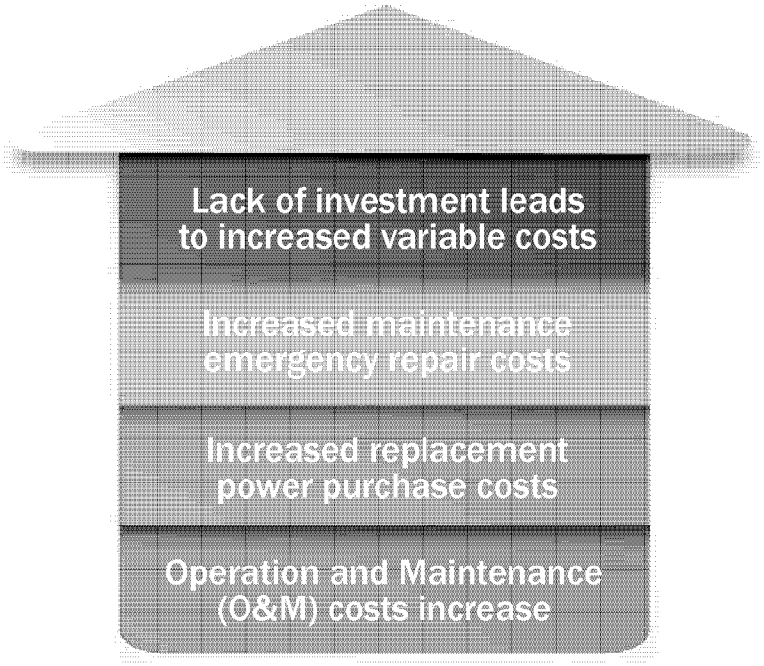


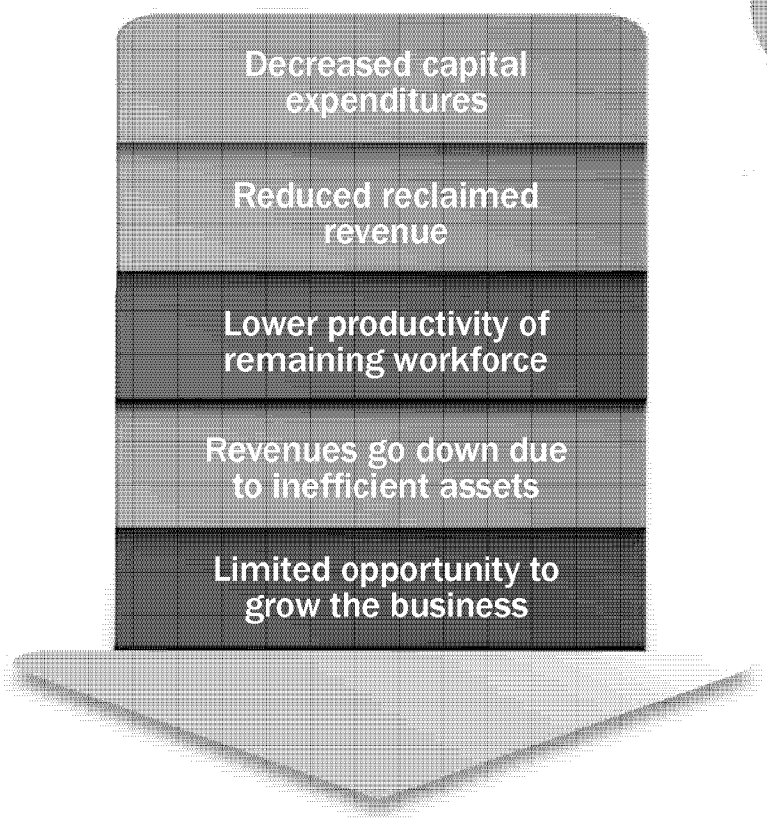
More or larger periodic permit exceedances (such as sanitary sewer overflow to surface waters) as maintenance is deferred and response times degrade.

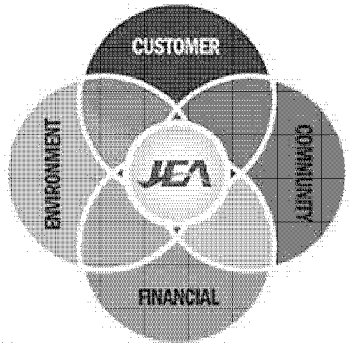
Economic growth is stifled when alternative water supplies are not developed and aquifer withdrawal limits are reached.

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FINANCIAL CHANGES



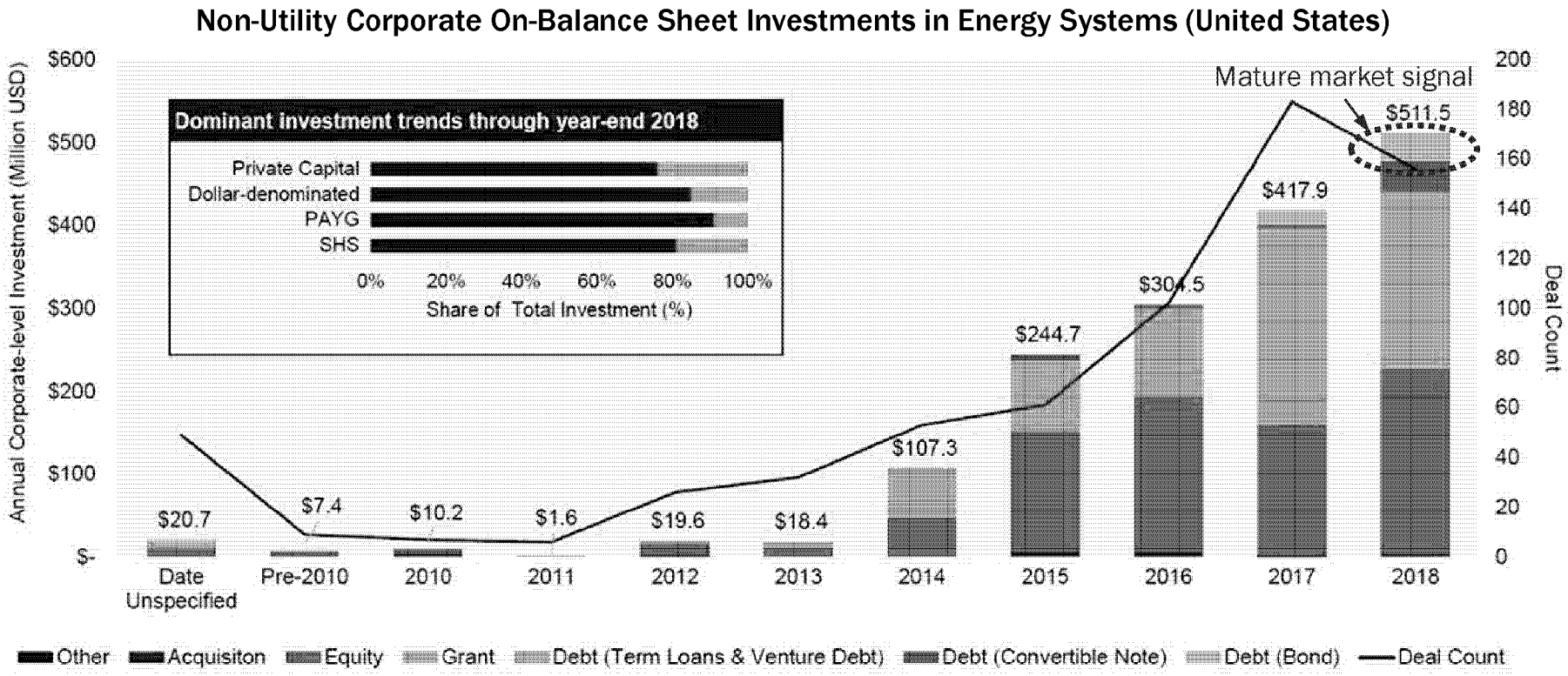




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IMPACT OF OFF-GRID ENERGY SOLUTIONS

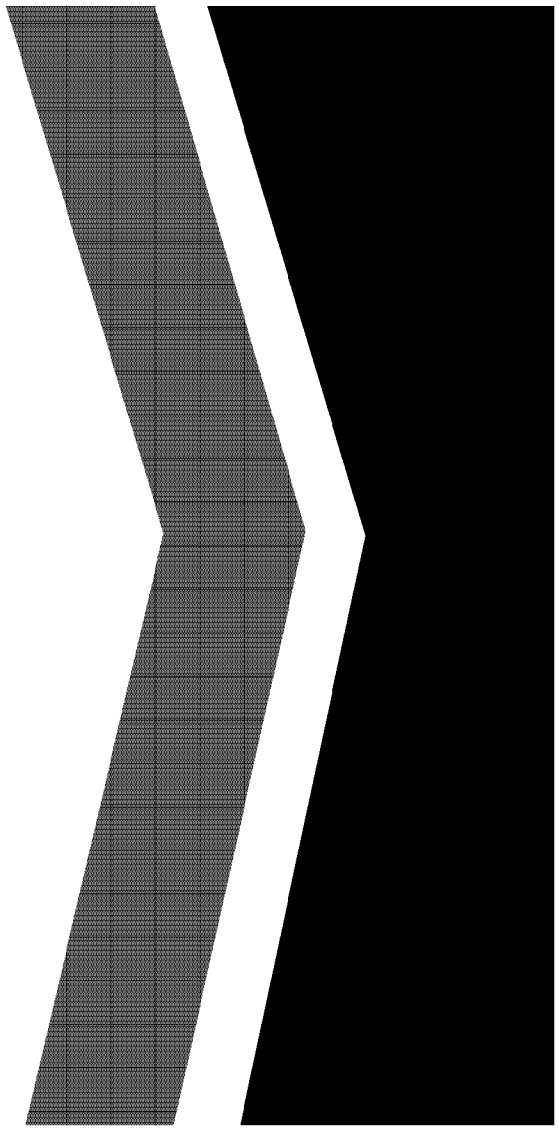
By 2030, EIA estimates 71+% of new electricity connections will be via off-grid or mini-grid solutions



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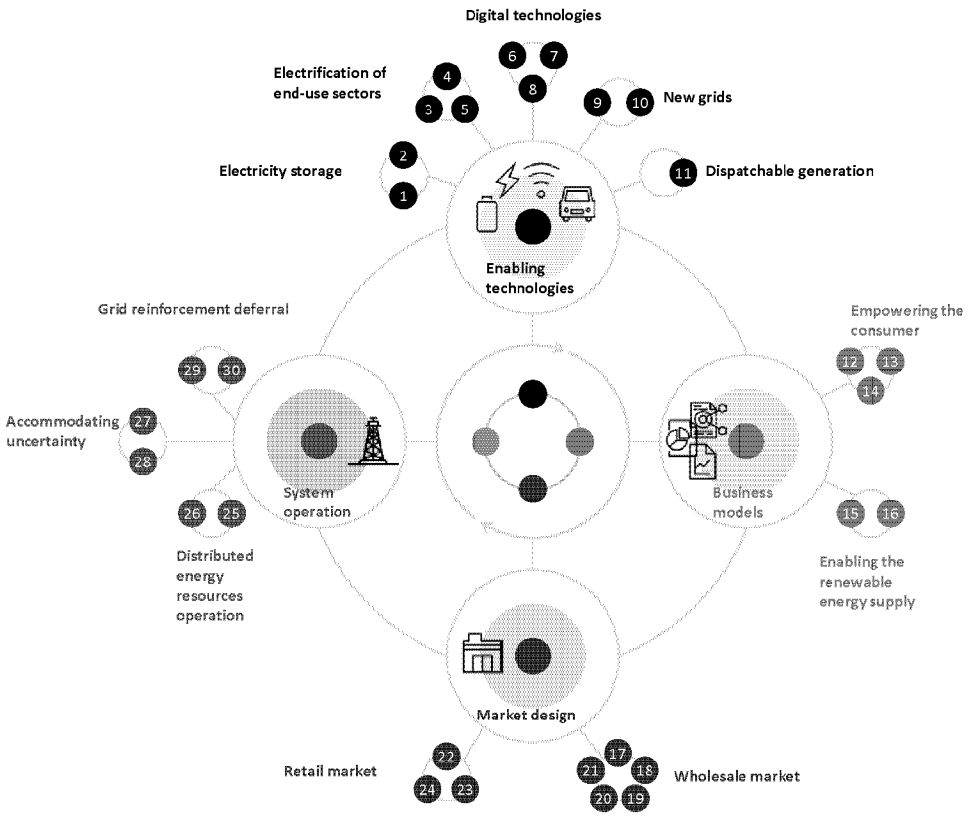
APPENDIX B:

Potential of Non-Traditional Response



VISION FOR THE *ENERGY* UTILITY OF THE FUTURE

Innovative energy initiatives contemplated by JEA



SOURCE: https://www.powermag.com/the-big-picture-30-innovations-revolutionizing-the-power-industry/

Enabling technologies

1. Utility-scale batteries
2. Behind-the-meter batteries
   - Battery storage technologies able to back up the variability of renewables and provide various serves to the grid
3. Electric-vehicle smart charging
4. Renewable power-to-heat
5. Renewable power-to-hydrogen
   - Technologies that enable electrification of other sectors opening doors to new markets for generation as well as new ways to store the generation surplus
6. Internet of things
7. Artificial intelligence and big data
   - Subscription model and just in time customer services
8. Blockchain
   - Digital technologies that are introducing new applications in the power sector, changing the boundaries and dynamics of the industry and to optimize renewables
9. Renewable mini-grids
10. Super grids
    - New smart grids both large and small scale, that complement each other and enable new ways to manage generation
11. Flexibility in conventional power plants
    - Refurbishment of existing assets to adapt to the new conditions and to the needs of the system

Business models

12. Aggregators / acquisitions
13. Peer-to-peer electricity trading
14. Energy-as-a-service
    - Business models that consumers turning them into active participants.
    - Subscription models and just in time customer services
15. Community-ownership models
16. Pay-as-you-go models
    - Innovative schemes that enable renewable energy supply, in both off grid and connected areas.

Market design

17. Increasing time granularity in electricity markets
18. Increasing space granularity in electricity markets
19. Innovative ancillary services
20. Re-designing capacity markets
21. Regional markets
    - New regulations in the wholesale markets that encourage flexibilitity from market participants and provide better price signals that value power supply and properly remunerate grid support services
22. Time-of-use tariffs
23. Market integration of distributed energy resources
24. Net billing schemes
    - Design and regulatory changes in the retail market that stimulate flexibility on the consumer/prosumer side

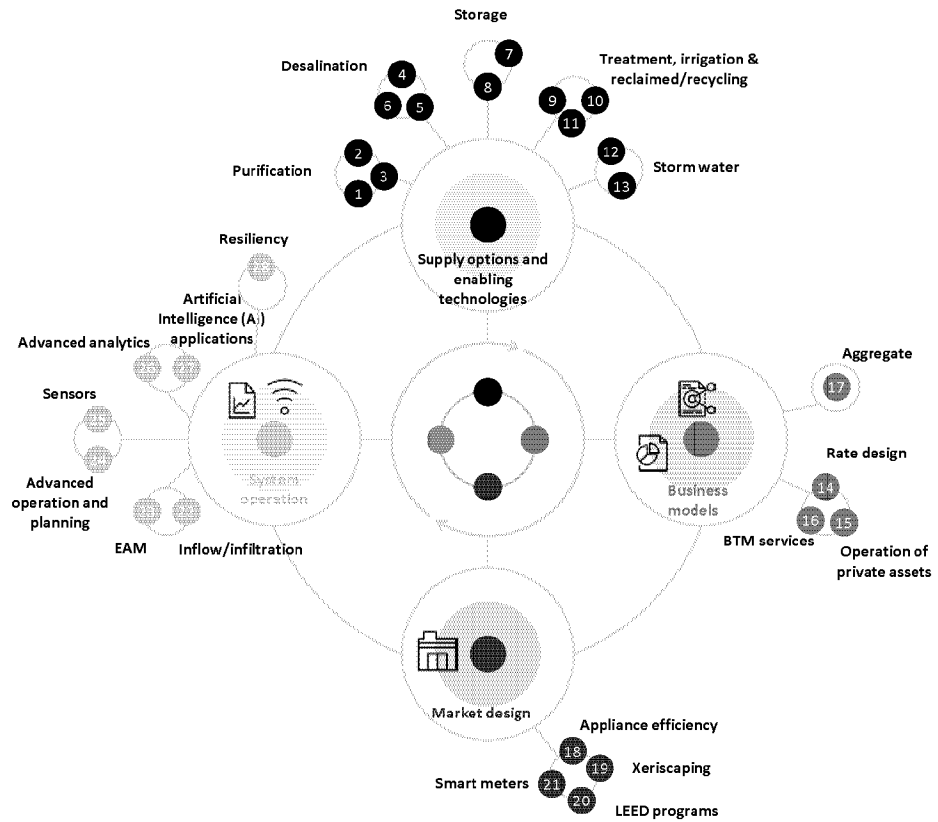
System operation

25. Future role of distribution system operators
26. Cooperation between transmission and distribution system operators
    - Distributed generation deployment requires new ways of operating the distribution grid and market facilitation fog distributed generation
27. Advanced forecasting of variable renewable power generation
28. Innovative operation of pumped hydropower storage
    - New operation procedures that enhance electricity system flexibility
29. Virtual power lines
30. Dynamic line rating
    - New ways to operate the grid that reduce VRE curtailment due to grid congestion reducing the need to reinforce the grid

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VISION FOR THE *WATER* UTILITY OF THE FUTURE

Innovative water initiatives contemplated by JEA



SOURCE: https://www.powermag.com/the-big-picture-30-innovations-revolutionizing-the-power-industry/

Supply options and enabling technologies

1. Purified water for aquifer recharge
2. Direct potable reuse
3. Expanded reuse

4. Desalination: Brackish groundwater
5. Desalination: Lower St. Johns
6. Desalination: Upper St. Johns

7. Regional surface water storage for potable
8. Regional surface water storage for irrigation

9. Surficial/intermediate aquifer for private irrigation
10. Distributed treatment for STPO and new development in lieu of grid expansion
11. Production of reclaimed at the neighborhood level utilizing scavenger plants

12. Distributed storm water collected from FDOT Facilities
13. Distributed storm water collection and dual reclaimed storage

Business models

14. Rate design
    - Demand rate
    - Peak pricing
15. Operation of private business assets (e.g., pump stations, gravity sewer)
16. Behind-the-meter (BTM) services
    - Subscription model and just in time customer services
17. Aggregator / acquisitions

Market design

18. Appliance efficiency
19. Xeriscaping
20. Green (LEED) programs
21. Smart meter (including irrigation meters)

System operation

22. Inflow and infiltration initiatives
23. EAM – Asset life extensions

24. Advanced operation and planning
    - Real-time state estimation
    - Distribution automation (leak location, restoration, reconfiguration, etc.)
    - Demand forecasting
    - Energy production
25. Sensors
    - Leak detection
    - Pressure
    - Wastewater stoppages in gravity and high pressures in force mains
    - Water quality

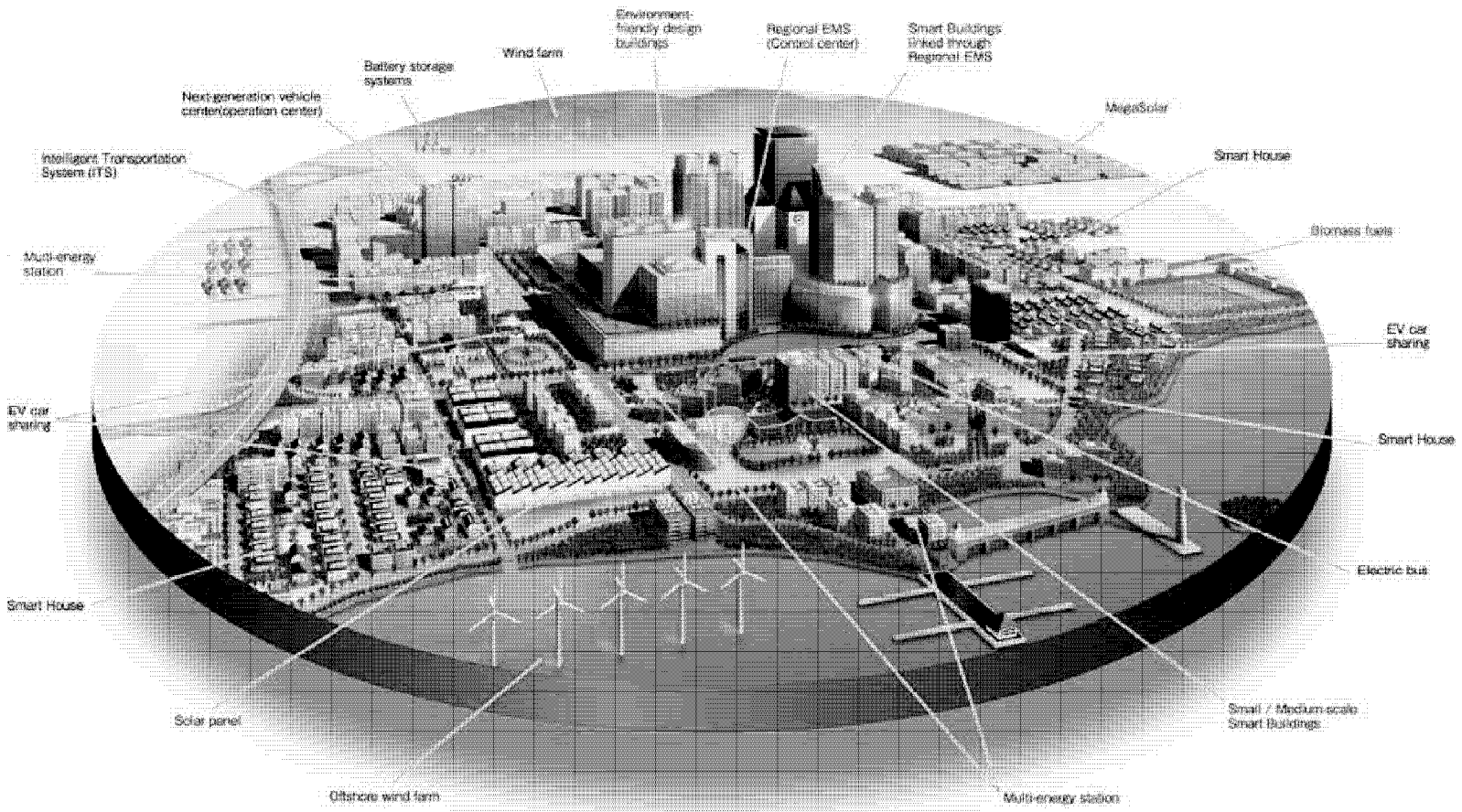
26. Advanced analytics
    - Predictive
    - Prescriptive
    - Cognitive
27. AI applications
    - Efficient asset operation
    - Condition-based maintenance

28. Resiliency
    - Cybers and physical security standards
    - Weather hardening

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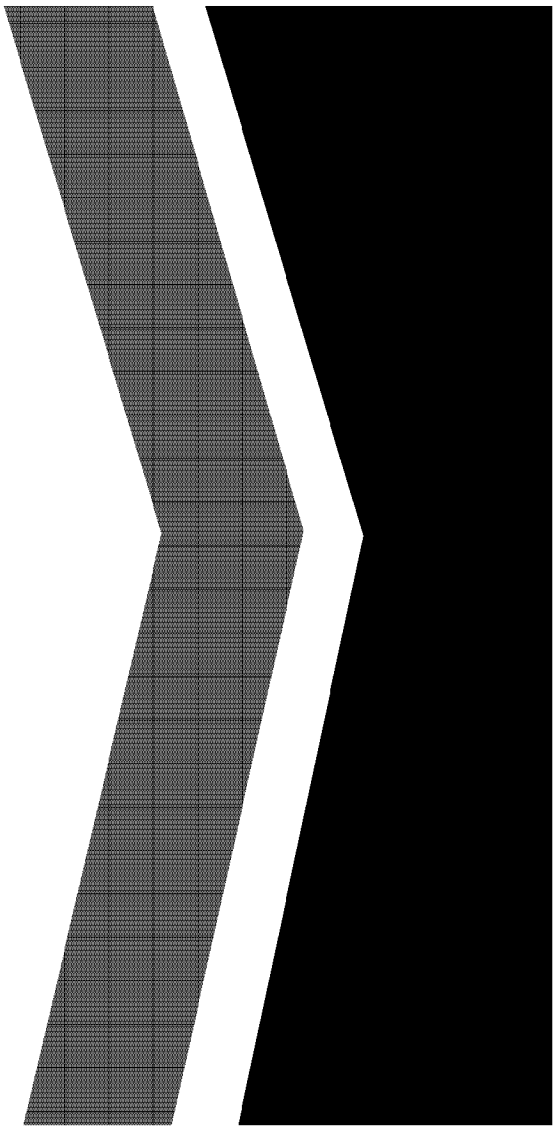
JEA CAN SET FOUNDATION FOR JACKSONVILLE'S SMART FUTURE

Jacksonville positioned to be global leader in infrastructure innovation & economic growth



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APPENDIX C:
Constraint Matrix



CONTEMPLATED INITIATIVE	EXAMPLE	CUMULATIVE IMPACT OF CONSTRAINTS *
CHANGE RATE STRUCTURE		
	Preferential rate structure	
	Flat rates	
	Critical peak pricing	
	Rate decoupling	
	Real time pricing	
RAISE RATES		
	Raising water and sewer rates by 52%	
	Raising electric rates by 71%	
SELL CUSTOMIZED ELECTRICITY, WATER AND SEWER		
	Increase premium services (renewable-sourced electricity, custom power, premium resiliency)	
	Increase chilled water sales	
	Increase reclaimed water sales	
SELL MORE NATURAL GAS		
	Local Distribution Company (retail)	
	Expand wholesale sales	
	LNG	
EXPAND ELECTRICITY, WATER, SEWER & NATURAL GAS SERVICE TO MORE CUSTOMERS IN ADJACENT COUNTIES		
	Territorial agreements	
EXPAND ELECTRICITY, WATER, SEWER & NATURAL GAS SERVICE TO CUSTOMERS IN NON-ADJACENT COUNTIES		
	Develop a utility system in a non-adjacent county	

CONTEMPLATED INITIATIVE	EXAMPLE	CUMULATIVE IMPACT OF CONSTRAINTS *
SELL OR LEASE NEW ELECTRIC, WATER OR SEWER-RELATED PRODUCTS & SERVICES		
	Warranty and protection services (electric, HVAC, surge protection)	
	Electrification (provision/maintenance of EV charging infrastructure)	
	Energy Services Company	
	DER (solar distributed generation, energy storage, demand response, backup generation, microgrids)	
SELL NEW OTHER SERVICES		
	Telecom	
	On and off-road electric vehicles sales and financing	
CUT OPERATING EXPENSES		
	Customer communication	
	Employee training	
	Security	
CUT WORKFORCE	Tree trimming	
	Targeted outsourcing	
	Across the utility layoffs	
REDUCE CITY CONTRIBUTION		
	Eliminate annual assessment	
SELL ASSETS (10% OR LESS)		
	Sell underperforming assets (telecom, etc.)	
	Sell surplus or antiquated equipment (real estate, etc)	

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CONTEMPLATED INITIATIVE	EXAMPLE	CUMULATIVE IMPACT OF CONSTRAINTS *
SELL ASSETS (MORE THAN 10%)		
	Sell underperforming assets (more than 10% of total assets)	
ACQUIRE, GROW & OPERATE NEW UTILITY & CERTAIN INCIDENTAL BUSINESSES THROUGHOUT THE U.S.		
	Buy 100% of a solid waste disposal co.	
	Buy 100% of a bio-mass facility	
	Buy 100% of natural gas utility	
ACQUIRE, GROW & OPERATE NEW NON-UTILITY TYPE BUSINESSES THROUGHOUT THE U.S.		
	Buy or start water and energy financing platform	
	Buy a sensor co.	
	Buy 100% of a software or A.I. company	
	Buy 100% of a vehicle fleet management company	
JOINT OWNERSHIP/VENTURE WITH ELECTRICAL ENERGY GENERATING OR TRANSMISSION FACILITY		
	Buy less than 100% of an electric generating or transmission facility	
JOINT OWNERSHIP/VENTURE WITH NON-UTILITY		
	Buy less than 100% of a technology company	
CONTRACT WITH OTHER UTILITIES FOR UTILITY SERVICES		
SELL A PORTION OF EQUITY TO FUND GROWTH OR DELEVERAGE		

CONTEMPLATED INITIATIVE	EXAMPLE	CUMULATIVE IMPACT OF CONSTRAINTS *
RESEARCH & DEVELOPMENT FOR MONETIZATION		
	Advanced data analytics solutions	
	Real-time operations software	
MAKE INVESTMENTS PURPOSED TO ACCELERATE & GROW UTILITY TECHNOLOGIES, SERVICES OR PLATFORMS		
	PROHIBITED OR NOT VIABLE	
	SIGNIFICANT CONSTRAINTS	
	LIKELY PERMISSIBLE	

** NOTE: Constraints considered are the Florida Constitution, the Florida Public Service Commission jurisdiction, intellectual property (IP) considerations, the City of Jacksonville Charter, JEA's Bond Resolutions, JEA's business structure, and policy considerations. The cumulative impact analysis assumes current law, is based on general and not specific initiative terms, and is subject to confirmation and change by legal counsel. It is not possible to analyze the universe of policies, laws, and regulations that may impact the development, adoption, funding, and implementation of a proposal at this point in the discussion. Any specific initiative will require extensive and detailed legal analysis and counsel.*

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COMPENSATION COMMITTEE AGENDA

DATE: June 18, 2019
TIME: 2:00 PM
PLACE: 21 W. Church Street
8th Floor

		Responsible Person	Action (A) Info (I)	Total Time
I.	**OPENING CONSIDERATIONS**	Camille Lee-Johnson		
A.	Call to Order			
B.	Adoption of Agenda		A	
C.	Approval of Minutes – January 15, 2019	Camille Lee-Johnson	A	
II.	**NEW BUSINESS**			
A.	Introduction	Camille Lee-Johnson		10 mins.
B.	Towers Watson Analysis of JEA vs Industry Compensation	Jon Kendrick	I	20 mins.
C.	Long Term Compensation Update	Aaron F. Zahn & Herschel Vinyard	I	20 mins.
D.	Executive Contract	Camille Lee-Johnson	I	10 mins.
E.	Other New Business			
F.	Announcements			
	1. Schedule Next Meeting As Appropriate			
F.	Adjournment			

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JEA COMPENSATION COMMITTEE MINUTES
January 15, 2019

The Compensation Committee of JEA met on Tuesday, January 15, 2019, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

A. Call to Order – Interim Committee Chair Johnson called the meeting to order at 9:00 AM with Committee Member April Green in attendance, as well as Board Chair Alan Howard in observance. Also present were Aaron Zahn, Melissa Dykes, Angie Hiers, Jody Brooks, Mike Hightower, Gerri Boyce, Gina Kyle and David Bauerlein, Florida Times-Union.

B. Adoption of Agenda – The Agenda was adopted on **motion** by Ms. Green and second by Board Chair Howard.

C. Approval of Minutes – The May 14, 2018 minutes were approved on **motion** by Ms. Green and second by Board Chair Howard.

Agenda Item II – New Business

A. Introduction – Aaron Zahn, Managing Director/CEO introduced the subjects that would be discussed during the meeting.

B. JEA Total Compensation Philosophy – Aaron Zahn, Managing Director/CEO reviewed the Total Market Compensation Strategy, which demonstrates a commitment to results and the values of JEA. Mr. Zahn spoke of the process of alignment of stakeholders to JEA's corporate initiatives and the path taken to gain consensus of all stakeholders to the Guiding Principles and Corporate Measures. He spoke of the need to elevate the entire team and ensure that employee incentives drive value and teamwork. Mr. Zahn then provided the definition of total compensation and short term/long term incentives and provided a recommendation for a change in the JEA Board Policy Manual to incorporate these changes. This item was presented for information to the committee.

C. 5-to-5 Innovation Program – Melissa Dykes, President/Chief Operating Officer and Angie Hiers, VP & Chief Human Resources Officer presented the 5-to-5 Innovation Program, which is JEA's new ideas program. With this program, employees are encouraged to present ideas and are rewarded for developing and submitting innovative ideas that benefit JEA and the community. Employees who submit an idea that is implemented will be eligible for incentives ranging from $500 to $5,000 depending on the scope, cost savings and/or revenue generation associated with the idea and corresponding results. This item was presented for information to the committee.

D. Executive Contract – Aaron Zahn, Managing Director/CEO and Interim Committee Chair Johnson discussed the executive contract and discussed extending the current contract until July 31, 2019, to allow time for the total compensation plan to be worked out prior to finalizing the contract for the Managing Director/CEO. Contract discussions were deferred.

E. Other New Business

F. Announcements
    1. Schedule Next Meeting as Appropriate

G. Adjournment

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APPROVED BY:

_____
Camille Johnson, Interim Committee Chair
Date: _____

Submitted by:

_____
Cheryl Mock
Executive Assistant



JEA

Total Market Compensation Strategy

Compensation Committee
June 2018

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GUIDING PRINCIPLES

ACCELERATING UTILITY INNOVATION

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

Work together to elevate the entire team

Core competencies accelerate results

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ELEVATE THE ENTIRE TEAM

1. Ensure JEA's corporate compensation philosophy is aligned with JEA's Guiding Principles
2. Encourage long-term culture of value creation
3. Establish formal compensation policy to align behavior to 4 Corporate Measures of Value and market based compensation
4. Ensure policy promotes collaboration to drive Vision and Mission

Employee incentives should drive "value" & "teamwork"

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Compensation Efforts to Date

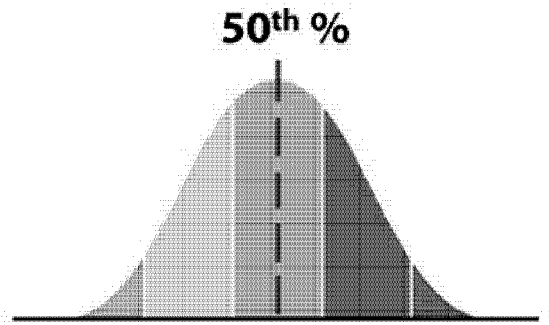
January	February - June
Board Approval of: • Guiding Principles • Development of a Compensation Framework • Extending CEO contract through 7/31/19 • Change to Board Policy Manual	Status Quo developed and presented to the Board Total Compensation Framework developed with the assistance of Willis Towers Watson Draft CEO Contract prepared

JEA Board Policy Manual

(Revision to Policy 2.7 adopted by JEA Board on June 17, 2014)

"With respect to employment, compensation, and benefits to employees, consultants, and contract workers, the CEO shall promote a compensation philosophy that encompasses salary/wages, retirement benefits, incentives and health and welfare benefits that align with and drive JEA's Corporate Measures of value: 1) Customer; 2) Financial; 3) Environmental; and 4) Community Impact.

Total compensation will meet the market (50% percentile), which is where the majority of companies in the industry and geographical area reside. Total compensation will include Base Salary, Short Term Incentives and Long Term Incentives. The 50th percentile pays competitively for behavior that meets expectations. Short term and long term incentives will align to and drive JEA's Corporate Measures of Value. Internal equity will be achieved by evaluating differences in skill, effort, responsibility and working conditions among jobs."

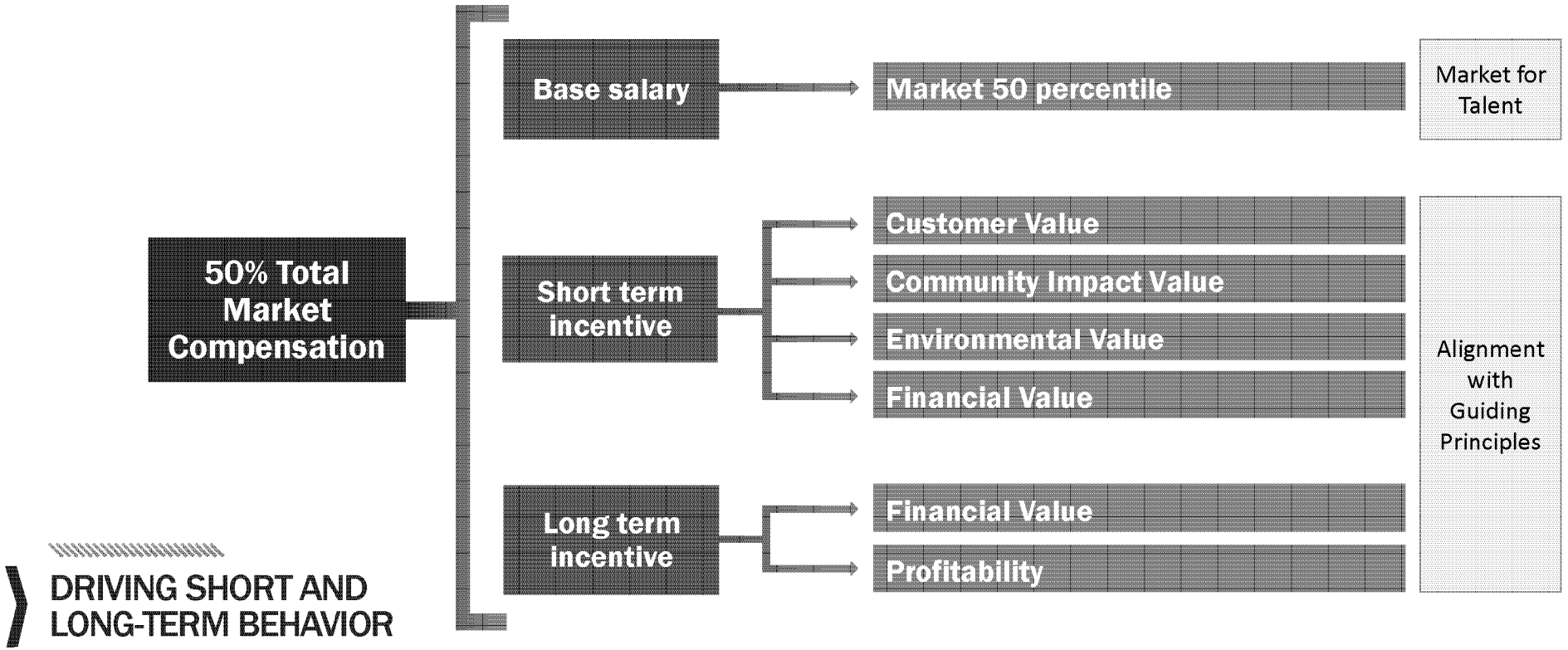


JEA's total compensation structure should both compete with the market for talent & drive results aligned with "guiding principles"

JEA'S COMPENSATION PHILOSOPHY

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Establish a Formal Compensation Policy to Align with: 1) Talent Market and 2) Guiding Principles



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Compensation Benchmarking Summary

Appointed Population vs. Market 50th Percentile Variances By Job Level

- The following exhibits summarize variances comparing incumbent pay data with market data from job weighted perspective for the Appointed population only
- Variances are lower to market for executives and directors at target bonus %, target TCC, and target TDC compared to the other job levels
  - JEA provided performance bonuses to Appointed employees in April to begin closing the gap on base salary – the budget was 2.5%.

Job Weighted:

Level	Average Base Salary Variance	Average Target Bonus % Absolute Variance	Average Target TCC Variance	Average Long-term Incentive % Absolute Variance	Average Target TDC Variance
Executive	-12%	-33%	-28%	--	-42%
Director	-1%	-10%	-8%	--	-13%
Manager	-2%	-5%	-6%	--	-6%
Individual Contributor	-1%	-2%	-1%	--	-1%
Total	-2%	-7%	-6%	--	-7%

Short-Term Incentive Plan Practices

Target Incentive Award Opportunities

- Target incentive opportunities typically increase with job level, and are relatively similar in both the Utility and General Industries
- Note that we have recommended STI targets as part of our analysis to "close the gap" between market and JEA's desired competitive positioning

Target Incentive Award Opportunities – By Job Level

Role/Career Level	Target STI Opportunities	
	Utilities	General Industry
Senior Directors	25%	24%
Managers	15%	13%
Supervisors	10%	9%
Senior Level Professionals	13-20%	11-18%
Entry-Mid Level Professionals	7-10%	5-8%
Non-exempt	5%	3-5%

Source: Willis Towers Watson 2018 General Industry and Energy Services MMPS Compensation Survey Reports – U.S.

Long-Term Incentive Plan Design

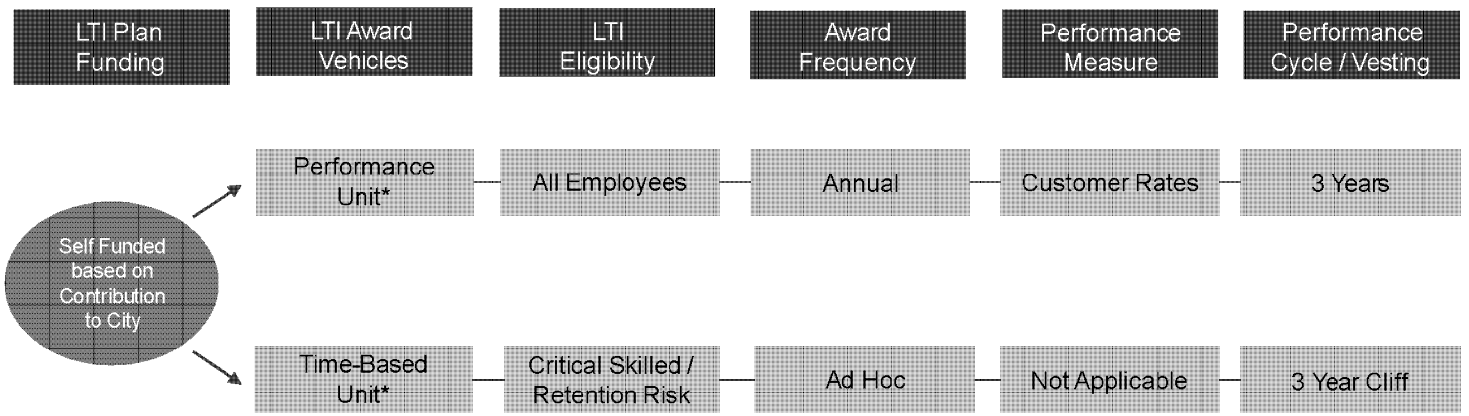
Introduction

Why Companies Have Long-Term Incentive Plans	Factor Driving JEA Inclusion of LTI
Focus on long-term performance and align performance to long-term business strategies	✓
Necessary component of a market competitive compensation program for investor owned utilities	✓
Aligns the interests of employees with stakeholders	✓
Fosters long-term retention	✓
Encourages teamwork and collaboration across groups, functions, businesses, etc.	✓
Rewards for long-term shareholder/stakeholder value creation	✓
Balances focus on short-term results that are driven by annual incentives	✓

Long-Term Incentive Plan Design

Proposed Design

- *Given consideration of the overarching goal to allow all employees the opportunity to share in the long-term success of the company, we propose a multi-pronged LTI design approach below:*



* Value of units tied to JEA Net Book Value.

Long-Term Incentive Plan Design

Proposed Design Details: Performance Unit

Performance Unit

Plan Design Element	Plan Design Details
Award Vehicle	• Performance Unit: value of unit tied to JEA Net Book Value; unit valuation formula to be determined
Eligibility	• All employees would be eligible in order to drive collective focus on JEA long-term performance
Target Award Opportunity (as % of base salary)	• Award opportunities vary based on level in the organization (see page 31 for proposed targets); Management and Board's intent is to close competitive gap to market for LTI in first year of grant and ensure JEA compensation is competitive with market 50th percentile
Award Frequency	• Annual
Circuit Breaker	• Defined level of contribution to the City will be established for each award cycle; intent is for contribution level to ensure LTI plan is self funded
Performance Measures	• Net Book Value: used to determine Performance Unit value • Customer Rates: performance measure used to modify the number of Performance Units earned; performance goal to be determined
Performance Period	• 3-year performance cycle with overlapping cycles due to annual grant frequency 
Payout Range	• Threshold: 50% of Target • Maximum: 150% of Target
Estimated Cost	• Estimated cost of annual Performance Unit awards to all employees based on current incumbent base salaries* is $3.4M

*Bargaining Unit costs calculated based on step structure data if incumbent data are not available.

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Proposed Compensation Adjustments

Market Positioning Based on Proposed Pay Adjustments

- The following exhibit summarizes the competitive position of JEA pay based on the target bonus % and LTI % adjustments needed to align pay with market median
  - All levels approximate or exceed the market median for target TDC, thereby aligning with the Board's articulated competitive compensation positioning
    - Proposed target bonus % and LTI % for executives bring target TDC to market competitive levels; therefore, material base salary adjustments are not required
    - Bargaining Unit variance exceeds market median target TDC due primarily to variances that are calculated based off of step structure base salaries

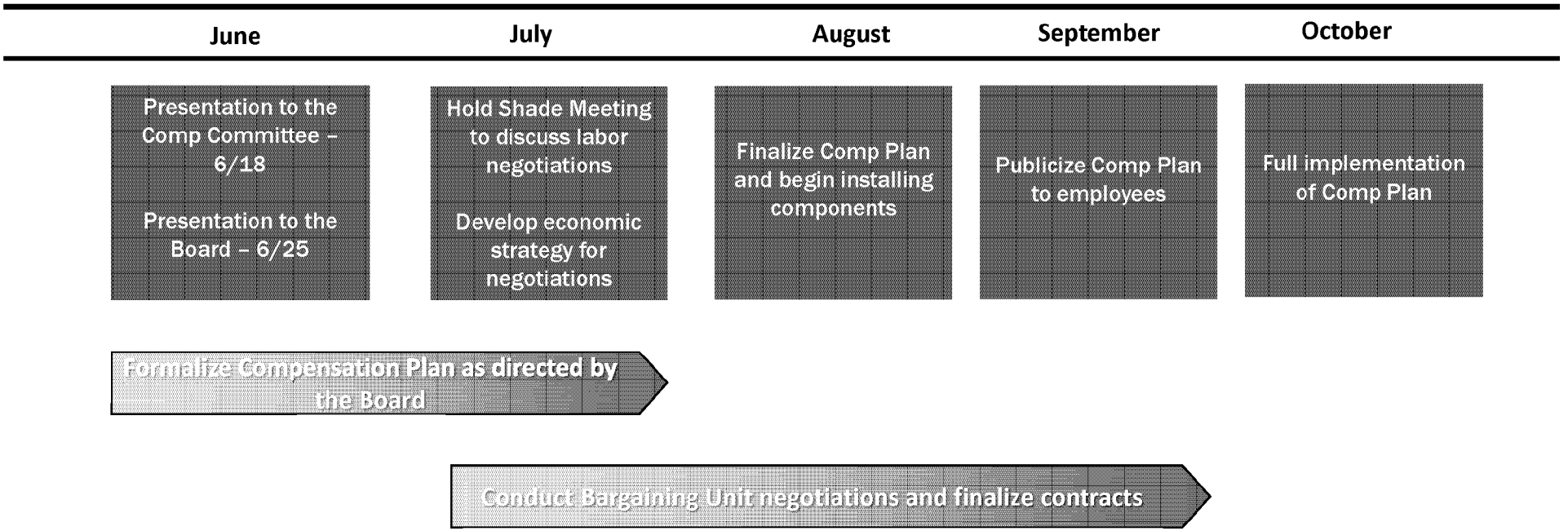
Job Weighted:

Level	Average Base Salary/Midpoint Variance (Median)	Average Target Bonus %		Proposed Target TCC Variance (Median)	Average Long-term Incentive %		Proposed Target TDC Variance (Median)
	JEA	JEA Proposed	Market	JEA	JEA Proposed	Market	JEA
Executive	-12%	45%	43%	-6%	40%	40%	-2%
Director	-1%	20%	18%	2%	5%	8%	1%
Manager	-2%	10%	13%	-3%	3%	--	-1%
Individual Contributor	-1%	7%	10%	-1%	3%	--	2%
Bargaining Units	11%	2%	7%	8%	1%	--	9%
Total	**3%**	**8%**	**12%**	**2%**	**3%**	**19%**	**3%**

Note: Market data provided by JEA.

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Compensation Plans



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Compensation Program Appendix for Compensation Committee Meeting

Prepared for JEA

June 18, 2019



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Willis Towers Watson

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Introduction
Summary

- JEA engaged Willis Towers Watson ("WTW") to complete the following:
  - Conduct a competitive market assessment for JEA's entire employee population
  - Provide a summary of market practices related to short-term incentive plan design
  - Conduct a competitive market analysis of long-term incentive ("LTI") plan design practices and develop a proposed design
- This report includes the following:
  - Confirmation of JEA's current compensation philosophy
  - Review of the evolution of JEA's compensation programs
  - Analysis of the compensation variances for JEA's employee population
  - Analysis of the gaps to market for JEA's Appointed population and Bargaining Units
  - Proposed LTI plan design
  - Total rewards market best practices

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Compensation Philosophy Review
JEA's Current Compensation Philosophy

- The following table summarizes JEA's current compensation philosophy, which guided WTW's review of JEA's competitive market assessments:

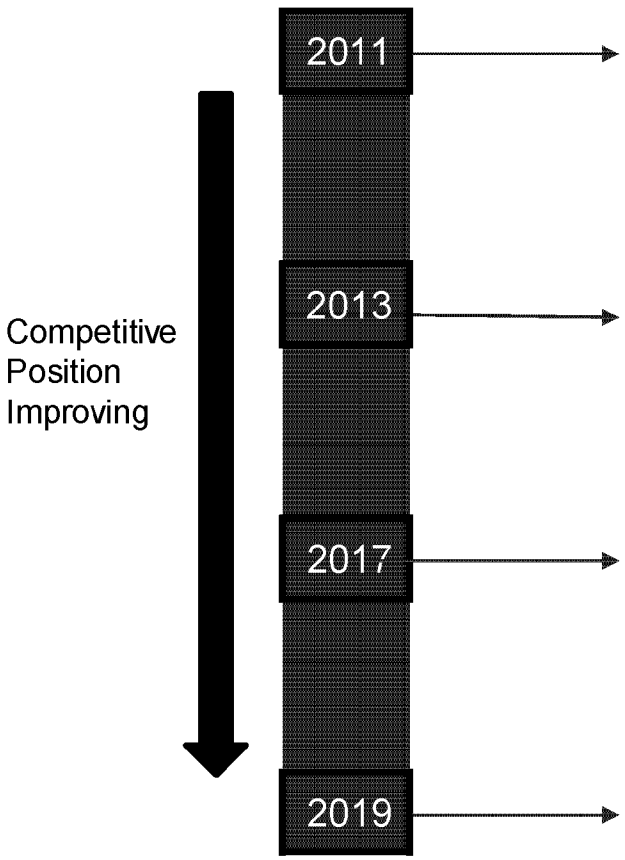
Compensation Philosophy Element	Details
Alignment of Interest Between Employees, Stakeholders, and Organization	JEA's compensation philosophy should support the overall business and board strategy with the ultimate goal of driving performance of the organization
Market for Talent	JEA's geographic market for talent varies by job level: • Individual Contributors/Managers – local and regional scope • Directors/Executives – national scope
Target Competitiveness	Targets the market 50th %ile for all pay elements (Base Salary, Short-Term Incentive, and Long-Term Incentive)
Pay Mix	JEA's pay mix currently consists of base salary and a short-term incentive award, but JEA is implementing a long-term incentive plan in 2020 to align the interests of employees to JEA's Guiding Principles and four (4) Corporate Measures of Value (Customer, Community, Environmental and Financial)
Industry Perspectives	For functional roles – a 50/50 weighted mix of Utility/General Industry market data For operational roles – only Utility Industry market data

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Evolution of JEA's Compensation Program

Timeline of Goals and Major Changes



- Conducted competitive cash compensation analysis for approximately 200 Appointed positions, as well as a benefits assessment
- While total cash compensation levels were generally below market, benefit programs were generally above market (retirement plan significantly above market)
- JEA re-instituted a short-term incentive plan where all employees were eligible to receive an award (re-instated for FY12)

- Conducted competitive market analysis, which showed JEA remained below market but had an improved competitive positioning

- Updated 2013 analysis, which showed that competitive positioning continued to improve
- Effective beginning FY18, the defined benefit plan was closed to new hires. All new hires will participate in the new defined contribution plan

- Competitive market positioning continues to improve JEA value creation
- JEA Board's objective is to create and implement a short-term and long-term incentive plan where all employees are eligible to receive an award based on individual and organization performance

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CEO Competitive Market Pricing
Methodology

- To conduct the competitive market pricing for the CEO position, a peer group was developed reflecting:
  - Investor Owned Utilities ("IOUs") and Public Power Utilities
  - Focus on electric and/or diversified utilities (electric and gas and/or water utilities)
  - Comparably-sized (revenues in a range of ½ to 2x JEA's revenues of $1.79B OR generation capacity in a range of ½ to 2x JEA's generation capacity of 3,330 kWh)
  - Survey source: Willis Towers Watson's *2018 Energy Services Industry Executive Compensation Database*
- Target TDC for the Combined Peer Group perspective is built up by using this formula:
  - Target TCC + (Base Salary * ½ reported LTI opportunity %)
    - Given public power utilities do not typically provide LTI, market data is not shown for the public power peers; therefore, the Combined Peer Group perspective reflects 1/2 of the reported market data because the data are comprised of responses from both public power and IOUs (average of public power and IOUs)

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CEO Competitive Market Pricing

Market Pricing Details

Chief Executive Officer		Competitive Market Data[5]		
Pay Component	Data Perspective	25th %ile	50th %ile	75th %ile
Base ($000s)	Combined Peer Group	$605.0	$800.0	$980.0
	Investor Owned Utility Peers	$730.0	$835.0	$995.0
	Public Power Peers	$475.0	$580.0	$920.0
Target Bonus % [1]	Combined Peer Group	48%	100%	108%
	Investor Owned Utility Peers	100%	100%	110%
	Public Power Peers [3]	---	---	---
Target TCC ($000s)	Combined Peer Group	$760.0	$1,275.0	$1,790.0
	Investor Owned Utility Peers	$1,380.0	$1,725.0	$2,065.0
	Public Power Peers	$515.0	$720.0	$985.0
LTI % [2]	Combined Peer Group	107%	125%	166%
	Investor Owned Utility Peers	213%	249%	331%
	Public Power Peers	---	---	---
Target TDC ($000s)	Combined Peer Group [4]	$1,515.0	$2,270.0	$3,010.0
	Investor Owned Utility Peers	$2,845.0	$3,970.0	$5,110.0
	Public Power Peers	$515.0	$720.0	$985.0

"---"= Data not available.

(1) Target bonus percentages are represented as a percentage of base salary.

(2) Long-term incentive (LTI) percentages are represented as a percentage of base salary. LTI figures are based on ASC 718 (FAS 123R) "accounting values". Given public power utilities do not typically provide LTI, market data is not shown for the public power peers; therefore, the Combined Peer Group perspective reflects 1/2 of the reported market data because the data are comprised of responses from both public power and IOUs (average of public power and IOUs).

(3) Only 4 public power peers report a target bonus opportunity (sample size less than 5 is too small to report data). Responses range from 8-35% with an average of 22%.

(4) Target TDC for the Combined Peer Group perspective is built up by using Base Salary, Target TCC, and LTI % data.

(5) Market data greater than $100,000 rounded to the nearest $5,000.

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Compensation Benchmarking Summary

Methodology

- The following page contains a summary of WTW's review of JEA's competitive market data for its Appointed population (including 13 executives)
- WTW reviewed the most current incumbent and market data provided by JEA
  - Market data for the positions below the Director-level reflect a -5% geographic differential to account for the cost of labor of Jacksonville, FL vs. the US national average
  - Analysis of competitive positioning focused on market data at the 50th percentile

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Compensation Benchmarking Summary

Appointed Population vs. Market 50th Percentile Variances By Job Level

- The following exhibits summarize variances comparing incumbent pay data with market data from job weighted perspective for the Appointed population only
- Variances are lower to market for executives and directors at target bonus %, target TCC, and target TDC compared to the other job levels

Job Weighted:

Level	Average Base Salary Variance	Average Target Bonus % Absolute Variance	Average Target TCC Variance	Average Long-term Incentive % Absolute Variance	Average Target TDC Variance
Executive	-12%	-33%	-28%	--	-42%
Director	-1%	-10%	-8%	--	-13%
Manager	-2%	-5%	-6%	--	-6%
Individual Contributor	-1%	-2%	-1%	--	-1%
Total	**-2%**	**-7%**	**-6%**	**--**	**-7%**

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Short-Term Incentive Plan Practices
Introduction

- JEA re-instated a broad-based short-term incentive plan several years ago, both to address competitive pay levels, as well as to reinforce specific messages related to performance expectations
- The following pages summarize market practices related to short-term incentive plan design
  - As appropriate, JEA may consider these practices as they continue to evolve their incentive plan design
  - Key design features covered include eligibility, target award opportunities, payout ranges, bonus pool funding, performance measures and performance range
- The market practices information has been summarized from survey research, as well as our consulting experiences

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Short-Term Incentive Plan Practices
Eligibility

- Eligibility for short-term incentive plans is typically broad for both the Utility and General Industries, with prevalence actually higher in the Utility Industry (particularly at the lower job levels)
- Over 60% of organizations in the industry extend eligibility to the lower exempt and non-exempt roles
  - Lower roles may not have an expressed target opportunity, but they may be part of a "sharing program" based on organizational performance
  - In some cases, overall funding and participation at lower levels may be discretionary

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Short-Term Incentive Plan Practices
Target Incentive Award Opportunities

- Target incentive opportunities typically increase with job level, and are relatively similar in both the Utility and General Industries
- Note that we have recommended STI targets as part of our analysis to "close the gap" between market and JEA's desired competitive positioning

Target Incentive Award Opportunities – By Job Level

	Target STI Opportunities	
Role/Career Level	Utilities	General Industry
Senior Directors	25%	24%
Managers	15%	13%
Supervisors	10%	9%
Senior Level Professionals	13-20%	11-18%
Entry-Mid Level Professionals	7-10%	5-8%
Non-exempt	5%	3-5%

Source: Willis Towers Watson 2018 General Industry and Energy Services MMPS Compensation Survey Reports – U.S.

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Short-Term Incentive Plan Practices
Payout Ranges

- Payout ranges reflect the total award opportunity as a percentage of the target award, and represent the minimum award opportunity if threshold performance is achieved, and the maximum opportunity if maximum performance is achieved
- Payout ranges are typically 50% of target at threshold performance and 200% of target at maximum performance
  - In WTW's consulting experience, public power utilities typically have a maximum payout of 150% of target
- In most cases (and based on the specific performance standards), organizations will interpolate actual performance between threshold, target and maximum to provide appropriate incentive to improve performance at every possible increment
- Note that it is important to calibrate the payout range with the performance range to ensure that the awards are aligned with the probability of achievement

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Short-Term Incentive Plan Practices
Bonus Pool Funding

- There are two primary approaches to determine bonus pool funding:
  1. Sum-of-targets: specific target opportunities are defined (typically by role or grade) and the sum of these targets determines the bonus "pool" (the aggregated award which would be generated at target performance)
  2. Financial results-based formula: typically a financially-driven formula (e.g., bonus pool equals 10% of profits above a specific threshold)
- The sum-of-targets approach is typically the most common in both the Utility and General Industries
  - Prevalence for financial results-based formulas increases slightly for broad-based plans that are separate from executive plans because there is often a greater requirement that they be self-funding
- Particularly for sum-of-target plans, circuit breakers are a common design feature
  - A circuit breaker represents a single performance measure (typically a financial measure) that must be reached before any incentive award is paid regardless of performance in other measures
  - In other words, if the circuit breaker financial performance isn't achieved, it shuts down the entire plan regardless of performance on other performance measures
  - Note that a financial circuit breaker may be set at levels below threshold levels for payout
- Another design feature is a modifier, which can be used to adjust the initial funding up or down based on another important measure (e.g. determine pool based on financial performance, and then modify by operational or customer performance measures)

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Short-Term Incentive Plan Practices
Performance Measures

- Performance measures send an important message about what an organization must achieve, and how individual employees can contribute to those objectives
- We consider it a best practice to have a portfolio of performance measures to balance expectations across financial, operational and customer service categories
  - However, in order to ensure appropriate focus, we typically see 4-6 performance measures, with each measure having at least a 10% weight
- It is typical for organizations in both the Utility and General Industries to include at least one profit or income measure, with profit / operating income being the most common in both industries
- For non-financial performance measures, environmental health and safety, as well as operating / strategic measures are the most common in the Utility Industry
- Individual performance measures are also common in the Utility and General Industries
  - These measures help create line-of-sight to broader corporate measures

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Short-Term Incentive Plan Practices
Performance Range

- Performance ranges reflect the minimum acceptable performance as a percentage of target performance, and the maximum performance recognized as a percentage of target performance
- Narrow performance ranges are typically used for measures where results are not expected to vary significantly from target (e.g., revenues)
- Wider performance ranges are typically used for measures where performance can fluctuate significantly year to year (e.g., profitability)
- In the Utility Industry, performance ranges for profitability at minimum is typically set to be 90% of target and for maximum is typically set to be 115% of target
- An important consideration in establishing the performance range is the probability of achievement
  - A best practice is to set threshold performance goals where the probability of achievement is 80-90% to ensure appropriate motivation
  - Similarly, probability of achievement for target performance should be 50-60% and 10-20% for maximum performance
  - As noted earlier, it is important to calibrate the performance range with the payout range

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Long-Term Incentive Plan Design
Introduction

Why Companies Have Long-Term Incentive Plans	Factor Driving JEA Inclusion of LTI
Focus on long-term performance and align performance to long-term business strategies	✓
Necessary component of a market competitive compensation program for investor owned utilities	✓
Aligns the interests of employees with stakeholders	✓
Fosters long-term retention	✓
Encourages teamwork and collaboration across groups, functions, businesses, etc.	✓
Rewards for long-term shareholder/stakeholder value creation	✓
Balances focus on short-term results that are driven by annual incentives	✓

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Long-Term Incentive Plan Design

Market Practices Summary

Design Aspect	Public Power Utilities	Investor Owned Utility (IOU) Peer Group	Broader Utility Industry
Prevalence	LTI plans are used selectively	All 13 IOU peers have an LTI plan	LTI plans are very prevalent with almost all IOUs using an LTI plan
Eligibility	For those Public Power Utilities with an LTI plan, eligibility typically limited to select executives	Typically executives down to director level positions	Typically executives down to director level positions
Target Opportunity (% of Base Salary)	Varies widely based on the organization, but targets will be lower than IOU levels	Median for CEOs: 230% Median for NEOs*: 110% Median for Directors: NA	Median for CEOs: 240% Median for NEOs*: 75% Median for Directors: 15-25%
Award Frequency	Annual awards with overlapping cycles are most common	All 13 peers grant annual awards with overlapping cycles	98.1% of organizations grant annual awards and overlapping cycles are the most common

NEOs* = Named Executive Officers, as disclosed in the IOU's proxy statement.

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Long-Term Incentive Plan Design
Market Practices Summary (continued)

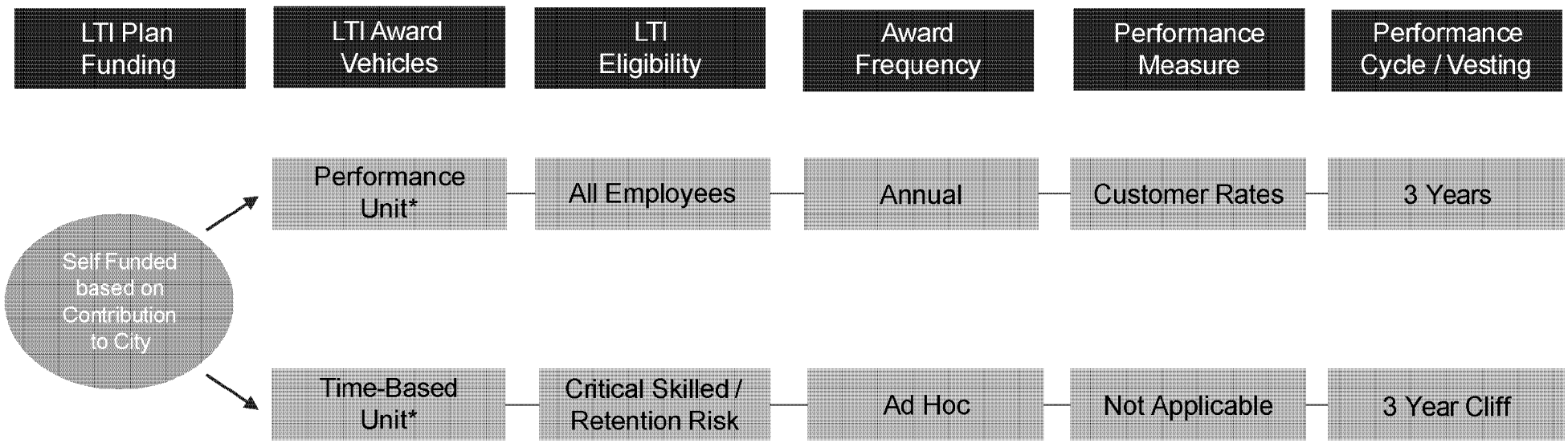
Design Aspect	Public Power Utilities	Investor Owned Utility (IOU) Peer Group	Broader Utility Industry
Award Vehicles	Cash-based performance plans	100% of peers use performance plans 69% use restricted stock No peers use stock options	93% of organizations use performance plans 66% use restricted stock 16% use stock options
Performance Metrics	Financial and operational	TSR (100%) EPS (38%) Operational (15%)	TSR (64%) EPS (22%) Other operational metrics are also common
Performance Metrics Weights	Operational metrics weighted more heavily than financial metrics	TSR and financial metrics weighted more heavily than operational metrics	Not available
Performance Range	More conservative compared to IOUs	Relative TSR: 28th %ile at threshold, 50th %ile at target, and 90th %ile at maximum	Relative TSR: 25th %ile at threshold, 50th %ile at target, and 90th %ile at maximum
Payout Range	Threshold: 50% of Target Maximum: 150% of Target	Threshold: 0-50% of Target Maximum: 150-200% of Target	Threshold: 50% of Target Maximum: 200% of Target

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Long-Term Incentive Plan Design
Proposed Design

- *Given consideration of the overarching goal to allow all employees the opportunity to share in the long-term success of the company, we propose a multi-pronged LTI design approach below:*



* Value of units tied to JEA Net Book Value.

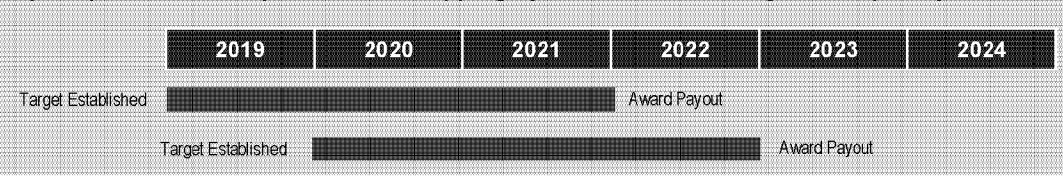
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Long-Term Incentive Plan Design

Proposed Design Details: Performance Unit

Performance Unit

Plan Design Element	Plan Design Details
Award Vehicle	• Performance Unit: value of unit tied to JEA Net Book Value; unit valuation formula to be determined
Eligibility	• All employees would be eligible in order to drive collective focus on JEA long-term performance
Target Award Opportunity (as % of base salary)	• Award opportunities vary based on level in the organization (see page 31 for proposed targets); Management and Board's intent is to close competitive gap to market for LTI in first year of grant and ensure JEA compensation is competitive with market 50th percentile
Award Frequency	• Annual
Circuit Breaker	• Defined level of contribution to the City will be established for each award cycle; intent is for contribution level to ensure LTI plan is self funded
Performance Measures	• Net Book Value: used to determine Performance Unit value • Customer Rates: performance measure used to modify the number of Performance Units earned; performance goal to be determined
Performance Period	• 3-year performance cycle with overlapping cycles due to annual grant frequency 
Payout Range	• Threshold: 50% of Target • Maximum: 150% of Target
Estimated Cost	• Estimated cost of annual Performance Unit awards to all employees based on current incumbent base salaries* is $3.4M

*Bargaining Unit costs calculated based on step structure data if incumbent data are not available.

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Long-Term Incentive Plan Design
Proposed Design Details: Time-Based Unit

Time-Based Unit

Plan Design Element	Plan Design Details
Award Vehicle	• Time-Based Unit: value of unit tied to JEA Net Book Value; unit valuation formula to be determined
Eligibility	• All employees eligible, but awards targeted to **critically skilled employees or employees viewed as retention risk**; awards generally intended for Manager level positions and below in order to enhance employee retention • Target 10% of employees below the Director level (approximately 1,500 including Bargaining Units) or approximately 150 employees below the Director level to receive awards each year
Target Award Opportunity (as % of base salary)	• Retention award values range from 10% to 20% depending on criticality of role and/or retention need
Award Pool Funding	• Defined level of contribution to the City will be established each year with intent for contribution level to ensure LTI plan, covering both Performance Unit and Time-Based Unit awards, is self funded
Award Frequency	• Ad hoc awards
Vesting Period	• 3-year cliff vesting period
Estimated Cost	• Estimated cost of annual Time-Based Unit awards to employees below the Director level based on current incumbent base salaries* is $1.2M

*Bargaining Unit costs calculated based on step structure data if incumbent data are not available.

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Proposed Compensation Adjustments

Competitive Pay Gaps to Market by Pay Element

- The following exhibit summarizes the current gaps to market for JEA's population (excluding the M&C roles due to lack of incumbent data) by each pay element:
  - JEA's base salary, target TCC, and target TDC show variances comparing incumbent pay to market for the Appointed population
  - Bargaining Units' pay elements and JEA target bonus % are based off of pay structures (many of the Bargaining Units are in step structures)
- Gaps to market exist at target bonus % and long-term incentive %, particularly for the executives and directors, which lead to higher variances to market at target TCC and target TDC

Job Weighted:

Level	Average Base Salary/Midpoint Variance (Median)	Average Target Bonus %		Proposed Target TCC Variance (Median)	Average Long-term Incentive %		Proposed Target TDC Variance (Median)
	JEA	JEA	Market	JEA	JEA	Market	JEA
Executive	-12%	10%	43%	-28%	--	40%	-42%
Director	-1%	8%	18%	-8%	--	8%	-13%
Manager	-2%	7%	13%	-6%	--	--	-6%
Individual Contributor	-1%	7%	10%	-1%	--	--	-1%
Bargaining Units	11%	2%	7%	8%	--	--	8%
Total	**3%**	**5%**	**12%**	**-1%**	**--**	**19%**	**-2%**

Note: Market data provided by JEA.

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Proposed Compensation Adjustments

Proposed Base Salary, Target Bonus and Long-Term Incentive Adjustments

- **Base Salary**: assess individual competitive position to market; for individual positions well below market, JEA could bring positions to within the competitive range of the market median within two to three years, assuming performance expectations are being met
- **Target Bonus % and LTI % (as % of salary)**: the tables below summarize JEA's current average target bonus and LTI incentive opportunities and proposed target values
  - The incentive targets below are intended to close the gap to market for target total direct compensation within the first year in order to align with the Board's compensation philosophy
  - **Note:** when material gaps to market exist, typical market practice is to make incremental adjustments over a multi-year period (2 to 3 years) to close the gap to market. Company performance, cost considerations and stakeholder optics will influence the level of pay adjustment and the timeframe over which pay is brought to market

	Target Bonus %			LTI Opportunity %			Total At Risk Compensation		
Level	Current	Market	Proposed	Current	Market	Proposed	Current	Market	Proposed
Executive	10%	43%	45%	--	40%	40%	10%	83%	85%
Director	8%	18%	20%	--	8%	5%	8%	26%	25%
Manager	7%	13%	10%	--	--	3%	7%	13%	13%
Individual Contributor	6%	10%	7%	--	--	3%	6%	10%	10%
Bargaining Units	2%	7%	2%	--	--	1%	2%	7%	3%

- **Estimated Cost Impact:** estimated incremental cost impact of proposed target bonus and LTI adjustments to bring JEA compensation to the market median is **$5.8M**; see details below for cost breakdown:
  - Target Bonus Cost: **$2.4M** based off current incumbent base salaries
  - LTI Cost: **$3.4M** based off current incumbent base salaries for performance unit award **(**total cost of **$4.6M** if time-based unit award is included)

Note: Market data provided by JEA.

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Proposed Compensation Adjustments

Market Positioning Based on Proposed Pay Adjustments

- The following exhibit summarizes the competitive position of JEA pay based on the target bonus % and LTI % adjustments needed to align pay with market median
  - All levels approximate or exceed the market median for target TDC, thereby aligning with the Board's articulated competitive compensation positioning
    - Proposed target bonus % and LTI % for executives bring target TDC to market competitive levels; therefore, material base salary adjustments are not required
    - Bargaining Unit variance exceeds market median target TDC due primarily to variances that are calculated based off of step structure base salaries

Job Weighted:

Level	Average Base Salary/Midpoint Variance (Median)	Average Target Bonus %		Proposed Target TCC Variance (Median)	Average Long-term Incentive %		Proposed Target TDC Variance (Median)
	JEA	JEA Proposed	Market	JEA	JEA Proposed	Market	JEA
Executive	-12%	45%	43%	-6%	40%	40%	-2%
Director	-1%	20%	18%	2%	5%	8%	1%
Manager	-2%	10%	13%	-3%	3%	--	-1%
Individual Contributor	-1%	7%	10%	-1%	3%	--	2%
Bargaining Units	11%	2%	7%	8%	1%	--	9%
Total	**3%**	**8%**	**12%**	**2%**	**3%**	**19%**	**3%**

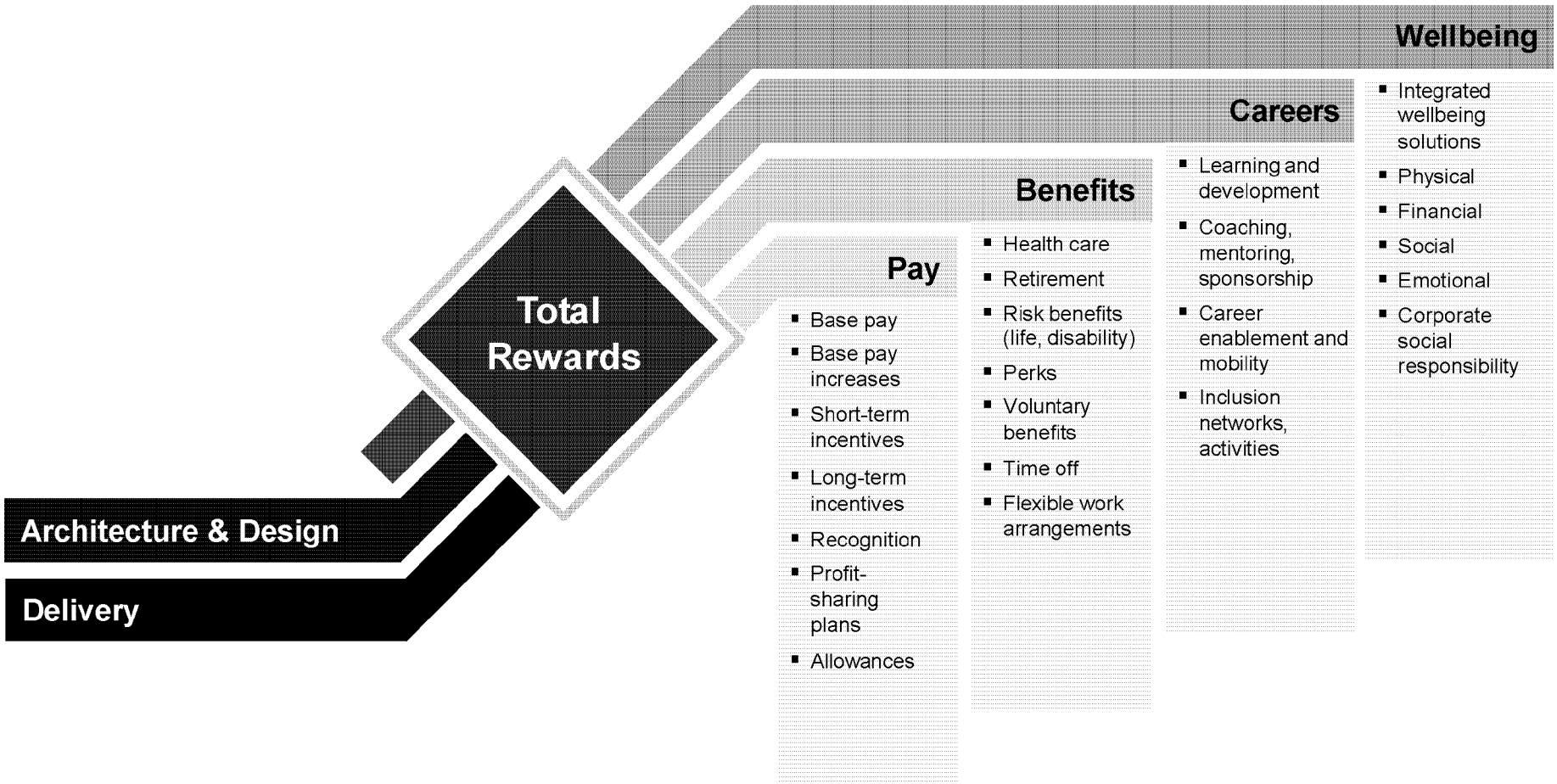
Note: Market data provided by JEA.

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Modernizing Total Rewards

Integrated Total Rewards strategy, architecture & design and delivery for a superior Talent Value Proposition



Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey

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Modernizing Total Rewards

Key themes emerging in the market with implications for Total Rewards

1. Future focused

Emerging work dynamics and skills and multi-generational workforce re-write the deal

2. Technology Advancements

Expansion of *digitization* of the Total Rewards delivery and experience

3. Optimising cost and risk of TR

Analytics and data measurement

4. Segmentation

More tailored Total Rewards with increased choice

5. Consumerism and flexibility

Expansion of worker choice and v*oluntary benefits*

6. Transparency

Legislative and social media increase public scrutiny

7. Inclusion and diversity

Total rewards that enable an inclusive culture and diverse workforce

8. Wellbeing

Holistic *physical, financial, social and emotional health*

9. Talent experience

Emphasis on *workplace differentials* that enhance the environment and Talent Value Proposition

10. Good governance

Being *agile and nimble* to adapt to changing, fast-moving business strategies

Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey

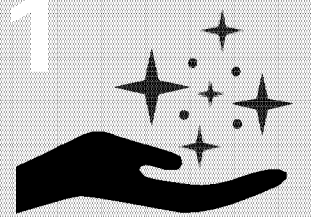
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Modernizing Total Rewards

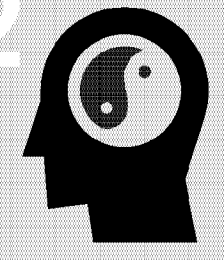
Our findings identify five areas critical to meeting employees' Total Rewards expectations and delivering a consumer-grade experience

1



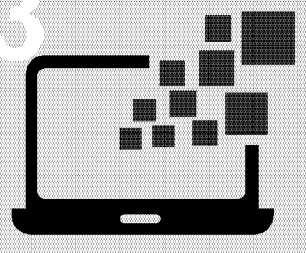
Understand what employees value

2



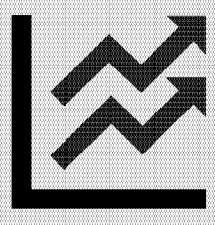
Consider employee wellbeing a top priority

3



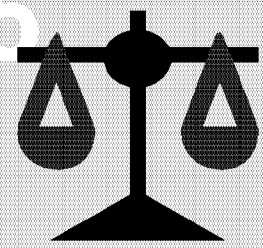
Make effective use of technology

4



Measure cost and impact of programs

5



Prioritize fairness, purpose-driven benefits, and I&D

Source: 2018 Willis Towers Watson Modernizing Total Rewards Survey

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INTER-OFFICE MEMORANDUM
June 4, 2019

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

BACKGROUND:
JEA released a solicitation in October 2018 for its corporate headquarters. The new headquarters is needed to address business continuity risks while meeting our headquarter needs in a cost-efficient manner. The solicitation process resulted in the JEA Board approving the final rankings on April 2, 2019 and authorizing lease negotiations with Ryan Companies US, Inc., the highest ranked firm, subject to lease negotiations and demonstration of site control within 90 days, or July 1, 2019.

DISCUSSION:
JEA and Ryan Companies have been in lease negotiations since early April. A lease is presented with this item for Board Consideration. A summary of lease terms is attached as a cover to the lease document. Addenda to the lease are anticipated to be negotiated and updated based on the methods described in the lease; these include incorporating final programming into the lease to finalize square footage and interior space elements, design drawings, construction drawings, guaranteed maximum price numbers, etc.

Ryan was to demonstrate site control within 90 days. After intent to award by the JEA Board on April 2, Ryan immediately began the process of making a purchase offer on the site through the City's Downtown Investment Authority (DIA). The DIA process included an advertisement period for the property to be offered to other interested parties. The DIA met on May 15 and approved acceptance of Ryan's offer. The City's Ordinance Code requires that City Council approve the sale of properties over $25,000. Ordinance 2019-401 was introduced to the City Council on May 28. The City is expected to consider the sale on June 25, 2019 including a Purchase and Sale Agreement.

JEA and Ryan continue to plan for the project including overall project discussions, exterior design discussions, garage design, early interior space and function planning needs, and overall project communications coordination. Ryan has kept JEA and its consultants abreast of progress on environmental analysis of the site, design approval processes and early project planning. JEA will continue to evaluate and decide on Tenant Improvement providers within the next 4 to 8 months, all contingent on lease approval and site control. Ryan continues to express a strong preference to perform the Tenant Improvement construction to control schedule, coordination and project efficiency.

The lease includes a termination clause by JEA within 90 days of execution since JEA has not completed its strategic planning process. JEA would reimburse Ryan for its expenses in the event of a termination.

RECOMMENDATION:
It is recommended that the Board approve Resolution 2019-05 authorizing execution of the lease with Ryan Companies US, Inc. by the Managing Director/CEO, or his designee, on substantially the same terms as the attached lease with further authority to execute amendments including the amendments cited above for final square footage, interior space elements, design drawings, construction drawings and guaranteed maximum price. Lease execution is subject to approval of the Purchase and Sale Agreement by the City Council.

Aaron F. Zahn, Managing Director/CEO

AFZ/MHD/NKV

Ver 2.2 02/01/2014

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LEASE SUMMARY

TO: Nancy Veasey

FROM: David J. Edwards, Esq.

DATE: June 20, 2019

PROJECT: Building Lease ("Lease") between Ryan Companies US, Inc., a Minnesota corporation ("Landlord") and JEA ("Tenant")

This project involves the lease of an approximately 190,000 square foot building to be constructed by Landlord at 337 West Adams Street. The City of Jacksonville ("City") will sell the land to the Landlord. Following is a brief summary of the substantive Lease terms. Capitalized terms are defined in the Lease or the Construction Addendum. Numbers refer to the section numbers in the Lease or the Construction Addendum.

Lease:

1.01 The Leased Premises include all the leasable interior space in the Building to be constructed by Landlord, together with the Building Facilities. The actual rentable area will be determined upon substantial completion of the Building Plans. The Building Facilities will include all facilities in or around the Building, including the Parking Garage, exterior amenities such as vehicular and pedestrian accessways and landscaping, and interior amenities such as hallways, lobbies, utility facilities, Landlord retained management spaces, and other common service areas.

2.01 The Initial Term begins on the Term Commencement Date and expires on the last day of the 180th calendar month thereafter.

2.02 So long as Tenant is not in material default, has not declared bankruptcy, and has not been chronically in monetary default, Tenant shall have three 5-year Renewal Terms.

3.02 The Term Commencement Date is the earlier of (a) the later of 300 days after the T.I. Work Commencement Milestone or the 30 days after the date of Substantial Completion of the Building, or (b) the date of issuance of a temporary certificate of occupancy for the Building and Tenant Improvements.

4.01 The Annual Rental for the Initial Term is 7.4% of the Total Project Costs (capped at the Guaranteed Maximum Price), plus sales tax. The Annual Rental shall be estimated at Substantial Completion and recalculated after Final Completion.

4.02 Tenant shall pay Landlord's Operating Expense as Additional Rent. The Controllable Operating Expense (excluding real estate taxes, utilities and insurance) shall not increase by more than 5% per calendar year.

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4.03 The Annual Rental for each Renewal Term shall be 97% of the fair market rental for the Leased Premises, as determined by three real estate brokers (one appointed by each party, and the third one chosen by the first two brokers) if the parties cannot agree on the amount. Tenant may withdraw any extension notice if it deems the fair market rental to be too high.

5.01-.10 Tenant will be responsible for the cost of electricity, water and sewer services to the Leased Premises, operation of the emergency generator, and security for the Leased Premises (which may include an armed security officer or JSO officer). Tenant may furnish services interrupted for any reason after 5 business days' notice to Landlord. If the service interruption continues more than 10 days and is within Landlord's reasonable control, Tenant may terminate the Lease 45 days after notice, unless services are restored prior to the termination date.

5.12 Insurance coverages to be maintained by Landlord: $2M CGL, $1M employer's liability, $10M excess liability, statutory limit workers' compensation, other customary insurance as determined by Tenant in good faith. So long as the Tenant is JEA, JEA shall participate in the City's self-insurance program.

6.01 Landlord shall provide 850 parking spaces in the Parking Garage, including 40 spaces reserved for visitors and 30 electrical vehicle charging spaces. Landlord shall provide infrastructure for 100 additional spaces to be converted to EV charging spaces at Tenant's cost. Tenant may sublease its parking spaces to government agencies or employees, or to third parties with Landlord's consent (not to be unreasonably withheld, conditioned or delayed).

7.01 Tenant may use the Leased Premises for general and executive office purposes, operation of a public or private utility, any government office operation, call center, customer service center, emergency operations center, fitness center, cafeteria, public meeting rooms, and for all other lawful purposes related thereto, including administrative, clerical, legal, professional, engineering, and customer service office purposes.

8.01 Landlord shall maintain the Building, the Tenant Improvements and the Leased Premises, including the roof, structural and mechanical elements, ceilings, lighting, HVAC, plumbing, walls, areas behind walls, floors, corridors, lobbies, landscaping, Parking Garage, parking areas, and equipment serving the Leased Premises and the Building.

8.02 Tenant shall maintain its property within the Building, reasonable wear and tear excepted. Upon termination, Tenant shall remove its specialty fixtures and improvements (with no obligation to remove low voltage and other cabling and wiring).

9.01 Landlord shall promptly repair casualty damages or destruction. If Landlord does not commence or recommence repairs within 60 days after Tenant's notice, Tenant may terminate the Lease in the event of material damage to the Building, file suit for specific performance, or perform the repairs for the account of Landlord. Tenant may offset unpaid amounts with interest against 50% of the Annual Rental. Either Landlord or Tenant may terminate the Lease upon total destruction of the Building, or damages that will require more than 180 days to reconstruct. Rent shall abate prorata during reconstruction.

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10.01 Subject to the waiver of subrogation in the Lease and F.S. 768.28, Tenant indemnifies Landlord against all property damage and personal injury or death occurring within the Leased Premises (and outside the Leased Premises if caused by the negligence or willful misconduct of Tenant or its employees, agents, or contractors), except to the extent resulting from the negligence or willful misconduct of Landlord or its employees, agents, or contractors, and then only to the extent not collectible under Tenant's insurance. Any CGL insurance carried by Tenant shall include coverage of such contractual indemnity. Tenant shall reimburse Landlord for any litigation fees incurred if Landlord is found to have no liability (reduced by the prorata share of Landlord's comparative liability).

Subject to the waiver of subrogation in the Lease, Landlord grants the reciprocal indemnity to Tenant under the same conditions.

11.01-.02 Tenant may make alterations to the Leased Premises and may install its trade fixtures, equipment, partitions, non-structural interior walls, moveable wall systems, furniture and furnishings, provided there is no material damage to the Leased Premises or the Building. Landlord's consent (which shall not be unreasonably withheld or delayed) is required for major alterations that may affect the operation of any Building Systems. Tenant may install interior stairs with Landlord's consent, which will not be withheld if the stairs do not affect the structural integrity of the Building or the Building Systems.

12.01-.05 The Lease will terminate upon a complete taking. Rent will abate prorata after a partial taking. Tenant may terminate the Lease if a taking exceeds 20% of the square footage of the Leased Premises; has a material adverse effect on the access, entrances or lobbies, or number of parking spaces; or if a temporary taking continues longer than 90 days. Landlord may terminate the Lease if, in Landlord's reasonable opinion, the remaining portion of the Leased Premises cannot be operated as an economically feasible unit.

13.01 If Rent is not paid within 5 days after Landlord's notice, or any other default is not cured within 30 days after Landlord's notice (or within an additional 60 days if it cannot be cured within 30 days), Tenant's right to possession will be terminated (without Lease termination) upon an additional 5 days' notice from Landlord if the default is not cured, and no such additional notice will be required if more than two other additional 5 day notices have been given during the preceding year. Landlord will use commercially reasonable efforts to relet the Leased Premises. If a Rental payment is more than 10 days late, it will incur a 5% late fee plus interest. Tenant may vacate up to two floors of the Leased Premises and will be entitled to a reduction in Additional Rental (but no reduction in Annual Rental).

13.02 If Landlord fails to cure any default within 30 days of Tenant's notice (or within an additional 30 days if it cannot be cured within 30 days), and upon expiration of the notice period to Landlord's mortgagee, Tenant shall have all remedies at law or in equity, including specific performance and the right to cure the default at Landlord's expense. Tenant may correct any Emergency Condition after notice to Landlord (which may be by telephone with written confirmation). Any costs not reimbursed within 30 days will bear interest and may be offset against 50% of the Annual Rental. Landlord's mortgagee shall have an additional 30 day period to cure Landlord's default. Landlord's liability is limited to actual damages, and after Final Completion

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will be limited to the interest of Landlord in the Building, and Tenant may also offset any judgment against 50% of the Annual Rental (or a higher percentage if insufficient Term is remaining in the Lease.

13.03 The parties waive special punitive, exemplary, indirect or consequential damages.

14.01 Tenant's bankruptcy shall entitle Landlord to terminate the Lease.

15.01 Tenant must comply with environmental Applicable Laws, excepting the Known Environmental Conditions.

15.02-.03 Landlord shall comply with all Applicable Laws affecting all Known Environmental Conditions and the design, construction and operation of the Building. Landlord shall remediate all Hazardous Materials that are not the result of Tenant's use of the Leased Premises. Tenant may terminate the Lease if the remediation will take more than 180 days and represents a health risk or prevents the use of more than 20% of the Leased Premises. If Landlord fails to perform its obligations for more than 90 days after Tenant's notice, Tenant may perform such obligations and offset the cost from 50% of the Annual Rental or seek reimbursement from Landlord.

Subject to F.S. 768.28, Tenant will indemnify Landlord against the presence of Hazardous Materials caused by Tenant or its agents. Landlord will indemnify Tenant against the Known Environmental Conditions and the presence of Hazardous Materials which occurred prior to the Commencement Date, or which arise after the Commencement Date and are not caused by Tenant or Tenant's use of the Leased Premises.

16.01 Tenant may assign the Lease or sublet the Premises with Landlord's consent, not to be unreasonably withheld, conditioned or delayed. No consent will be needed for an assignment or sublet to an Affiliate (including the City) or an entity into which Tenant is merged or consolidated. Tenant shall not be released upon a full assignment of the Lease unless the assignee meets the stated credit rating and has a net worth exceeding $1 billion. Tenant may sublet or grant concessions to third parties to provide services or ancillary uses to Tenant and its employees and customers, such as restaurants, fitness center, child care facility, bank/credit union, sundries shop, coffee shop, gift shop, newsstand, hair salon, and convenience market. Landlord's consent (not to be unreasonably withheld, conditioned or delayed) will be required if an ancillary use exceeds 4,000 square feet or the total amount of sublet space exceeds 25% of the Leased Premises.

16.02 Prior to Final Completion, Landlord shall not sell the Property without the prior written consent of Tenant.

17.02 Landlord may not make any material additions or alterations to the Property without Tenant's consent, which may be withheld in Tenant's sole and absolute discretion.

18.01 Tenant shall have the right to name and change the name of the Building, so long as the name relates to the name under which Tenant is doing business.

18.02 Landlord shall install ground monument signs (cost not to exceed $30,000), exterior Building identification signs (cost not to exceed $120,000), lobby wayfinding signs (cost not to exceed $15,00), and an interactive digital building directory. Tenant may

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install additional exterior and interior signs, sculptures and/or graphics with Tenant's name and/or logo and the nature and location of Tenant's operations.

18.04 Landlord shall provide and maintain an interactive digital building directory in each public access lobby area of the Building, subject to Tenant's approval, with the cost not to exceed $15,000. Any excess costs shall be paid by Tenant.

19.01 Tenant may terminate the Lease if Landlord has not acquired the Land from the City within 210 days after the date of the Lease. If Landlord defaults under the Underlying Purchase Agreement, Tenant may terminate the Lease, receive an assignment of the Underlying Purchase Agreement, or exercise its other remedies under the Lease. If the Underlying Purchase Agreement is terminated due to Landlord's default or the Underlying Property Acquisition is not consummated for reasons within of Landlord's control (the inability to obtain the governmental approvals despite commercially reasonable efforts would be deemed outside of Landlord's control), Tenant may terminate the Lease and recover its out of pocket costs up to $50,000.

23.01 Landlord will pay the commission to its broker, CBRE, Inc.

24.01-.02 Landlord may mortgage the Property provided that the lender enters into an SNDA with Tenant as provided in this section.

25.01 Tenant will have the right to install, and to allow the City and other governmental entities to install, microwave, satellite, and other Antenna Systems on the roof of the Building. Such right is personal to Tenant and may not be granted to third parties. Subject to F.S. 768.28, Tenant indemnifies Landlord for damages (including voiding of the roof warranty) arising out of Tenant's installation and operation the Antenna Systems, which will be covered by Tenant's liability insurance.

26.01-.06 Landlord grants to Tenant a Right of First Offer to purchase the Leased Premises. Tenant may accept Landlord's Offer Notice within 30 days. If Landlord sells the Leased Premises for less than 95% of the offer amount within the ensuing 12 months, Landlord must re-offer the Leased Premises to Tenant at the lower price. The Right of First Offer will continue and bind Landlord's successors. If Tenant accepts the offer, closing will occur within 60 days. At closing, the Lease may terminate, or Tenant or Tenant's designee may become the Landlord under the Lease. After considerable evaluation, the continuing right of first offer is being elected in lieu of an option to purchase.

27.03 Holdover Annual Rental and Additional Rental during the second and third months of the extended possession shall increase by 25%. Tenant may not hold over for more than three months after termination of the Lease.

27.09 Tenant's maximum indebtedness under the Lease for all rents, fees, costs, reimbursable items, expenses and work to be performed shall be $160,500,000.00. this includes all project costs, rents, expenses, and a substantial buffer.

27.13 Tenant may terminate the Lease prior to September 30, 2019 with reimbursement to Landlord of the costs listed in Exhibit F pursuant to the terms of Exhibit F.

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Construction Addendum:

2.1 The square footage of the Building may range from 165,000 to 195,000, but such variation will not affect the rent constant, unit costs, schedules, and conditions without detailed and objective justification by Landlord which will be subject to Tenant's approval, not to be unreasonably withheld, conditioned or delayed. Tenant will review all plans, drawings, specifications and other construction documents provided by Landlord for non-compliance with the Preliminary Design, Landlord's Response Documents and the Development Responsibility Allocation within 10 business days after delivery by Landlord. Any requested revisions will not require or result in a material change in the scope, design or general quality of the Building unless Tenant is willing to pay the additional cost. Landlord will review all plans, drawings, specifications and other construction documents provided by Tenant for the Tenant Improvements for non-compliance with the Building Plans and the Development Responsibility Allocation within 10 business days after delivery by Tenant.

2.3 Landlord will obtain at least three competitive bids for every item that exceeds $50,000 in cost.

3.1 Schedule 3 to the Construction Addendum is a Pro Forma Budget of the Total Project Cost. Tenant will have the right to review, edit and approve the Building Plans at the following Design Milestones: Programming, Schematic Design, Design Development, and Approval Documents. Tenant may reject recommendations that will increase the Pro Forma Budget by more than 5%, and Landlord will provide detailed and objective justification for all exceedances.

Landlord and Tenant shall agree upon the Guaranteed Maximum Price after Tenant has commented on the Design Development Package and the pricing is updated. Tenant's approval of a Guaranteed Maximum Price in excess of the Pro Forma Budget and Landlord's Response Documents may be withheld in Tenant's discretion. If there is disagreement with respect to the Guaranteed Maximum Price and the amount in dispute is less than $2,000,000, then the parties proceed forward while attempting to resolve the disagreement. If the amount is in excess of $2,000,000, the parties will not proceed forward, the delay in reaching agreement will not be Excusable Delay, and Tenant Delay Damages will accrue after a period of time. If agreement is not reached, the party creating the cost overage will be responsible for such cost (and if Tenant is responsible, the additional cost will be added to the Guaranteed Maximum Price).

3.2 Without Tenant's consent (which may be withheld in Tenant's discretion), Landlord will not make Major Changes that would materially and adversely affect Tenant's use or enjoyment of the Leased Premises, materially increase the Operating Expense or Guaranteed Maximum Price, delay any Milestones or Substantial Completion by more than 10 business days, materially and adversely affect the quality of the Building, materially decrease the rentable area of the Building, or materially deviate from the Building Plans except as required to comply with Legal Requirements. Minor Changes will require Tenant's consent, which will not be unreasonably withheld.

3.3 Changes to the Building Plans requested by Tenant after the Building Plans have been agreed upon will be subject to Landlord's approval, which may be withheld in Landlord's sole discretion for Major Changes.

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3.4 The net additional charges due to Landlord by reason of Tenant Building Changes or Tenant Delay will be calculated within 60 days after Substantial Completion, and will be paid by Tenant within 30 days.

4.2 Prior to the Term Commencement Date, Landlord will provide Tenant with complete copies of all progress reports, certificates, documents, and information as may be material and pertinent to the Property, and will provide weekly Construction Progress Reports.

4.5 No later than Building dry-in, Tenant and its contractors may enter the Building to install Tenants furnishings, fixtures, equipment and other property. Tenant and its contractors shall provide such insurance as Landlord may reasonably require including public liability, property damage, builder's risk, and worker's compensation. Subject to F.S. 768.28, Tenant shall be responsible for all claims arising out of the performance of Tenant's work.

4.6 Landlord's approval of any design for the Tenant Improvements shall not constitute confirmation of compliance with Applicable Laws, safety, or function, however, Landlord will be responsible for any costs, delays, liability, and fees arising from Landlord's requirement of a change to the Tenant Improvement Work which is different from that set forth in the approved Tenant Improvement Plans due to a determination by Landlord that such element is inconsistent or incompatible with the Building shell or core.

5.1 Landlord shall be responsible for all costs of preparation of the Building Plans and developing and constructing the Building, and any increased costs of the Tenant Improvements due to Landlord Delay or conflict between the Building Plans and the Tenant Improvement Plans, except as provided below.

5.2 Tenant shall be responsible for all costs of preparation of the Tenant Improvement Plans and the performance of the Tenant Improvements Work, and any increase in Landlord's costs resulting from Tenant Delay. Landlord will place the Tenant Improvement Allowance ($75.00 per square foot of rentable area) in escrow or shall furnish a letter of credit, parent guaranty, or other security at Tenant's option, and Tenant may draw monthly from the Tenant Improvements Allowance with no obligation for Tenant to pay for Tenant Improvements Work until the allowance is exhausted.

6.1 If the Building is not Substantially Completed within 30 days after the Projected Completion Date, Landlord shall pay Tenant's Delay Damages equal to $3,500 per day for the first 30 days and $7,000 for each day thereafter, plus each day of Landlord Delay, on or before the Term Commencement Date. Tenant may offset unpaid Tenant's Delay Damages against rent. Any disputes regarding the Tenant's Delay Damages will be submitted to arbitration.

6.2 If Substantial Completion of the Building (excepting the Tenant Improvements) has not occurred 210 days after the Projected Completion Date, as extended by Tenant Delay or Excusable Delay, Tenant may terminate the Lease and Landlord shall pay the Tenant's Delay Damages together with all of Tenant's expenses incurred in connection with the Lease, capped at $2,000,000 plus expenditures by Tenant for Tenant Improvements Work.

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6.3 If Landlord fails to timely complete any Milestone beyond the Cure Period in the BAFO Adjusted Terms, Tenant may terminate the Lease and recover its expenses incurred in connection with the Lease.

6.4 If there is no meaningful progress (meaning Landlord has paid less than $100,000 in third-party expenses) for more than 120 days after the commencement of construction, Tenant may terminate the Lease and recover its expenses incurred in connection with the Lease, capped at $2,000,000 plus expenditures by Tenant for Tenant Improvements Work.

6.5 If Final Completion of the Building (exclusive of the Tenant Improvements and punch list items) has not occurred within 120 days after Substantial Completion or the deadline for Substantial Completion, Tenant shall have the remedies for default provided in the Lease.

8.2 Landlord indemnifies Tenant against all claims, liabilities and damages relating to or arising out of the financing, design, construction, ownership, use, management, leasing, maintenance, service, operation, insurance, occupancy, or condition of the Property for the period up to the Term Commencement Date, unless caused by the gross negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors and subcontractors or unless relating to or arising from Tenant's access to the Property.

8.3 Landlord/General Contractor's insurance during construction: workers' compensation, $500,000 employer's liability; $10M CGL; $1M automobile liability; replacement cost property damage; $10M umbrella/excess liability.

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Draft, 6-20-19

LEASE

Ryan Companies US, Inc.,

LANDLORD

JEA,

TENANT

Dated: _____, 2019

LEASE

THIS LEASE, dated as of _____, 2019, is made between Ryan Companies US, Inc., a Minnesota corporation, ("Landlord"), and **JEA**, a body politic and corporate ("Tenant").

ARTICLE ONE

LEASE OF PREMISES

Section 1.01. Lease of Premises.

(a) Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon and subject to the covenants, agreements, terms, provisions and conditions of this Lease, for the term and at the rent hereinafter stated, the premises (the "Leased Premises") of approximately 190,000 rentable square feet, subject to adjustment as provided herein, comprising 100% of all leaseable interior space in the Building, as defined in the Construction Addendum (herein so called) attached hereto as Exhibit A and made a part hereof, which Building is to be constructed on the Land (as defined in the Construction Addendum).

(b) The actual rentable area of the Leased Premises shall be determined upon substantial completion of the Building Plans, as defined in the Construction Addendum.

(c) The Leased Premises also includes the Building Facilities (as defined in subsection (d) of this Section 1.01), including the Parking Garage (as defined in the Construction Addendum) and Tenant's parking spaces (as provided for in Article Six).

(d) The term "Building Facilities" shall mean all of the facilities in or around the Building and on the Property, including, but not limited to, hallways, passenger and freight elevators, fire stairs, telephone and electric closets, aisles, walkways, truck docks, plazas, courts, restrooms, service areas, lobbies, landscaped areas, the Parking Garage and parking improvements, vehicular and pedestrian accessways, any Landlord retained space for management and maintenance functions, and all other common and service areas of the Property and the Building.

ARTICLE TWO

TERM

Section 2.01. Initial Term. This Lease is effective as of the date hereof. The initial term of this Lease (the "Initial Term") shall commence on the Term Commencement Date (as defined below) and shall terminate on the last day of the 180th full calendar month after the Term Commencement Date (the "Expiration Date") or on such earlier date on which the Initial Term may expire or be terminated pursuant to the provisions of this Lease or pursuant to law. The period from the Term Commencement Date to the last day of the twelfth (12th) full

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calendar month after the Term Commencement Date, and each successive twelve (12) month period thereafter, is herein sometimes called a "Lease Year."

Section 2.02. Renewal Terms.

(a) So long as Tenant shall not then be in material default under this Lease, have declared bankruptcy or been chronically in monetary default hereunder, Tenant shall have the option to renew the term of this Lease for three (3) consecutive renewal terms (each a "Renewal Term"), each to be for a five (5) year period. "Been chronically in monetary default hereunder" shall mean that Tenant has been in monetary default more than six (6) times in the immediately preceding three (3) years or more than two (2) times in the immediately preceding year. Each such option shall be exercised by written notice (each a "Renewal Notice") to the Landlord given at least eighteen (18) months prior to the expiration of the Initial Term or the then current Renewal Term, as applicable, subject to Tenant's ability to withdraw its Renewal Notice pursuant to Section 4.03. Each Renewal Term shall be on the same covenants, agreements, terms, provisions and conditions as are contained herein for the Initial Term, except as expressly provided herein to the contrary and except for such as are, by their terms, inapplicable to a Renewal Term. The rent payable during each Renewal Term shall be as provided in Section 4.03.

(b) At any time after a Renewal Term has become effective and the rent payable during such Renewal Term determined, Landlord and Tenant, upon request of either, shall execute an agreement supplementary hereto setting out the date to which such Renewal Term shall extend, the Annual Rental payable and the Operating Expense Base applicable during such Renewal Term.

Section 2.03. Term of this Lease. The term "term of this Lease" or similar phrase shall mean the Initial Term and any Renewal Terms which may become effective pursuant to Section 2.02.

ARTICLE THREE

CONSTRUCTION; TERM COMMENCEMENT DATE

Section 3.01. Construction. Landlord shall promptly commence, and shall pursue with due diligence and continuously until completion, the construction of the Building in accordance with the provisions of the Construction Addendum.

Section 3.02. Term Commencement Date.

(a) The term "Term Commencement Date" shall be as defined in Construction Addendum.

(b) Within sixty (60) days after the Term Commencement Date, Landlord and Tenant shall execute an agreement supplementary hereto (the "Lease Supplement"), setting forth: the

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Term Commencement Date, the Expiration Date, the usable and rentable square footage of the Leased Premises, and the Annual Rental. The usable and rentable square footage of the Leased Premises shall be computed whenever required pursuant to this Lease in accordance with the American National Standard Method of Measuring Floor Area in Office Buildings of the Building Owners and Managers Association International (ANSI Z65.1-2017).

ARTICLE FOUR

RENTAL

Section 4.01. Annual Rental. Tenant, without offset or deduction, notice or demand except as specifically provided herein, shall pay to Landlord as rent, at such location as directed from time to time by Landlord's written notice to Tenant, a per annum base rental (the "Annual Rental") for the first Lease Year in an amount equal to the product of Capitalized Costs multiplied by the Rent Constant (as such terms are hereinafter defined). "Capitalized Costs" shall mean the lesser of the Total Project Costs and the Guaranteed Maximum Price (as such terms are defined in the Construction Addendum). The "Rent Constant" shall mean 7.4% percent. Annual Rental shall be estimated by Landlord at Substantial Completion and then recalculated after Final Completion (as such terms are defined in the Construction Addendum). If actual Annual Rental is higher than estimated Annual Rental, Tenant shall pay any shortfall to Landlord within 30 days after demand, and future installments of Annual Rental shall be adjusted accordingly. If actual Annual Rental is less than estimated Annual Rental, Landlord shall credit such overage against any installment of Annual Rental next due and owing. The parties shall execute the Lease Supplement defined below confirming the actual amount of Annual Rental promptly following Final Completion. Tenant shall be solely responsible for all sales or rental tax imposed upon the Annual Rental by any governing authority, if any.

The Annual Rental shall be payable in twelve (12) equal monthly installments, in advance, on the first day of each and every month of the term of this Lease, the first such payment becoming due and payable on the Term Commencement Date. A prorated monthly installment shall be paid if the Term Commencement Date is other than the first day of a month or if the term of this Lease terminates on a day other than the last day of a month.

The Annual Rental shall increase annually during the Initial Term and each Renewal Term on each anniversary of the Term Commencement Date by 2.5% percent from the Annual Rental in effect during the immediately preceding Lease Year. Notwithstanding the foregoing and for purposes of clarification, the annual increases during the Renewal Terms will commence after the first Lease Year of the Renewal Terms as the initial Annual Rent for the first Lease Year of the Renewal Terms will be established pursuant to Section 4.03 below.

Section 4.02. Additional Rental.

(a) For purposes of this Section 4.02, the following terms shall have the meanings set forth below:

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(i) The term "Escalation Year" shall mean each calendar year, commencing with the second full calendar year after the Term Commencement Date, falling, in whole or in part, within the term of this Lease. If the term of this Lease terminates or expires on a date other than December 31, the Additional Rental for the pertinent Escalation Year shall be prorated based upon the number of days in such Escalation Year occurring before the termination or expiration of the term of this Lease.

(ii) The term "Tenant's Share" shall mean one hundred percent (100%).

(iii) The term "Operating Expense" or "Operating Expenses" shall mean Landlord's operating expenses that are reasonable, actual and necessary, out-of-pocket (except Landlord may use its normal accrual method of accounting), obtained at competitive prices, and that are directly attributable to the operation, maintenance, management, and repair of the Building as more fully defined in **Exhibit C** attached hereto and, if not specifically set forth in **Exhibit C**, as is reasonable and customary for a Class "A" office building.

(iv) Landlord's "Operating Statement" shall be prepared by Landlord and approved by Tenant (which approval shall not be unreasonably withheld) setting forth (1) the Operating Expense for such calendar year, showing in detail the amount of each item included in Operating Expense, and (2) a detailed computation of any Additional Rental for such calendar year.

(b) Tenant shall pay as additional rental (the "Additional Rental") Tenant's Share of the Operating Expense. In no event shall costs associated with the Building's ability to perform to the designed thresholds or to comply with the Certifications (as hereinafter defined), nor any corrections of work not performed or performed at a lower standard than specified be included as direct expenses paid or actually incurred for purposes of Operating Expense. Such Additional Rental shall be payable by Tenant to Landlord as follows:

(i) Prior to the Term Commencement Date and the commencement of each calendar year thereafter, Landlord shall submit to Tenant an estimated Operating Statement for such calendar year for Tenant's approval which shall not be unreasonably withheld, conditioned or delayed. Subject to the limitations on Operating Expense increases and Tenant's right to dispute the Operating Statement as described below, Tenant shall pay monthly to Landlord during such calendar year, as estimated Additional Rental due on the same day as monthly installments of Annual Rental, one-twelfth ($1/12^{th}$) of the estimated Additional Rental as computed on the Operating Statement (or, for the first partial calendar year after the Term Commencement Date, if applicable, the Operating Expense for such partial calendar year prorated for the time period remaining in such partial calendar year).

(ii) Landlord will submit its Operating Statement to Tenant within one hundred twenty (120) days after the conclusion of the calendar year; and within thirty (30) days after the delivery of the Operating Statement an appropriate payment will be

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made by either Tenant or Landlord, as the case may be, in order to adjust the actual Additional Rental so that it coincides with the Operating Statement.

Notwithstanding anything contained herein to the contrary and beginning after the second full calendar year of occupancy, (a) the amount of the Controllable Operating Expenses (hereinafter defined) that may be included in the Operating Expense for the first Escalation Year within the term of this Lease shall not exceed 105% of the amount of the actual Controllable Operating Expenses for the immediately preceding calendar year, and (b) the amount of the Controllable Operating Expenses that may be included in the Operating Expense for each succeeding Escalation Year within the term of this Lease shall not exceed 105% of the amount of the Controllable Operating Expenses included in the Operating Expense for the immediately preceding Escalation Year. As an example, for illustration purposes only, assume that the amount of the actual Controllable Operating Expenses for the calendar year immediately preceding the first Escalation Year is $1,000,000 and the amounts of the actual Controllable Operating Expenses for the first Escalation Year, the second Escalation Year and the third Escalation Year are respectively $1,060,000, $1,090,000 and $1,160,000. In such case, (i) the amount of the Controllable Operating Expenses that may be included in the Operating Expense for the first Escalation Year shall be $1,050,000 (i.e., $1,000,000 x 1.05 = $1,050,000, so the cap applies), (ii) the amount of the Controllable Operating Expenses that may be included in the Operating Expense for the second Escalation Year shall be $1,090,000 (i.e., $1,050,000 x 1.05 = $1,102,500, so the cap does not apply), and (iii) the amount of the Controllable Operating Expenses that may be included in the Operating Expense for the third Escalation Year shall be $1,144,500 (i.e., $1,090,000 x 1.05 = $1,144,500, so the cap applies). As used herein, the term "Controllable Operating Expenses" means all Operating Expense excluding (1) real estate taxes, (2) the cost of utilities, and (3) insurance costs.

Notwithstanding anything contained herein to the contrary, any management fees included in the Operating Expense shall not exceed 2.5% of the Annual Rental.

The payment of any Additional Rental by Tenant shall not preclude it from questioning the correctness of any estimated or final Operating Statement. Tenant and its authorized representatives shall have, for up to one hundred twenty (120) days after the receipt of the Operating Statement, the right to audit Landlord's records with respect to Operating Expense during reasonable business hours and with a nationally recognized audit firm that works on an hourly (and not a contingent or commission) basis or Tenant (as long as Tenant is the JEA) may use its internal auditors; provided, however, that the cost of such audit by Tenant shall be at Tenant's expense (unless the audit reveals a discrepancy of five percent (5%) or more, in which event the cost of the audit shall be at Landlord's expense). If Tenant elects to so audit an Operating Statement, Tenant will provide at least twenty (20) days' prior notice to Landlord for Landlord to make Landlord's records and relevant information available electronically, which shall constitute delivery for purposes of this Section. Landlord shall establish and maintain a reasonable accounting system that enables Tenant to readily identify Landlord's assets, expenses, costs of goods, and use of funds. Tenant and its authorized representatives shall have the right to audit, to examine, and to make copies of, or extracts from, all financial and related records (in whatever form they may be kept, whether written, electronic, or other) pertaining to the

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Operating Statement, which are kept by or under the control of Landlord, including, but not limited to, those kept by Landlord, its employees, agents, assigns, successors, and subcontractors. If Tenant's audit results in a determination that Landlord's original Operating Statement is incorrect, Landlord shall promptly correct the original Operating Statement and, within thirty (30) days after the delivery of the corrected Operating Statement, an appropriate payment will be made by either Tenant or Landlord, as the case may be, in order to adjust the actual Additional Rental so that it coincides with the corrected Operating Statement; provided, however, in the event that Landlord fails to make the payment due Tenant, Tenant may offset such amount against upcoming Base Rent in an amount not to exceed fifty percent (50%) of the Base Rent otherwise due until the deficiency is fully realized by Tenant. The adjustment of the original Operating Statement and the appropriate reimbursement by Landlord to Tenant of over-payments and, as applicable, audit costs, shall be the sole remedies of Tenant if the original Operating Statement shall be incorrect unless the inaccuracy shall be caused by or result from the gross negligence or willful misconduct of Landlord.

Section 4.03. Renewal Rental.

(a) The Annual Rental during the first five (5) year Renewal Term shall be equal to the product of the fair market rental for the Leased Premises as of the first day of the first Renewal Term, to be determined in the manner described below, multiplied by ninety-seven percent (97%); the Annual Rental for the second five (5) year Renewal Term shall be equal to the product of the fair market rental for the Leased Premises as of the first day of the second Renewal Term, to be determined in the manner described below, multiplied by ninety-seven percent (97%); and the Annual Rental for the third five (5) year Renewal Term shall be equal to the product of the fair market rental for the Leased Premises as of the first day of the third Renewal Term, to be determined in the manner described below, multiplied by ninety-seven percent (97%). Upon Landlord's receipt of a Renewal Notice, Landlord and Tenant shall attempt, in good faith, to agree upon a fair market rental for the Leased Premises. In the event that Landlord and Tenant cannot agree upon the Annual Rental for such Renewal Term within thirty (30) days after Landlord's receipt of a Renewal Notice, Landlord and Tenant shall each appoint a commercial real estate broker within ten (10) days thereafter, each of whom shall have a minimum of ten (10) years' experience in the area of office building appraisals, leasing or development in Duval County, Florida, and neither of whom shall be employees or former employees of either Landlord or Tenant or any Affiliate thereof. The two commercial real estate brokers shall, within ten (10) days after their selection, select a third commercial real estate broker who shall meet the same standards. The three commercial real estate brokers shall meet in Jacksonville, Florida, at the earliest practicable date -- and in no event later than ten (10) days after the selection of the third commercial real estate broker -- and shall, by majority vote, determine the Annual Rental for such Renewal Term, based, among other things, upon the expected fair market rental of the Leased Premises (net of any broker commissions) as of the first day of the Renewal Term based on rents paid at Comparable Buildings that are single tenant (not taking into consideration any of Tenant's leasehold improvements), the amount of rentable area within the Leased Premises, the length of the specific Renewal Term, the Additional Rental provisions, and, if applicable, any other escalation provisions applicable to the Renewal Term. In the event that the first two (2) commercial real estate brokers cannot agree upon a third

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commercial real estate broker or that no two (2) of the three (3) commercial real estate brokers can agree upon an Annual Rental for such Renewal Term, the matter shall be submitted to arbitration in Jacksonville, Florida, to be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association and the provisions of this Lease.

(b) Subject to the terms set forth below, in the event the fair market rental of the commercial real estate brokers or arbitrators is too high in the discretion of Tenant, Tenant may withdraw its Renewal Notice by written notice to Landlord ("Tenant's Withdrawal Notice") delivered within the thirty (30) days following the date of written notice from the brokers or arbitrators of their determination of such fair market rental, together with Tenant's payment to Landlord of all costs incurred by Landlord in connection with the forgoing broker determination and/or arbitration. Such notice may not be delivered at a time when less than twelve (12) months remain on the existing term of this Lease. If Tenant does not deliver Tenant's Withdrawal Notice to Landlord at lease twelve (12) months prior to the expiration of the existing term of this Lease, Tenant's right to withdraw its exercise of such renewal option shall terminate, notwithstanding that the fair market rental may not have been determined by such time, and the exercise of Tenant's renewal option shall become irrevocable.

(c) Landlord and Tenant agree that Additional Rental will be computed in accordance with Section 4.02 during each Renewal Term.

(d) Except as set forth above, Landlord and Tenant shall share equally in the costs of the appraisals and arbitration.

ARTICLE FIVE

SERVICES

Section 5.01. Standard of Operations. Landlord shall at all times operate and maintain the Building in accordance with a standard that is customarily followed in the operation and maintenance of first-class "Class A" office buildings similar to the Building and with similar tenants in the vicinity of the Building, or, if similar buildings are not found in Jacksonville, then similarly situated buildings located in Orlando, Florida, Tampa, Florida, and Raleigh-Durham, North Carolina ("Comparable Buildings") and, without limiting the foregoing, shall provide the specific facilities, utilities and services set forth in this Article, including but not limited to facilities meeting LEED and building wellness' standards and certifications as agreed between the parties and set forth in the Building Plans and specifications (the "Certifications") and ongoing compliance therewith, together with the operational efficiencies incorporated into the Building Plans. The cost of such operations will be an Operating Expense passed through to Tenant, subject to the provisions of **Exhibit C** of this Lease and, if not specifically set forth in **Exhibit C**, in accordance with reasonable and customary standards for a Class "A" office building.

Section 5.02. Utility Service by Tenant. On and after the Term Commencement Date, Tenant will obtain and pay for electricity, water and sewer utility services for the Leased

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Premises, and such amounts will not be included as Operating Expenses of the Leased Premises. Tenant's election to obtain and pay for these utilities will not affect Landlord's obligation to provide lines, pipes, infrastructure, connections, maintenance, and repair with respect to the utilities serving the Leased Premises in accordance with this Lease and the Building Plans.

Section 5.03 HVAC Services.

(a) Landlord shall provide a heating, ventilating and air conditioning system ("HVAC") meeting the requirements of the Construction Addendum. Landlord shall furnish HVAC services meeting the requirements of the Construction Addendum in season, during the Building's standard business hours. For purposes of this Lease, the Building's standard hours shall be 6:00 a.m. to 9:00 p.m., Mondays through Fridays, and from 7:00 a.m. to 2:00 p.m. on Saturdays, holidays excepted. For purposes of this Lease, holidays shall be New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day (2 days), Christmas Day (2 days), and such other days as are locally observed by Tenant. Tenant shall advise Landlord of its local holiday schedule and any changes thereto from time to time. Notwithstanding the foregoing, Landlord shall provide HVAC at all times (24 hours a day, 7 days a week) to the following locations within the Building: main point of entry (MPOE) room, main distribution frame (MDF) rooms, intermediate distribution frame (IDF) rooms, communications rooms, data rooms, security room.

(b) Landlord shall, upon reasonable advance notice from Tenant, furnish Tenant HVAC services at any time or times other than the standard business hours specified above (which may be furnished in zones as directed by Tenant), with any such overtime service furnished to Tenant be at no additional cost. In the event of an emergency in which Tenant's emergency operations center will be operational, Landlord agrees to respond as quickly as possible to Tenant's request for after business hours HVAC requests, and no later than twenty four (24) hours after such request by Tenant.

(c) For HVAC and humidity control systems requiring special operating hours or other conditions which necessitate the use of self-contained units not served by the Building's chilled water system and not reflected in the Building Plans (the "Special Systems"), Landlord shall furnish additional electrical power infrastructure to Tenant for Tenant's use in installing and operating, at Tenant's expense, one or more Special Systems. Tenant shall bear any extra expense incurred by Landlord in furnishing such power from the Building's system or in expanding the Building's system, if necessary, including the cost of initial installation and obtaining any additional easements for such installation. Such expansion of the Building's system, if necessary, shall be subject to the approval of Landlord, which shall not be unreasonably withheld or delayed.

(d) All sums payable by Tenant pursuant to this Section 5.02 shall constitute additional rent due within twenty (20) days from Landlord's delivery of its invoice for such charges to Tenant.

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Section 5.04. Electrical Service. Landlord shall provide an electrical distribution system and electrical service for the Building and Building Facilities meeting the requirements of the Construction Addendum. Landlord shall cause to be furnished all electricity used in the Leased Premises or in the facilities serving the Leased Premises, although pursuant to Section 5.02 above, the cost of electrical service will be paid by Tenant. Landlord shall purchase and install an emergency generator and fuel tank of sufficient design and capacity to allow the Building to operate without externally furnished power for no less than one week without refilling the tank. Tenant shall be responsible for maintaining the generator. In the event that such generator is enlisted to provide power, Tenant shall be responsible for activating and maintaining the operation of such generator for the duration of any power outage. Tenant shall be responsible for causing the generator to comply with all Applicable Laws throughout the Lease Term, assuming it was in compliance with Applicable Laws when installed by Landlord.

Section 5.05. Elevators. Landlord shall provide passenger and freight elevators serving the Building as provided in the Building Plans (as defined in the Construction Addendum). Subject to routine maintenance and repair, all elevators shall be available for use by Tenant twenty-four (24) hours a day, 365 days a year.

Section 5.06. Light Bulbs and Water. Landlord shall furnish and/or install at its expense (a) all initial light bulbs and ballasts in the Leased Premises and Building Facilities; and (b) water, including chilled and heated water, to serve the Leased Premises for lavatory and drinking purposes and such other uses as are permitted pursuant to Section 7.01 provided, however, pursuant to Section 5.02 above, the cost of water and sewer service will be paid by Tenant. The fire stand pipe water system shall comply with the NFPA Code and Applicable Laws (as defined in Section 15.01(a)). Landlord shall furnish and install as an Operating Expense all replacement light bulbs and ballasts in the Leased Premises and Building Facilities, with the exception of task lighting installed by Tenant.

Section 5.07. Building Security.

(a) Tenant will be responsible for providing security personnel to meet Tenant's security needs for the Building at Tenant's expense. Landlord's and Tenant's security contractors will procure and install electronic security system components for all Building entrances, around the Leased Premises, lobbies, and other locations as identified and allocated in the Development Responsibility Allocation, the Building Plans and Tenant Improvement Plans (all as defined in the Construction Addendum). These systems will be an extension of the existing Tenant security enterprise level systems. Tenant will be responsible for the maintenance and repair of all electronic security system components. At Tenant's election and expense, which expense will include any increase to insurance premiums, Tenant's security contractor may provide an armed security officer at each location that separates public from private spaces. In addition, Tenant may elect to have a Jacksonville Sheriff's Office officer in the customer lobby area and other areas at Tenant's expense. Tenant will be responsible for providing all security officer protection services for the Building. Tenant will continue its patented proprietary key schema with MEDECO for the Building's exterior doors and certain high security spaces, although Tenant may elect a different key schema or entry method in the future.

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(b) Landlord shall install, maintain and repair all infrastructure supporting Tenant's security system as set forth in the Construction Addendum. This includes, but is not limited to, installation of electrical conduit, outlets, breakers, network drops, and security door hardware. To the extent required by the Construction Addendum, Landlord will be responsible for providing the Building physical barriers (turnstiles, bi-parting doors, security doors, etc.) in accordance with the Building Plans. All barriers must be approved by Tenant (which approval shall not be unreasonably withheld). Landlord will be responsible for the procurement and installation of all safety systems for the Building (EVAC system, sprinkler, fire alarm, FM200, etc.), to the extent required by the Construction Addendum and in accordance with the Building Plans. Landlord shall ensure that all fire alarm equipment and building systems for which Landlord is responsible in the Construction Addendum are compatible to ensure Tenant's Security Dispatch Center can perform monitoring services. After completion of installation in accordance with the Building Plans, Landlord shall maintain and repair all fire alarm systems, including entering into a service contract for sprinkler system inspections with a contractor acceptable to Landlord and Tenant. Landlord shall prepare the evacuation plan for the Building which will be subject to the approval of Tenant, and Tenant's security personnel will be responsible for performing evacuation training and exercises with Tenant's staff. All individuals involved Landlord's design and implementation of any aspects of the security of the Building will be required to have a background check reasonably acceptable to Tenant. Landlord acknowledges and agrees that the nature of the use of the Building will require an increased level of security in excess of that provided by Comparable Buildings. In addition, Landlord acknowledges and agrees that any and all security system plans and information for the Building are not for public release and must remain confidential pursuant to Section 119.071(3), Florida Statutes. Landlord agrees to comply with all reasonable document control restrictions for this information as required by Tenant. Tenant acknowledges that Landlord is not providing any security systems (except to the extent required by the Construction Addendum and in accordance with the Building Plans) or security personnel for the Building, and all security protocol is supplied by Tenant, at Tenant's sole expense.

(c) Landlord shall provide security equipment, systems, barriers, and gates for visitors who are not Tenant's employees for the Parking Garage to the extent required by the Construction Addendum and in accordance with the Building Plans. Tenant shall, at its expense, install any additional electronic security equipment in the Parking Garage for which Landlord is not responsible. Tenant shall provide security staffing and regular patrols of the Parking Garage together with restricted and monitored access to the Parking Garage.

Section 5.08. Janitorial Services. Landlord shall keep the Building and the Leased Premises cleaned and maintained in a first-class manner. Without limiting the foregoing, Landlord shall provide, at its expense, the cleaning and janitorial services (the "Janitorial Services") and window cleaning services set forth in Exhibit D attached hereto. The amount incurred by Landlord for cleaning and janitorial services and window cleaning services shall be included as an Operating Expense.

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Section 5.09. Replacement Services, Utilities Services by Landlord.

(a) Tenant shall have the option at any time throughout the term of this Lease, on thirty (30) days' prior written notice, to assume Landlord's obligation to provide any or all of the services (each, an "Assumed Service") to be provided by Landlord pursuant to the provisions of this Article Five for all of the Leased Premises, and Tenant shall pay the cost of such Assumed Services directly, and such cost shall be deleted from the Operating Expenses. At any time on thirty (30) days' prior written notice, Tenant may request Landlord to resume furnishing Assumed Service or for Landlord to resume responsibility for the Assumed Service, and the foregoing reductions in the Operating Expenses and the Additional Rental shall cease effective as of the first day of the month immediately succeeding the month in which Landlord resumes furnishing the Assumed Service.

(b) During any period that Landlord is not providing an Assumed Service to the entire Leased Premises pursuant to subsection (a) above, the provisions of Section 5.10 shall not apply with respect to such Assumed Service and Operating Expense shall be adjusted to exclude the cost of such Assumed Service.

Section 5.10. Interruption of Services.

(a) If for any reason (including, but not limited to, reasons beyond the control of Landlord, such as a hurricane) there is a failure to furnish material services (including, without limitation, electricity, HVAC, water, drainage, sewer, waste removal, elevators, and parking for reasons other than due to Tenant's failure to pay for any utilities for which Tenant is responsible) and, after notice thereof by Tenant to Landlord and any first mortgagee of the Building if Tenant has written notice thereof, Landlord does not promptly commence action to restore same and such failure shall continue in excess of five (5) Business Days (as defined in the Construction Addendum) after the date Tenant has notified Landlord, or if so commenced, does not continue such action with reasonable diligence until same are restored, then, in any such event, Tenant shall have the option to furnish such facilities, utilities, or services for its own account as may reasonably, under the circumstances, be obtained by Tenant. Notwithstanding the foregoing, if such services are not available to Comparable Buildings and such interruption of services was not within Landlord's reasonable control, Tenant may use the remedy of self-help hereunder but shall have no further claims against Landlord for this interruption of services, and such interruption shall not constitute a constructive eviction of Tenant. In addition, if Landlord has taken over responsibility for the maintenance and operation of the generator for the Building, Tenant may immediately begin operation of the generator if the generator is needed to provide electricity to the Building due to an interruption of electricity service and the Landlord has not activated the generator.

(b) If for any reason within Landlord's reasonable control there is a failure to furnish the facilities, utilities, or services specified in this Article (other than due to Tenant's failure to pay for any utilities for which Tenant is responsible) or to comply with the Certifications, and, after notice thereof by Tenant to Landlord and any first mortgagee of the Building if Tenant has written notice thereof, Landlord does not promptly commence action to restore same and such

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failure shall continue in excess of five (5) Business Days (as defined in the Construction Addendum) after the date Tenant has notified Landlord, or if so commenced, does not continue such action with reasonable diligence until same are restored, then, in any such event, Tenant shall have the option to furnish such facilities, utilities, or services for its own account as may reasonably, under the circumstances, be obtained by Tenant, and Tenant, provided such failure was within Landlord's reasonable control, may pursue such remedies as Tenant may have at law or in equity, including any claim for damages, constructive eviction or breach of warranty.

(c) If for any reason within Landlord's reasonable control there is a failure to furnish the facilities, utilities, or services specified in this Article (other than due to Tenant's failure to pay for any utilities for which Tenant is responsible) or to comply with the Certifications, and such failure shall continue in excess of five (5) Business Days after the date Tenant has notified Landlord and any first mortgagee of the Building as required by Section 5.09(a), then, commencing on the sixth (6^{th}) Business Day, Tenant's Annual Rental and Additional Rental shall partially abate, based upon the portion or portions of the Leased Premises that Tenant cannot reasonably and does not actually occupy during the period of interruption, until the interruption is remedied.

(d) If any interruption of material services (including, without limitation, electricity, HVAC, water, drainage, sewer, waste removal, elevators, and parking for reasons other than due to Tenant's failure to pay for any utilities for which Tenant is responsible) shall continue for more than ten (10) consecutive days due to causes within Landlord's control, Tenant may, by written notice to Landlord and the first mortgagee, terminate this Lease, and, upon the giving of such notice, this Lease shall terminate and expire on the date set forth in such notice, which date shall not be more than forty-five (45) days after the date of such notice, unless services have been restored prior to the stated date of termination.

Section 5.11. Building Staff. Landlord shall employ, or cause to be provided, the services of an on-site staff comparable to the staffs of Comparable Buildings, sufficient in number and ability to adequately and properly maintain the Building and the Leased Premises and to perform all of the services that Landlord is obligated to perform pursuant to this Lease. Upon the request of Tenant, Landlord agrees to interview (but is not obligated to engage) employees of Tenant to maintain and operate the Building to the extent that Tenant makes any such employees available to Landlord.

Section 5.12. Insurance.

(a) Unless Landlord and Tenant shall hereafter mutually approve in writing any modifications in the following amounts or types of insurance coverage, Landlord shall maintain the following insurance coverages on the Property (as defined in the Construction Addendum), such coverages to be maintained at all times from and after Substantial Completion (as defined in the Construction Addendum):

(i) standard all-risk property insurance, with replacement cost coverage, such insurance to cover the Building in an amount at least equal to one hundred percent

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(100%) of the replacement cost of the Building at the time in question; plus, to the extent applicable, boiler and machinery coverage on a replacement cost basis;

(ii) comprehensive general liability insurance with minimum limits of $2,000,000 for injury to or death of one or more persons each occurrence and $2,000,000 annual aggregate for bodily injury and property damage, combined single limit for damage to or destruction of property in any one occurrence, with such insurance to include the following additional coverages: (A) explosion, collapse and underground hazards (at least during the period of Landlord's construction, and after the period of Landlord's construction if this additional coverage is available); (B) personal injury (including contracts and employees), (C) products and completed operations, (D) broad form property damage, (E) comprehensive automobile coverage, and (F) contractual liability coverage;

(iii) employer's liability insurance with a minimum limit of $1,000,000 for bodily injury;

(iv) excess liability insurance over the insurance required by subsections (ii) and (iii) of this Section 5.12(a) with combined, minimum coverage of $10,000,000;

(v) worker's compensation insurance in statutory limits; and

(vi) such other insurance coverage as is reasonably and customarily carried in respect of Comparable Buildings, as determined by Tenant, in good faith.

Landlord and General Contractor shall specify Tenant as additional insured for all coverage except Workers' Compensation and Employer's Liability. Landlord and Tenant shall include a Waiver of Subrogation on all required insurance in favor of the other party, their board members, officers, employees, agents, successors and assigns.

All insurance required to be obtained and maintained by Landlord pursuant to this Section 5.12 shall be issued by responsible insuring companies qualified to do business within the State of Florida, and having a "Bests" Financial "Size Category Rating" of at least "A + 12" (or if a "Bests" rating is not then available, having a comparable rating by a similar institution with offices located in at least five (5) cities within the United States). The limits set forth in subsections (i), (ii), (iii) and (iv) of this Section 5.12(a) shall be increased by Landlord from time to time during the term of this Lease to at least such minimum limits as shall then be customary in respect of Comparable Buildings. At Tenant's request, Landlord shall furnish Tenant a certificate or certificates of insurance certifying that the insurance coverage required by the terms of this Lease in force. The insurance certificates shall provide that no cancellation, including expiration and non-renewal, shall be effective until thirty (30) days after receipt of written notice by Tenant. Any insurance required by the terms of this Lease to be carried by Landlord may be under a blanket policy (or policies) covering other properties of Landlord and/or its Affiliates.

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(b) So long as the Tenant is JEA, Tenant shall participate in the City of Jacksonville self-insurance program and shall maintain the coverages by self-insurance as required below. If JEA is succeeded by a private entity as Tenant under this Lease, such Tenant shall at all times during the term of this Lease from and after Substantial Completion either maintain insurance or provide a self-insurance program which includes, at a minimum, the following:

(i) coverage comparable to the insurance prescribed in items (iii) through (v), inclusive, of Section 5.12(a);

(ii) coverage comparable to the insurance prescribed in item (ii) of Section 5.12(a), with the exception of the additional coverage referred to in (A) of that item; and

(iii) coverage comparable to the insurance prescribed in item (i) of Section 5.12(a) for Tenant's personal property, leasehold improvements (other than Tenant Improvements which are part of the "Property" and which are insured by Landlord pursuant to Section 5.12(a)), trade fixtures, furnishings, equipment, fixtures, and decorations.

Such coverage shall be evidenced by Tenant, which will provide the necessary documentation as required by Florida law.

Section 5.13. Real Estate Taxes; Assessed Valuation.

(a) Landlord shall pay any and all real estate taxes and assessments related to the Property when due and payable, at the maximum discount available and prior to the time that any penalty or interest may be charged in respect of the nonpayment thereof, and shall obtain receipted tax bills therefor. With six (6) months prior notice to Landlord, Tenant may elect to pay the real estate taxes and assessments directly to the tax collector upon notice to Landlord, and, in such event, real estate taxes and assessments will be removed as an Operating Expense. If Tenant so elects, it shall provide evidence of payment to Landlord at least five (5) business days before such taxes and assessments become delinquent.

(b) Landlord may and, upon timely request by Tenant, shall within the respective times and in the manner prescribed by law for such purposes, petition for reduction of the assessed valuation of the Property, claim a refund of real estate taxes or assessments or otherwise challenge the validity or applicability of any real estate tax, assessments or similar or related laws (a "Tax Protest"). Landlord shall prosecute any Tax Protest with due diligence and continuity, but only until such time as a tax lien could attach to the Land. Landlord's reasonable costs and expenses incurred in connection with the Tax Protest shall be included as an Operating Expense.

Landlord shall provide Tenant with copies of any application, petition or other pleading filed in connection with a Tax Protest. Tenant may, at its own expense but subject to reimbursement as provided below, join with Landlord in making any such application, petition or other pleading, retain co-counsel, attend hearings, present evidence and arguments, and generally participate in the conduct of the Tax Protest, and in connection therewith, Landlord shall make

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available to Tenant any material in its possession relating to the cost of the Property, the income derived from the operation thereof and any other facts Tenant may reasonably require.

Landlord shall reimburse Tenant for the reasonable expenses incurred by Tenant in connection with any Tax Protest to the extent that the net refund of taxes resulting therefrom, after payment of Landlord's expenses, shall be sufficient to do so. However, to the extent that Landlord prosecutes a Tax Protest in response to Tenant's request and the net refund or reduction is not sufficient to pay Landlord's reasonable expenses in connection with the Tax Protest, then Tenant shall reimburse Landlord for the excess in Landlord's reasonable expenses.

(c) Tenant shall pay all applicable personal property ad valorem taxes and assessments related to Tenant's trade fixtures, furniture, furnishings and equipment, subject to the same conditions as are set out in subsections (a) and (b) of this Section 5.12.

Section 5.14. Cafeteria. The cafeteria in the Building will be operated by a third party contractor pursuant to a contract with Tenant. Tenant will be responsible for the payment under such contract and to use commercially reasonable efforts to enforce the contract with respect to compliance with Applicable Laws. Tenant will be entitled to set the hours of operation of the cafeteria and to discontinue or limit operations in Tenant's discretion. All costs associated with the cafeteria use will be the responsibility of Tenant.

Section 5.15. Fitness Center. The fitness center in the Building will be operated by Tenant or, at Tenant's election, a third party contractor pursuant to a contract with Tenant. Tenant will be responsible for the payment under such contract and to use commercially reasonable efforts to enforce the contract with respect to compliance with Applicable Laws. Tenant will be entitled to set the hours of operation of the fitness center and to discontinue or limit operations in Tenant's discretion.

Section 5.16. BAS/BCM System. Landlord shall provide and maintain at Landlord's expense a Building Automation (BAS)/Building Control Management (BCM) system which shall allow for remote control of all Building functions including: security, lighting, HVAC, fire alarm, life safety, generator, uninterruptible power supply (UPS), monitoring and sub-monitoring, water, electric, gas, and edge devices. The BAS/BCM system shall run on an enterprise network, with inter-operability customizable dashboard with the ability to track sustainable and energy consumption goals. The system shall allow multi-vendor integration from different manufacturers and separate systems. All maintenance costs shall be included as an Operating Expense.

Section 5.17. Wi-Fi. Landlord, at Landlord's expense, shall provide full Wi-Fi to the Building including coverage on any outdoor plaza or terrace, rooftop, and public spaces, meeting parameters required by Tenant. All maintenance costs shall be included as an Operating Expense. Notwithstanding the foregoing, Tenant may elect to contract for and provide such Wi-Fi service to the Building, and, in such event, the cost of Wi-Fi service will be removed as an Operating Expense.

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Section 5.18. Staff and Service Provider Screening and Employment Compliance. Landlord covenants and agrees that, after Term Commencement Date, it shall screen all on-site staff who will be employed after the Term Commencement Date with drug screening and criminal record checks prior to employment and shall use reasonable efforts to require all service providers with access to the Building to screen its employees with criminal record checks prior to such employees accessing the Building based upon Tenant's specifications as operator of a bulk power system. With respect to all employees, Landlord and Landlord's contractors shall comply with Personally Identifiable Information (PII) and Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations and North American Electric Reliability Corporation (NERC) standards and requirements.

ARTICLE SIX

TENANT'S PARKING

Section 6.01. Tenant's Parking.

(a) At all times during the term of this Lease, Landlord, at its expense, shall provide Tenant, at no cost, charge or parking fee to Tenant, with eight hundred fifty (850) parking spaces in the Parking Garage (as defined in the Construction Addendum), which shall include forty (40) parking spaces in the Parking Garage during weekday service hours that are reserved for visitors to the Building. Not less than thirty (30) parking spaces in the Parking Garage will provide electrical vehicle (EV) charging facilities, with infrastructure approved by Tenant to convert up to one hundred (100) additional regular parking spaces to EV parking spaces in the future at low cost, which conversion and maintenance costs shall be paid by Tenant as an Operating Expense. All parking spaces in the Parking Garage shall be available for use by Tenant and its visitors to the Building twenty-four (24) hours a day, every day of the year. Tenant may sublease, license or provide rights of use of parking spaces to third parties with Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, no such consent will be necessary to sublease, license or provide rights of use of parking spaces to governmental entities or employees. The parking spaces shall be illuminated to the extent necessary for safety and security purposes; and Landlord, as an Operating Expense, shall keep and maintain the parking improvements in a clean, safe and first-class condition, with a standard as high as that customarily followed in Comparable Buildings. The Building's security system implemented by Tenant, at its expense, shall include periodic patrols of the parking improvements by uniformed security staff.

(b) If Tenant, its permitted assignees or subtenants and/or their respective employees, licensees and guests at any time during the Initial Term or any Renewal Term are not able to use the Building's Parking Garage and other parking facilities because of unauthorized use thereof, Landlord shall take whatever commercially reasonable steps are reasonably necessary, including, if appropriate, the posting of signs, the distribution of parking stickers and the towing away of unauthorized vehicles, to end and prevent further unauthorized use.

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ARTICLE SEVEN

USE AND ACCESS

Section 7.01. Use.

(a) Tenant and its Affiliates (as defined in Section 16.01) shall have the right to use the Leased Premises for general and executive office purposes, operation of a public or private utility, any government office operation, call center, customer service center, emergency operations center, fitness center, cafeteria, public meeting rooms, and for all other lawful purposes related thereto, including, but not limited to, administrative, clerical, legal, professional, engineering, and customer service office purposes.

(b) To the extent any of the uses to which Tenant is permitted to put the Leased Premises require a specific certificate of occupancy, or a special entry on the general certificate of occupancy for the Building, Landlord shall obtain the same; provided, however, that Tenant shall be responsible for obtaining any special health, safety or other governmental permit, approval or license required in connection with any such specific use. If, after completion of the Leased Premises, Tenant shall institute a special use of the Leased Premises which requires an amendment to the existing certificate of occupancy, Tenant shall be responsible for obtaining the same as well as any other governmental permit, approval or license required by applicable law. Landlord shall cooperate with Tenant and shall execute all applications, authorizations and other instruments reasonably required to enable Tenant to fulfill its responsibilities under this subsection. If, after the Term Commencement Date, Tenant shall institute a special use which causes an increase in Landlord's insurance premiums, Tenant will reimburse Landlord for the increase within thirty (30) days after demand.

Section 7.02. Access. Tenant, its permitted subtenants and their employees, licensees and guests, shall have access to the Leased Premises at all times, 24 hours per day, every day of the year, subject to Landlord's reasonable rules and regulations and to reasonable security procedures required by Tenant. Notwithstanding the foregoing, Landlord may close portions of the Leased Premises from time to time, upon such prior notice to Tenant as is practicable under the circumstances, as reasonably necessary for the purpose of performing its maintenance and repair obligations hereunder. Such temporary closures shall not be deemed a default by Landlord or a constructive eviction of Tenant, so long as Landlord uses commercially reasonable efforts to minimize any unreasonable interference with Tenant's operations. In addition, the parties acknowledge that portions of the Building will be allocated for Landlord's use for management, maintenance and janitorial functions which Landlord will properly maintain and repair, and Landlord's personnel shall comply with the security procedures and access requirements.

ARTICLE: EIGHT

REPAIRS AND MAINTENANCE

Section 8.01. Landlord's Obligation to Repair and Maintain. Landlord shall, at its sole

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cost and expense (except as otherwise provided elsewhere herein), keep and maintain in good repair and working order and make all repairs to and replacements of, and perform necessary maintenance upon the Building, the Tenant Improvements (as defined in the Construction Addendum), the Leased Premises, and all parts thereof, including, but not limited to, the roof, structural and mechanical elements, ceilings, lighting, HVAC, plumbing, walls, all areas behind walls, floors, corridors, lobbies, landscaping, Parking Garage, parking areas, and equipment within and serving the Leased Premises and the Building which are required in the normal maintenance and operation of the Leased Premises and the Building. Subject to the terms and limitations contained in **Exhibit C** attached hereto and, if not specifically set forth in **Exhibit C**, as is reasonable and customary practice for a Class "A" office building, all maintenance and repair costs incurred by Landlord shall be included as an Operating Expense, except for those relating to or resulting from damages caused by the gross negligence or willful misconduct of Landlord or Landlord's employees, agents or contractors. Repairs for damages caused by fire or other casualty or by condemnation shall not be governed by or subject to this Section 8.01, but rather shall be subject to Article Nine and Article Twelve, respectively.

Section 8.02. Tenant's Obligations. Tenant shall maintain all of Tenant's property within the Leased Premises not constituting the Tenant Improvements in good condition and repair and shall repair any and all damage caused by Tenant or Tenant's employees, agents or contractors to the Building or the Leased Premises, ordinary wear and tear, damage by fire or other casualty or condemnation and damage caused by others for whom Tenant is not responsible excepted. Upon termination of this Lease, Tenant shall surrender and deliver up the Leased Premises in as good a condition in which the Leased Premises were delivered to Tenant, reasonable wear and tear excepted, with all specialty fixtures and improvements removed (but with no obligation to remove low voltage and other cabling and wiring), and shall further remove its personnel, personal property and fixtures and repair any damage resulting from such removal.

ARTICLE NINE

FIRE AND OTHER CASUALTY

Section 9.01. Damage and Destruction.

(a) If the Building (which for purposes of this Section 9.01 shall include the Tenant Improvements) or any part thereof should be destroyed or damaged by fire, wind, flood, or other casualty during the term of this Lease, then (unless this Lease is terminated by Landlord or Tenant as hereinafter provided), Landlord shall promptly proceed to reconstruct, restore and repair the Building and the Leased Premises, as affected, to a condition substantially equivalent to their former condition. If Landlord does not commence such restoration as promptly as feasible or, if having done so, does not proceed with reasonable diligence until same are restored, then upon receipt of written notice by Landlord from Tenant, Landlord shall have sixty (60) days to so commence or so proceed. If Landlord fails to commence or proceed with such action within this period of time, Tenant shall have a period of twenty-five (25) days from the end of such sixty (60) day period within which to either (i) in the event of a casualty causing material damage to the Building, terminate this Lease on written notice to Landlord, which termination

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shall be effective on the date of delivery, or (ii) bring suit against Landlord for specific performance of Landlord's obligations under this Section 9.01(a), or (iii) commence such restoration for the account and at the expense of Landlord. If Tenant elects to so restore, Landlord shall make all applicable insurance proceeds to the extent actually received by Landlord (and provide Tenant the deductible/retention) available to Tenant, and if such insurance proceeds are not available or sufficient to pay the cost of restoration in full, Landlord shall provide such funds as are required to pay the cost of restoration within twenty (20) days of written demand by Tenant, together with reasonable invoices and back up documentation. If Landlord fails to provide such funds, Tenant may fund the cost of restoration, and Tenant shall have the right to deduct the cost, plus interest thereon at the Default Rate, as an offset against up to fifty percent (50%) of the monthly installments of Annual Rental due under this Lease.

(b) If a building in which the Leased Premises is located is totally destroyed or damaged by any cause or the Building or any part thereof is so substantially destroyed that reconstruction would require more than one hundred eighty (180) days from the date of destruction or damage, either Tenant or Landlord shall have the right to terminate this Lease by giving the other written notice of termination within thirty (30) days after the giving of the notice from Landlord hereinafter provided for. Such termination shall be effective as of the date of such notice of termination. In the event of any substantial casualty, Landlord shall, within twenty (20) days thereafter, give Tenant written notice of the estimated time required to repair the same. If Landlord and Tenant shall disagree as to the probable reconstruction period, the matter shall be determined by an independent general contractor reasonably acceptable to both parties, and the thirty (30) day period for giving of a notice of termination shall commence upon the determination of the estimated time required to repair by such general contractor.

(c) Commencing with the date of any damage, the rent provided for herein shall abate pro rata to the extent that, and for so long as, any portion of the Leased Premises is not reasonably usable with reasonable ingress and egress and its proportionate number of required parking spaces, and is not actually used, by Tenant in the ordinary conduct of its business.

(d) Upon the restoration of the Building and the Leased Premises, as affected, the Initial Term or any Renewal Term then in effect shall be extended, to the extent necessary, so that such Initial Term or Renewal Term, as the case may be, shall continue for a period of not less than thirty-six (36) months from the date upon which such rental abatement terminates (with the Annual Rent for the applicable extension period being the same as in effect immediately prior to the regularly scheduled expiration of the Initial Term or Renewal Term, as applicable); provided, however, that such extension shall not be applicable if the fire or other casualty pertains to an area of less than fifty percent (50%) of the Leased Premises then being leased by Tenant.

Section 9.02. Release and Waiver of Subrogation Rights. The parties hereto hereby release each other of themselves and anyone claiming through or under them, waive any and all rights of recovery, claim, action or cause of action, against each other, their respective agents, directors, officers and employees, for any loss or damage that may occur to the Leased Premises or the Building, and to all persons or property, whether real, personal or mixed, located in the

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Leased Premises or the Building, by reason of any cause against which the releasing party is actually insured or, regardless of the releasing party's actual insurance coverage, against which the releasing party is required to be insured pursuant to Section 5.12. This mutual release and waiver shall apply regardless of the cause or origin of the loss or damage, including negligence of the parties hereto, their respective agents and employees. Each party agrees to provide the other with reasonable evidence of its insurance carrier's consent to such waiver of subrogation. This Section 9.02 supersedes any provision to the contrary which may be contained in this Lease.

ARTICLE TEN

LIABILITY

Section 10.01. Indemnification of the Parties.

(a) Subject to the provisions of Section 9.02 and the conditions and limitations contained in Florida Statutes Section 768.28, Tenant shall defend and indemnify Landlord (which shall include its board members, officers, employees, and agents) and shall hold Landlord harmless from any damage to any property or injury to, or death of, any person arising from any event, regardless of cause (except as hereinafter provided), which occurs within the Leased Premises (and outside the Leased Premises if caused by the negligence or willful misconduct of Tenant or Tenant's employees, agents, or contractors) except to the extent such damage or injury results from the negligence or willful misconduct of Landlord or Landlord's employees, agents, or contractors, and then only to the extent not collectible under insurance carried by Tenant or, if Tenant is not carrying all of the insurance described in Section 5.12(b) (without regard to the provisions thereof relating to self-insurance), to the extent not covered by the insurance described in Section 5.12(b) as if the same were in effect. Tenant's foregoing indemnity obligation shall include reasonable attorneys' fees, investigation costs, and all other costs and expenses incurred by Landlord in defending any claim. Any comprehensive general liability insurance carried by Tenant shall include coverage of the foregoing contractual indemnity.

(b) If Landlord is made a party to any litigation commenced by or against Tenant or relating to this Lease or to the Leased Premises, and provided that in any such litigation Landlord is adjudicated to not have any legal responsibility by reason of the gross negligence or willful misconduct of Landlord or Landlord's employees, agents or contractors, then Tenant shall pay all reasonable costs and expenses, including reasonable attorneys' fees and court costs, incurred by or imposed upon Landlord because of any such litigation and the amount of all such reasonable costs and expenses, including reasonable attorneys' fees and court costs, shall be a demand obligation owing by Tenant to Landlord. However, if Landlord is adjudicated to have been comparatively negligent, then Tenant's payment to Landlord of all costs and expenses shall be reduced by the percentage of Landlord's comparative negligence.

(c) Subject to the provisions of Section 9.02, Landlord shall defend and indemnify Tenant (which shall include its board members, officers, employees, and agents) and shall hold Tenant harmless from any damage to any property or any injury to, or death of, any person arising from any event, regardless of cause (except as hereinafter provided), if caused by the

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negligence or willful misconduct of Landlord or Landlord's employees, agents, or contractors) except to the extent such damage, injury or death results from the negligence or willful misconduct of Tenant or Tenant's employees, agents, or contractors, and then only to the extent not collectible under Landlord's insurance, or if Landlord is not carrying all of the insurance required by Section 5.12(a), to the extent not covered by such insurance described in Section 5.12(a) as if the same were in effect. Landlord's foregoing indemnity obligation shall include reasonable attorneys' fees, investigation costs, and all other costs and expenses incurred by Tenant in defending any claim. Any comprehensive general liability insurance carried by Landlord shall include coverage of the foregoing contractual indemnity.

(d) If Tenant is made a party to any litigation commenced by or against Landlord or relating to this Lease or to the Building, excluding the Leased Premises, and provided that in any such litigation Tenant is adjudicated to not have any legal responsibility by reason of the gross negligence or willful misconduct of Tenant or Tenant's employees, agents, or contractors, then Landlord shall pay all reasonable costs and expenses, including reasonable attorneys' fees and court costs incurred by or imposed upon Tenant because of any such litigation and the amount of all such reasonable costs and expenses, including reasonable attorneys' fees and court costs, shall be a demand obligation owing by Landlord to Tenant. However, if Tenant is adjudicated to have been comparatively negligent, then Landlord's payment to Tenant of all costs and expenses shall be reduced by the percentage of Tenant's comparative negligence.

(e) This Section 10.01 shall survive any expiration or earlier termination of this Lease as to events occurring during the Lease Term.

ARTICLE ELEVEN

ALTERATIONS AND FIXTURES

Section 11.01. Alterations by Tenant.

(a) Tenant may make such alterations to the Leased Premises as it shall from time to time elect to make; provided, however, that any major alteration to the Leased Premises (it being expressly agreed that decorations, substitutions, replacement of fixtures, reconfiguration of "flex" workspace, and relocation or removal of non-structural interior walls, doors and partitions shall not be deemed major) including, without limitation, any alterations which could affect the operation of any Building System (as defined in the Construction Addendum), shall be subject to the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld or delayed as long as Landlord has received Tenant's plans and specifications and construction schedule, and such approval shall be deemed given by Landlord if Landlord does not provide a response within thirty (30) days after submittal. With respect to alterations which are not major alterations but require a building permit or other governmental approvals, Tenant shall provide notice of such alterations to Landlord together with the plans for the alterations and copies of the necessary permits and approvals obtained.

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(b) Tenant may install interfloor stairs connecting floors within the Leased Premises with Landlord's prior written consent, which consent Landlord shall not withhold if the alteration will not adversely affect (i) the structural integrity or external appearance of the Building or (ii) the Building Systems. Tenant may not alter the Building Systems without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold if the alteration will not adversely affect the functioning of the basic Building Systems. Within thirty (30) days after completion of any alterations, Tenant shall furnish to Landlord copies of all plans and specifications used in connection with any alterations of the Leased Premises and such "as built" drawings as Landlord may reasonably request.

(c) All repairs, alterations or additions made by Tenant in the Leased Premises shall be constructed and completed in a good and workmanlike manner at Tenant's expense by contractors approved by Landlord, such approval not to be unreasonably withheld or delayed. Tenant shall obtain all necessary governmental permits, licenses and approvals and shall comply with all Applicable Laws. In addition, Tenant shall cause its contractors (i) to maintain insurance coverage against such risks, and in such amounts, as Landlord may reasonably require (i.e., reasonable as compared to insurance then being maintained for similar work in Comparable Buildings), and in all events including builder's risk insurance, and (ii) to remove all rubbish caused by the activities of the contractors. Tenant must maintain the lien-free status of the Leased Premises at all times. Any lien filed as a result of Tenant's alterations hereunder shall immediately constitute a default by Tenant subject to the notice and cure provisions set forth in Section 13.01.

Section 11.02. Tenant's Property.

(a) Tenant, at its expense, may, subject to the limitations of Section 11.01(a), at any time and from time to time, install in and remove from the Leased Premises its trade fixtures, equipment, partitions, non-structural interior walls that have been the subject of alterations in accordance with Section 11.01(a) above, moveable wall systems, furniture and furnishings, provided such installation or removal is accomplished without material damage to the Leased Premises or the Building and Tenant promptly repairs any such damage.

(b) Subject to Tenant providing not less than six (6) months' written notice to Landlord prior to the expiration of this Lease, Tenant shall have up to six (6) months after the expiration of this Lease remove all of Tenant's personal property and fixtures not permanently affixed to the Building; provided, however, that, Tenant will be obligated to pay rent at the current rate for the first month, and commencing second month after the expiration of this Lease, Tenant shall be obligated to pay holdover rent as provided in Section 27.03 for each day thereafter until Tenant's removal of its personal property from the Lease Premises is completed. If Tenant fails to so remove any personal property of Tenant that Tenant may remove within six (6) months after the termination of this Lease, any such property not so removed shall, at Landlord's election, become the property of Landlord or be removed and discarded by Landlord at Tenant's expense.

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ARTICLE TWELVE

CONDEMNATION

Section 12.01. Total Taking. If all or substantially all of the Leased Premises shall be taken by condemnation or in any other manner for any public or quasi-public use or purpose (other than for temporary use or occupancy), the term of this Lease shall terminate as of the date of vesting of title (the "Date of the Taking"), and, subject to a proration and apportionment of Annual Rental, Additional Rental and other sums due hereunder as of the Date of the Taking, no further rent shall be due hereunder.

Section 12.02. Partial Taking. If a part of the Leased Premises or the Property or access thereto shall be so taken, then Landlord shall give Tenant prompt written notice thereof and any part of the Leased Premises so taken shall no longer constitute part of the Leased Premises, but this Lease shall continue in force and effect as to the part not so taken; provided, however, that Tenant may elect to terminate this Lease (a) if a partial taking is more than twenty percent (20%) of the square feet within the Leased Premises, or (b) if a partial taking has a material adverse effect upon the means of access to the Leased Premises or the entrances or lobbies of any building or the number of parking spaces reasonably available to Tenant, unless Landlord shall have provided reasonable substitutes therefor. Tenant shall give notice of any election to terminate to Landlord not later than sixty (60) days after notice of such taking is given by Landlord to Tenant. Landlord shall also have the right to terminate this Lease in the event that a part of the Leased Premises shall be taken if, in Landlord's reasonable opinion, the remaining part of the Leased Premises cannot be operated as an economically feasible unit as a result of such partial taking. Landlord shall give notice of its election to terminate to Tenant not later than thirty (30) days after the filing of the condemnation judgment and decree. Upon the date specified in a notice of termination from Landlord or Tenant, as the case may be, (which shall not be more than one hundred eighty (180) days thereafter), the term of this Lease shall terminate and, subject to a proration and apportionment of Annual Rental, Additional Rental and other sums due hereunder as of the Date of the Taking and such date, as applicable, no further rent shall be due hereunder. Upon a partial taking and the term of this Lease continuing in force as to any part of the Leased Premises, the Annual Rental shall be reduced proportionately based upon the part or parts of the Leased Premises and/or other parts of the Property so taken.

Section 12.03. Claims of Landlord and Tenant. Landlord shall be entitled to receive the entire award in any proceeding with respect to any taking (other than for temporary use and occupancy) provided for in this Article without deduction therefrom for any estate vested in Tenant by this Lease and Tenant shall receive no part of such award, except as hereinafter expressly provided. Tenant shall have the right to make a separate claim with the condemning authority for (a) any moving expenses incurred by Tenant as a result of such condemnation; (b) business dislocation damages; (c) any costs incurred and paid by Tenant in connection with any alteration or improvement made by Tenant to the Leased Premises; (d) the value of any of Tenant's property taken; and (e) any other separate claim which Tenant may hereafter be permitted to make, provided, however, that such separate claim shall not reduce or adversely affect the amount of Landlord's award. Tenant's entitlement to any award (and the resulting

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allocation of any award) will be determined without regard to any early termination of this Lease due to any taking (i.e., as if this Lease were to continue in effect for its full stated term, including any renewals or extensions thereof permitted under this Lease). If Tenant shall not be permitted to make a separate claim in such proceeding, Landlord shall prosecute all claims in such proceeding on behalf of both Landlord and Tenant, in which event Tenant may, if it so elects and at its expense, join with Landlord in such proceeding, retain co-counsel, attend hearings, present arguments and generally participate in the conduct of the proceeding; provided, however, that if Landlord incurs any additional expense because of Tenant's exercising its rights under this sentence, Tenant will bear such additional expense and shall reimburse Landlord for all such costs promptly upon demand therefor.

Section 12.04. Distribution of the Award. The aggregate amount of all awards received in any proceeding relating to any taking (other than awards to Tenant pursuant to Section 12.03 or for temporary use or occupancy) is hereinafter called the "Award." Regardless of the apportionment of the Award in such proceeding, and regardless of any termination of this Lease, the Award shall be distributed in the following order of priority, if approved by Landlord's lender in its discretion, as evidenced by a subordination agreement between Landlord's lender and Tenant:

(a) If Landlord shall be obligated to repair, alter and restore the remaining part of the Project or Leased Premises pursuant to Section 12.06, the cost of such repair, alteration and restoration shall be paid to Landlord out of the Award.

(b) Next, but only if Tenant has not been permitted to make a separate claim in such proceeding, there shall be paid to Tenant the amount of all costs incurred by Tenant for moving expenses, business dislocation damages, additions, alterations, installations and improvements of a capital nature made by Tenant in the Leased Premises (or portion thereof taken in a partial taking, if applicable), at its expense, including any initial Tenant Improvements which are funded by Tenant and excluding (i) all costs reimbursed to Tenant by Landlord in respect thereof, (ii) all depreciation allowable in respect thereto computed in each case from the date any such cost is incurred to the Date of the Taking on a straight line basis over the useful life therefor selected by Tenant as shown on Tenant's books and records.

(c) The balance of the Award shall then be paid to Landlord.

If Landlord's lender does not approve of the foregoing arrangement, Landlord and Tenant shall cooperate in the pursuit of such Award such that the party receiving the Award is ultimately responsible for performing the repair or restoration, unless otherwise agreed upon by the parties.

Section 12.05. Temporary Taking of Premises. If all or any part of the Leased Premises shall be temporarily taken by condemnation or otherwise for any public or quasi-public use or purpose (unless Tenant shall have elected to terminate the term of this Lease in accordance with the option provided in the last sentence of this Section), this Lease shall nevertheless remain in full force and effect. Tenant shall continue to be responsible for all of its obligations hereunder insofar as such obligations are not affected by such taking; provided, however, that Tenant shall

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not be liable for the payment of Annual Rental, Additional Rental or other sums for the part of the Leased Premises so temporarily taken until such taken portion is delivered to Tenant. The Award claims of Landlord and Tenant shall be handled as provided in Section 12.03. In the event of a temporary taking which meets the requirements of subsection (a) of Section 12.02 for a period in excess of ninety (90) consecutive days or the requirements of subsection (b) of such Section, Tenant may terminate this Lease upon notice to Landlord given within thirty (30) days after such taking or, in the case of an indefinite temporary taking falling under subsection (a) of Section 12.02, within thirty (30) days after such ninety (90) day period has expired.

Section 12.06. Landlord's Obligation to Restore.

(a) In the event of a taking, which taking does not result in the termination of this Lease, Landlord shall, at its expense and regardless of whether any Award or Awards shall be sufficient for the purpose, proceed with due diligence to repair, alter and restore the remaining part of the Project and the Leased Premises substantially to their former condition to the extent feasible to constitute a complete and tenantable Building and Leased Premises. Promptly after the expiration of any temporary taking which did not result in a termination of this Lease, Landlord shall restore the Leased Premises and Building to their former condition as aforesaid.

(b) During any period of restoration of the Building and the Leased Premises pursuant to subsection (a) above, the Annual Rental provided for herein shall abate pro rata to the extent that, and for so long as, any portion of the Leased Premises is not reasonably useable, and is not actually used, by Tenant in the ordinary conduct of its business.

(c) Upon the restoration of the Building and the Leased Premises pursuant to subsection (a), the Initial Term or any Renewal Term then in effect shall be extended, to the extent necessary, so that such Initial Term or Renewal Term, as the case may be, shall continue for a period of not less than thirty-six (36) months from the date upon which such rental abatement terminates (with the Annual Rent for the applicable extension period being the same as in effect immediately prior to the regularly scheduled expiration of the Initial Term or Renewal Term, as applicable); provided, however, that such extension shall not be applicable if the taking pertains to an area of less than fifty percent (50%) of the Leased Premises then being leased by Tenant.

ARTICLE THIRTEEN

REMEDIES AND DEFAULTS

Section 13.01. Default by Tenant.

(a) If Tenant fails to pay any monthly installment of the Annual Rental or any Additional Rental or other sum due Landlord from Tenant hereunder and such default continues for a period of five (5) days after written notice by Landlord (a monthly invoice for Annual Rental, Additional Rental or other sums shall not be considered notice for purposes of this Article, provided that Landlord shall not be obligated to provide such notice more than twice in

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any Lease Year), or if Tenant fails to perform or observe any other covenant, term, provision or condition of this Lease and such default continues for a period of thirty (30) days after written notice by Landlord (plus such additional time, not to exceed an additional sixty (60) days, as may be required to cure a default which, despite diligent and continuous effort, cannot by its very nature be cured within said thirty (30) days), then, at Landlord's option, and upon an additional five (5) days' prior written notice to Tenant (if such default shall not have been cured within said five (5) days, and with such additional five (5) day notice not being required if more than two (2) such additional five (5) day notices have been given in the immediately preceding year), Tenant's right to possession and occupancy of the Leased Premises shall immediately cease and terminate, without the requirement that Landlord terminate this Lease. Despite any termination of Tenant's rights of possession, Tenant agrees that Tenant shall remain liable for the Annual Rental and any Additional Rental due and to become due hereunder during the then current term, and the same shall be paid by Tenant to Landlord on the regular days stipulated herein for payment of rent; provided, however, that Landlord shall use commercially reasonable efforts to relet the Leased Premises, and if the Leased Premises are relet in whole or in part, Tenant shall be entitled to a credit in the net amount of the Annual Rental and Additional Rental received by Landlord as a result (after deducting all reasonable costs incurred by Landlord in finding a new tenant, including brokerage fees, agent's commissions, redecorating costs, attorneys' fees and any other reasonable costs and expenses incident thereto). During the then current term, Tenant shall remain obligated to pay the amount of any deficiency in the Annual Rental or any Additional Rental obtained on such reletting, but if the Annual Rental or any Additional Rental obtained on such reletting is greater than that provided for herein plus Landlord's costs, Landlord shall be entitled to receive such excess. Landlord shall have the right to recover damages against Tenant as permitted under applicable law, including collecting from Tenant amounts equal to said deficiencies provided for above by suits or proceedings brought from time to time on one or more occasions without Landlord being obligated to wait until the expiration of the term of this Lease. If any installment of Annual Rental or Additional Rental shall not be actually received by Landlord on or before the tenth (10^{th}) calendar day following the date that such payment is due, then such amount due shall be subject to an five (5%) percent late payment and service charge, payable by Tenant immediately upon demand by Landlord, which charge shall be applied to defray Landlord's costs and expenses in processing the late payment. Further, such late payment shall bear interest at the Default Rate (as defined below) from the date due until the date paid in full. In addition to the remedies set forth hereinabove, following written notice by Landlord to Tenant and the expiration of Tenant's cure period, Landlord may terminate this Lease and forthwith repossess the Leased Premises by forcible entry and detainer suit or other appropriate legal proceeding. The "Default Rate" is an annual interest rate equal to the lesser or (1) the prime rate of Bank of America, N.A. plus five percent (5%) per annum or (2) the maximum rate of interest allowed under applicable law. In all events, Landlord shall be entitled to recover from Tenant the cost of recovering the Leased Premises and all sums due Landlord from Tenant (including reasonable attorneys' fees and court costs), or Landlord may cure any default by Tenant and invoice Tenant for the reasonable and necessary costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) incurred by Landlord therefor plus interest thereon at the Default Rate.

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(b) No re-entry or taking possession of the Leased Premises by Landlord shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention be given to Tenant. Notwithstanding any such reletting or re-entry or taking possession, Landlord may at any time thereafter elect to terminate this Lease for a previous default. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any remedies provided at law or in equity; provided, however, that in no event shall Tenant have any liability for damages in excess of the components identified in paragraph (a) immediately above. Landlord's acceptance of rent following an event of default hereunder shall not be construed as Landlord's waiver of such event of default. No waiver by Landlord of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or default.

(c) Notwithstanding anything contained herein to the contrary, Tenant shall have the right to vacate up to two (2) floors of the Leased Premises and, so long as Tenant shall continue to pay Annual Rent and Additional Rent, Tenant shall not be in default hereunder; provided, however, if Tenant vacates such portions of the Leased Premises, Tenant shall be entitled to receive a credit against Additional Rent in order to reflect the reduction in Operating Expenses resulting from the Leased Premises (or the applicable portion thereof) no longer being used and occupied by Tenant. Nothing herein shall be deemed to allow Tenant to vacate the entire Leased Premises during the term hereof.

Section 13.02. Default by Landlord. If Landlord defaults in the performance or observance of any provision of this Lease including the failure to comply with the Project Schedule attached to the Construction Addendum (excluding any default referred to in Section 5.10 hereof, the remedy for which is set forth in said Section 5.10), Tenant shall give Landlord notice specifying in what manner Landlord has defaulted and if such default shall not be cured by Landlord within thirty (30) days after the delivery of such notice (except that if such default cannot be cured within said thirty (30) day period, this period shall be extended for a reasonable additional time not to exceed an additional thirty (30) days, provided that Landlord commences to cure such default within the thirty (30) day period and proceeds diligently thereafter to effect such cure), and following written notice by Tenant to Landlord's first mortgagee and the expiration of the cure period of the first mortgagee as provided below, Tenant may pursue all rights and remedies under law or in equity, including, but not limited to, specific enforcement of Landlord's obligations under this Lease, and the cure of such default by Tenant and invoicing Landlord for the reasonable and necessary costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) incurred by Tenant therefor. Notwithstanding the foregoing, in the event of a condition (an "Emergency Condition") which Landlord is obligated to correct hereunder and which creates a material, imminent risk of injury to persons or damage to property, Tenant shall give Landlord notice (which notice may be by telephone for an Emergency Condition with written confirmation as soon as practicable thereafter), and Tenant may take any reasonably necessary action to correct such Emergency Condition immediately after such notice and invoice Landlord for the reasonable and necessary costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) incurred by Tenant therefor. If Landlord does not reimburse Tenant within thirty (30) days of receipt of the invoice for the cure of a default or correction of an Emergency Condition (including such supporting

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documentation as Landlord may reasonably request), Tenant shall have the right to deduct the amount due, plus interest thereon at the Default Rate, as an offset against up to fifty percent (50%) of the monthly installments of Annual Rental due under this Lease or seek reimbursement from Landlord for all costs and expenses associated therewith including administrative and overhead costs, the costs, fees and expenses, including, without limitation, legal fees, expert and paralegal fees, and court costs for enforcement and collection against the Landlord. Notwithstanding the foregoing, if the offset against fifty percent (50%) of the monthly installments of Annual Rental due under this Lease will not be sufficient to allow full recovery of Tenant's costs and expenses due to the remaining current term of this Lease being insufficient, Tenant may offset a higher percentage to allow such recovery prior to the end of the current term. Tenant shall give simultaneous written notice of any default by Landlord, including any default under Section 5.08, to Landlord's first mortgagee of whom Tenant has received prior written notice, and if Landlord fails to cure the default or to promptly commence and diligently pursue the cure of such default within the time period provided hereinabove, the first mortgagee shall have an additional thirty (30) days to cure such default or to promptly commence and diligently pursue the cure of such default before Tenant may pursue the remedies granted to Tenant under this Lease. In no event shall this right to cure be construed as an obligation on the part of the first mortgagee to cure any default by Landlord. Landlord's liability for any default under this Lease shall be limited to Tenant's actual damages, and no officer, director, employee or agent of Landlord shall have any personal liability hereunder. In addition, Landlord's liability for any default under this Lease after Final Completion (as defined in the Construction Addendum) shall be limited to the interest of Landlord in the Building, including, without limitation, all rent payable hereunder and any other rental derived from the Building, the proceeds of any judgments, sale, refinancing, insurance or eminent domain award derived from the Building for the collection of any judgment (or any other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and performed by Landlord. Notwithstanding the foregoing, in the event of any final, non-appealable judgment in favor of Tenant against Landlord arising out of any default by Landlord hereunder which is not paid within thirty (30) days or bonded, and in addition to any other rights and remedies provided herein, Tenant shall have the right to offset the unsatisfied amount of any such judgment, plus interest thereon at the rate set forth in such judgment, against up to fifty percent (50%) of the monthly installments of Annual Rental due under this Lease until paid in full. Notwithstanding the foregoing, if the offset against fifty percent (50%) of the monthly installments of Annual Rental due under this Lease will not be sufficient to allow full recovery of Tenant's judgment due to the remaining current term of this Lease being insufficient, Tenant may offset a higher percentage to allow such recovery prior to the end of the current term.

Section 13.03. Waiver of Certain Damages. Notwithstanding anything to the contrary contained in this Lease, in no case shall Landlord be liable to Tenant or Tenant be liable to Landlord under this Lease for any special, punitive, exemplary, indirect or consequential damages.

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ARTICLE FOURTEEN

BANKRUPTCY

Section 14.01. Bankruptcy by Tenant. If at any time during the term of this Lease a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or substantially all of Tenant's assets is filed against Tenant in any court pursuant to any statute either of the United States or of any state and Tenant fails to secure a discharge thereof within one hundred twenty (120) days, or if Tenant voluntarily files a petition in bankruptcy or makes an assignment for the benefit of creditors or petitions for or enters into an arrangement with creditors, the term of this Lease, at the option of Landlord, exercised within thirty (30) days after written notice received by Landlord of the happening of any one or more of such events, shall terminate on such date as Landlord shall specify by notice to Tenant, with the same effect as if the date of termination were the Expiration Date of this Lease, but Tenant shall remain liable for rent and/or damages and attorneys' fees as provided in Article Thirteen.

ARTICLE FIFTEEN

COMPLIANCE WITH LAWS AND HAZARDOUS MATERIALS

Section 15.01. Tenant's Compliance with Laws.

(a) Specifically excepting Known Environmental Conditions (as hereinafter defined), Tenant, at its expense, shall comply with any and all applicable laws, rules, orders, ordinances, regulations and other requirements, present or future affecting the Leased Premises that are promulgated by any governmental authority or agency having jurisdiction over the Leased Premises, including, without limitation, laws regarding the use or presence of hazardous materials at the Premises (all of the above being referred to collectively in this Lease as "Applicable Laws"), but only to the extent the same shall affect or be applicable to (i) Tenant's manner of use of the Leased Premises (as opposed to its mere use thereof), (ii) alterations and improvements made by Tenant, or (iii) a breach by Tenant of its obligations under this Lease. Nothing herein contained, however, shall be deemed to impose any obligation upon Tenant to make any structural improvements, changes or repairs unless necessitated by reason of a particular use by Tenant of the Leased Premises, or the performance of alterations by Tenant therein.

(b) Tenant may, at its expense (and, if necessary, in the name of but without expense to, Landlord) contest, by appropriate proceedings diligently prosecuted, the validity, or applicability to the Leased Premises, of any matter it may be required to comply with pursuant to subsection (a) above, and may postpone its compliance therewith until such contest shall be decided, so long as no fines or penalties shall be assessed against Landlord and no material adverse consequences shall result to Landlord or the Building. Landlord may impose reasonable requirements in connection with such a contest, including the escrowing of penalties as security.

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Section 15.02. Landlord's Compliance with Laws and Certifications.

(a) Landlord shall be responsible for complying with all Applicable Laws affecting Known Environmental Conditions and the design, construction and operation of the Building (including the Leased Premises to the extent Tenant is not required to comply therewith pursuant to Section 15.01) or relating to the performance by Landlord of any duties or obligations to be performed by it hereunder. Without limiting the foregoing, Landlord shall comply or cause the Building to comply with all present and future accessibility, environmental, energy conservation and fire and safety laws, regulations and codes. In addition, Landlord shall be responsible for complying with the Certifications and all other environmental and efficiency certifications and accreditations obtained for the Building in connection with its design, construction and operations. All costs incurred by Landlord in connection with compliance after the initial delivery of the Leased Premises shall be passed through to tenant as Operating Expenses, unless otherwise limited pursuant to **Exhibit C**, such as if need for compliance arises from oversight or error by Landlord.

(b) Landlord may, at its expense (and, if necessary, in the name of but without expense to, Tenant) contest, by appropriate proceedings diligently prosecuted, the validity or applicability to the Leased Premises or the Building, of any matter it may be required to comply with pursuant to subsection (a) above, and may postpone its compliance therewith until such contest shall be decided, so long as no fines or penalties shall be assessed against Tenant and no material adverse consequences shall result to Tenant or Tenant's use of the Leased Premises. The sums incurred by Landlord in contesting such matters shall be included as an Operating Expense.

Section 15.03 Hazardous Materials.

(a) Except as set forth in the environmental site assessments described on Exhibit E attached hereto ("Known Environmental Conditions"), Landlord is not aware of any past or present regulatory violations or Release (as hereinafter defined) of any Hazardous Materials (as hereinafter defined) at, on, under, or surrounding the Leased Premises and has not received any warning notices, notice of violations, administrative complaints, judicial complaints or other formal or informal notices from any environmental or governmental agency alleging that the presence of regulatory violations or Hazardous Materials at, on, under, or surrounding the Leased Premises is in violation of, or gives rise to liability under, any Environmental Laws (as hereinafter defined).

"Release" includes, but is not limited to, the presence of any Hazardous Materials which presence may be generally consistent with any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, storing, escaping, leaching, dumping, discarding, burying, abandoning, disposing, discharging, dispersing or migrating thereof on or into the environment, or into or out of the Leased Premises.

"Hazardous Materials" means each and every element, compound, chemical mixture, contaminant, pollutant, material, waste or other substance which is defined, determined or

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identified as hazardous or toxic under any Environmental Law. Without limiting the generality of the foregoing, the term shall mean and include: (a) "Hazardous Substance(s)" as defined in CERCLA, the Superfund Amendments and Reauthorization Act of 1986, or Title III of the Superfund Amendment and Reauthorization Act, each as amended, and regulations promulgated thereunder including, but not limited to, asbestos or any substance containing asbestos, polychlorinated biphenyls, any explosives, radioactive materials, chemicals known or suspected to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions, infectious wastes, any petroleum or petroleum-derived waste or product or related materials, and any items defined as hazardous, special or toxic materials, substances or waste; (b) "Hazardous Waste" as defined in the Resource Conservation and Recovery Act of 1976, as amended, and regulations promulgated thereunder; (c) "Materials" as defined as "Hazardous Materials" in the Hazardous Materials Transportation Act, as amended, and regulations promulgated thereunder; (d) "Chemical Substance or Mixture" as defined in the Toxic Substances Control Act, as amended, and regulations promulgated thereunder; and (e) mold, microbial growth, moisture impacted building material, lead-based paint or lead-containing coatings, components, materials, or debris, and self-illuminated tritium containing structures, including but not limited to tritium containing exit signs.

"Environmental Laws" shall mean any federal, state or local statute, regulation or ordinance or any judicial or administrative decree or decision, whether now existing or hereinafter enacted, promulgated or issued, with respect to any Hazardous Materials, drinking water, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water runoff, retention ponds, storm water systems, waste emissions or wells. Without limiting the generality of the foregoing, the term shall encompass each of the following statutes, and regulations, orders, decrees, permits, licenses and deed restrictions now or hereafter promulgated thereunder, and amendments and successors to such statutes and regulations as may be enacted and promulgated from time to time: (i) the Comprehensive Environmental Response, Compensation and Liability Act (codified in scattered sections of 26 U.S.C., 33 U.S.C., 42 U.S.C. and 42 U.S.C. Section 9601 et seq.) ("CERCLA"); (ii) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.) ("RCRA"); (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.); (iv) the Toxic Substances Control Act (15 U.S.C. Section 2061 et seq.); (v) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vi) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vii) the Safe Drinking Water Act (21 U.S.C. Section 349, 42 U.S.C. Section 201 and Section 300f et seq.); (viii) the National Environmental Policy Act (42 U.S.C. Section 4321 et seq.); (ix) the Superfund Amendments and Reauthorization Act of 1986 (codified in scattered sections of 10 U.S.C., 29 U.S.C., 33 U.S.C. and 42 U.S.C.); (x) Title III of the Superfund Amendment and Reauthorization Act (40 U.S.C. Section 1101 et seq.); (xi) the Uranium Mill Tailings Radiation Control Act (42 U.S.C. Section 7901 et seq.); (xii) the Occupational Safety and Health Act (29 U.S.C. Section 655 et seq.); (xiii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (xiv) the Noise Control Act (42 U.S.C. Section 4901 et seq.); and (xv) the Emergency Planning and Community Right to Know Act (42 U.S.C. Section 1100 et seq.).

(b) Tenant shall comply with the requirements of all Environmental Laws in connection with the use of the Leased Premises, including, but not limited to, with respect to the

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maintenance and operation of the electrical generator and related fuel storage tank.

(c) Landlord shall comply with the requirements of all Environmental Laws in connection with the Known Environmental Conditions.

(d) For (i) Known Environmental Conditions and (ii) if Hazardous Materials are hereafter discovered on the Leased Premises, and the presence of such Hazardous Materials is not the result of Tenant's use of the Leased Premises or any act or omission of Tenant or its agents, employees, contractors, subtenants, customers or invitees, and the presence of such Hazardous Materials results in any contamination, damages, or injury to the Leased Premises that adversely affects or could adversely affect Tenant's occupancy or use of the Leased Premises, Landlord shall promptly take all actions, at its sole expense, necessary to remediate such Hazardous Materials to the extent required by the Environmental Laws or a governing agency. For the avoidance of doubt, Landlord shall remediate the Known Environmental Conditions as soon as possible and the remediation cost shall not be a part of the Operating Expenses. After notification from Tenant supported by reasonable documentation setting forth such presence or release of Hazardous Materials, Landlord shall commence to investigate such Hazardous Materials within a commercially reasonable period of time and thereafter diligently prosecute such remediation to completion, to the extent required by law. If Landlord fails to commence such remediation or if Landlord commences such remediation and fails to diligently prosecute same until completion, or if such remediation shall require a period in excess of one hundred eighty (180) days to complete and the presence of such Hazardous Materials represents a health risk to users of the Leased Premises or prevents the use of more than twenty percent (20%) of the Leased Premises, then Tenant may terminate this Lease by thirty (30) days' prior written notice to Landlord. Annual Rental shall be equitably adjusted if and to the extent and during the period the Leased Premises are unsuitable for Tenant's operations as a result of the presence of Hazardous Materials addressed in this Section 15.03(c). Notwithstanding anything herein to the contrary, if Landlord obtains documentation reasonably acceptable to Tenant from the appropriate governmental authority that no further remediation is required prior to the effective date of any such termination, such termination shall be null and void and this Lease shall remain in full force and effect. It is the express intent of the parties that nothing contained herein shall affect Landlord's indemnification obligations given hereunder. In the event Landlord fails to timely perform any obligations set forth in this Section 15.03(c) hereof, including the obligation to reimburse Tenant, and such failure continues for ninety (90) days after notice and demand for cure, Tenant shall have the right, but not the obligation, to perform all or any of such obligations, and offset such costs and expenses associated therewith against up to fifty percent (50%) of the monthly installments of Annual Rental or seek reimbursement from Landlord for all costs and expenses associated therewith including administrative and overhead costs, the costs, fees and expenses, including, without limitation, legal fees, expert and paralegal fees, and court costs for enforcement and collection against the other party. Notwithstanding the foregoing, if the offset against fifty percent (50%) of the monthly installments of Annual Rental due under this Lease will not be sufficient to allow full recovery of Tenant's costs and expenses due to the remaining current term of this Lease being insufficient, Tenant may offset a higher percentage to allow such recovery prior to the end of the current term.

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(e) Subject to the conditions and limitations contained in Florida Statues Section 768.28, Tenant shall indemnify, defend and hold harmless Landlord (such defense to be undertaken by counsel approved by Landlord, such approval not to be unreasonably withheld) from and against any and all penalties, fines, suits, procedures, liabilities, claims, loss, cost and expense (including reasonable attorney's and consultants costs) arising out of or in any way related to any Hazardous Materials affecting the Leased Premises which are caused by Tenant or Tenant's agents, servants, employees or contractors, such indemnification to include damage or injury to persons or property arising from said Release or discharge of Hazardous Materials from the Leased Premises.

(f) Landlord shall indemnify, defend and hold harmless Tenant (such defense to be undertaken by counsel approved by Tenant, such approval not to be unreasonably withheld) from and against any and all penalties, fines, suits, procedures, liabilities, claims, loss, cost and expense (including reasonable attorney's and consultants costs) arising out of or in any way related to the Known Environmental Conditions and any regulatory violation or Hazardous Materials affecting the Leased Premises which first occurred at any time prior to the Commencement Date or which arise after the Commencement Date and are not caused by the Tenant or the Tenant's use of the Leased Premises. Landlord shall also indemnify Tenant from and against all actual damages suffered by Tenant as a result of Landlord's breach of its representations in Sections 15.03(a) and 15.03(c) of this Lease.

(g) It is expressly understood and agreed that the provisions of this Section 15.03 expressly including the indemnities hereinabove provided by both Landlord and Tenant, shall survive the expiration or earlier termination of this Lease.

ARTICLE SIXTEEN

ASSIGNMENT AND SUBLETTING

Section 16.01. Assignment and Subletting by Tenant. Tenant may sublet the Leased Premises or any part thereof, or assign this Lease, with the prior written consent of Landlord in each instance (which consent Landlord agrees shall not be unreasonably withheld, conditioned or delayed); provided, however, that Tenant shall have the right, without the consent of Landlord being required, to assign this entire Lease or sublet all or any portion of the Leased Premises, or to permit occupancy of any portion of the Leased Premises by, any Affiliate of Tenant, any entity that acquires substantially all of the assets of Tenant, any entity into which Tenant is merged and any entity resulting from a consolidation of Tenant with some other entity. The term "Affiliate" as used herein with respect to a party to this Lease shall mean any corporation, individual, partnership, trust, unincorporated association or other entity or association which is controlled by, under common control with or which controls, directly or indirectly, such party or in which such party has a twenty-five percent (25%) or greater voting or ownership interest. In addition, the City of Jacksonville, Florida shall be an Affiliate of Tenant for purposes of the ability to assign this Lease or sublet the Leased Premise, however, Tenant shall be not be released from liability hereunder after an assignment of this entire Lease to an Affiliate unless the Affiliate meets the Assignment Criteria (as herein defined). At the time of any assignment, Tenant shall

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not be released, without Landlord's express consent (which shall not be unreasonably withheld, conditioned or delayed), from liability under this Lease; provided, however, Tenant shall be released from liability hereunder after an assignment of this entire Lease to an assignee with a credit rating equal to or better than A2 from Moody's or A+ from S&P, and a net worth of not less than $1 billion (collectively the "Assignment Criteria"), whether or not an Affiliate of Tenant. Tenant shall provide Landlord with all documentation and information requested by Landlord in connection with such an assignment at least thirty (30) days prior to the effective date thereof. In no event shall any sale or transfer of ownership of Tenant or any change in ownership of Tenant be deemed an assignment of this Lease. Notwithstanding anything herein to the contrary, Tenant shall be entitled to sublease or grant licenses to third parties for portions of the Leased Premises to provide services or ancillary uses within the Leased Premises which benefit Tenant, and Tenant's employees, invitees and customers, such as, but not limited to, restaurants, fitness center, child care facility, bank/credit union, sundries shop, coffee shop, gift shop, newsstand, hair salon, and convenience items market, upon prior written notice to Landlord; provided, Landlord's consent shall be required in the event any such ancillary user requires more than 4,000 square feet of the Leased Premises or the total amount of all sublet space is in excess of twenty-five percent (25%) of the Leased Premises (which shall not be unreasonably withheld, conditioned or delayed). Tenant shall also be entitled to sublease or to grant licenses or rights of use to third parties for use of the Parking Garage with the prior written consent of Landlord in each instance (which consent Landlord agrees shall not be unreasonably withheld, conditioned or delayed; provided, however, no such consent will be necessary to sublease, license or provide rights of use of parking spaces to governmental entities or employees).

Section 16.02. Assignment by Landlord. Prior to Final Completion (as defined in the Construction Addendum), Landlord shall not voluntarily sell, convey or otherwise dispose of the Property without the prior written consent of Tenant, which consent may be withheld in Tenant's discretion); provided, that Landlord may market the Premises for sale at any time and may enter into a purchase agreement to sell the Building prior to Final Completion. Tenant hereby agrees that this Section 16.02 shall not be applicable to (a) Landlord's financing of construction of the Building, or (b) a third party lender who finances the construction of the Building to the extent that such lender transfers or assigns all or a portion of its collateral interest in the Property to other lenders participating in such financing or (c) any sale, assignment, transfer, conveyance or other disposition of the Property or any part thereof to an Affiliate of Landlord. Further, no Tenant consent is required for Landlord to grant easements or other interests in the Property in furtherance of construction or development which do not materially and adversely affect the use of the Building by Tenant.

ARTICLE SEVENTEEN

LANDLORD'S ACCESS

Section 17.01. Landlord's Access to Premises. Landlord, and Landlord's employees, agents and contractors who have been previously granted security clearance by Tenant, shall have the right to enter and pass through the Leased Premises or any part or parts thereof (a)

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during business hours, unless otherwise consented to by Tenant: (i) to examine the Leased Premises and to show them to underlying or ground lessees or mortgagees and to prospective purchasers, mortgagees, lessees (during the last year of the term of this Lease) or insurers, and (ii) for cleaning and maintenance and making such repairs or changes in or to the Leased Premises or in or to the Building as may be provided for or permitted by this Lease or as may be mutually agreed upon by the parties or as Landlord may be required to make by Applicable Laws; provided, however, that the foregoing shall be done upon prior request to Tenant, in a manner so as to minimize interference with Tenant's business operations and accompanied by a designated representative of Tenant; (b) after business hours to perform Janitorial Services; and (c) in emergencies or situations which are perceived by Landlord, in Landlord's reasonable judgment, to be emergencies.

Section 17.02. Limitations on Landlord's Right to Change the Property. Unless required by the provisions of this Lease or applicable law, Landlord shall not, without Tenant's consent, which may be withheld by Tenant in Tenant's sole and absolute discretion, at any time during the term of this Lease, make any material addition or alteration or change to the Property.

ARTICLE EIGHTEEN

NAME OF BUILDING; SIGNS; BUILDING DIRECTORY

Section 18.01. Tenant's Right to Designate Building Name. Tenant shall have the right to designate, and thereafter change, the name of the Building, so long as such name shall relate to the name under which Tenant is doing business at the time of any such designation or is otherwise approved by Landlord, such approval not to be unreasonably withheld. Tenant shall be solely responsible for compliance with laws in relation to the name of the Building.

Section 18.02. Signs Identifying the Building. Subject to compliance with Applicable Laws, Landlord shall install ground monument signs, exterior Building identification signs, and lobby wayfinding signs (in addition to the interactive digital building directory referred to in Section 18.04 below) in accordance with the Building Plans and as part of the Building Work (as defined in the Construction Addendum). The cost of the ground monument signs shall not exceed $30,000, the exterior Building identification signs shall not exceed $120,000, and the lobby wayfinding signs shall not exceed $15,000, and shall be paid by Landlord as part of the cost of the Building, as provided in the Construction Addendum. In addition, Tenant may install additional exterior and interior signs, sculptures and/or graphics with Tenant's name and/or logo and the nature and location of Tenant's operations within the Building, the locations, sizes, materials and designs of such signs, sculptures and/or graphics to be determined by Tenant and may be included in the Tenant Improvement Plans.

Section 18.03. Limitations on Other Signs. Landlord shall neither install nor permit the installation of any signs, sculptures and/or graphics which adversely reflect on the dignity or character of the Building and shall not permit the Building to be identified by the name of another company or permit any other company to erect any signs, sculptures and/or graphics outside or in the Building, without first obtaining Tenant's written consent.

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Section 18.04. Building Directory. Landlord shall provide and maintain an interactive digital building directory in each public access lobby area of the Building, each such directory and its location to be subject to Tenant's approval. Landlord shall provide to Tenant all such listings on each directory as Tenant shall reasonably require. The cost of the directories not in excess of $15,000, in the aggregate, shall be paid by Landlord as part of the cost of the Building, as provided in the Construction Addendum; any portion of the cost of the directories in excess of $15,000 shall be paid by Tenant as part of Tenant's Cost as provided in the Construction Addendum.

ARTICLE NINETEEN

ACQUISITION OF THE PROPERTY AND QUIET ENJOYMENT

Section 19.01. Landlord's Acquisition of the Property.

(a) The parties acknowledge and agree that Landlord is purchasing the Land from the City of Jacksonville, the current fee owner thereof (the "City"), pursuant to that certain Purchase and Sale Agreement by and between the City, as seller, and Landlord (the "Underlying Purchase Agreement"), and that this Lease is contingent upon the consummation of such purchase by Landlord. If Landlord does not complete the purchase of the Leased Premises (the "Underlying Property Acquisition") on or before two hundred ten (210) days after the date of this Lease (the "Acquisition Outside Date"), and Landlord and Tenant do not agree to a written extension of such period, then until such time as Landlord is able to complete the Underlying Property Acquisition (if Landlord is outside the Acquisition Outside Date), Tenant shall have the right, at Tenant's election by delivery of written notice to Landlord delivered within twenty (20) days after the Acquisition Outside Date, to terminate this Lease, and, thereafter, neither party shall have any further obligations to the other under this Lease. In connection with the Underlying Property Acquisition, Landlord will provide to Tenant copies of the title insurance commitment and title insurance policy obtained, which must be reasonably acceptable to Tenant. Landlord agrees to use commercially reasonable efforts to obtain the governmental approvals which are a contingency under the Underlying Purchase Agreement.

(b) In connection with the foregoing, Landlord represents and warrants to Tenant that until Landlord has completed the Underlying Property Acquisition, Landlord shall keep the Purchase Agreement in full force and effect (including exercising any available extensions thereunder), not exercise any right of termination under the Underlying Purchase Agreement, nor shall Landlord agree to any such termination or amend, supplement or otherwise modify the Underlying Purchase Agreement in any manner that would materially and adversely affect Landlord's ability to consummate the transaction contemplated by this Lease or perform its obligations under this Lease, without the prior written consent of Tenant, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall perform, observe, abide by and comply with all of the material terms and conditions of the Underlying Purchase Agreement, and a default by Landlord under the Underlying Purchase Agreement continuing after expiration

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of any applicable cure period thereunder shall be a default hereunder, entitling Tenant to terminate this Lease, receive an immediate assignment of the Underlying Purchase Agreement and/or to exercise its other remedies hereunder, upon notice to Landlord delivered prior to Landlord's cure of its default under the Underlying Purchase Agreement. Landlord shall deliver to Tenant copies of any and all notices, demands or other material communications with the City with respect to the Underlying Purchase Agreement and shall promptly forward to Tenant copies of any notices that it receives alleging or regarding a breach or default of the Underlying Purchase Agreement by Landlord. In the event the Underlying Purchase Agreement is terminated due to a default of Landlord or the Underlying Property Acquisition does not timely occur due to reasons within the control of Landlord while this Lease is in effect (it being deemed, for example, that the failure to obtain governmental approvals notwithstanding the commercially reasonable efforts of Landlord is a reason beyond the control of Landlord), then Tenant shall have the right to terminate this Lease and recover from Landlord all of Tenant's out of pocket costs incurred in connection with this Lease in an amount not to exceed $50,000.

Section 19.02 Landlord's Covenant of Quiet Enjoyment. Upon Landlord's acquisition of the Land, Landlord covenants and agrees, provided Tenant performs the terms, conditions and covenants of this Lease, to take all necessary steps to secure and to maintain for the benefit of Tenant the quiet and peaceful possession of the Leased Premises, the Building Facilities and Tenant's parking spaces, for the term of this Lease, without hindrance, claim or molestation by Landlord or any other person claiming by or through Landlord.

ARTICLE TWENTY

NON-WAIVER

Section 20.01. Non-Waiver by Either Party. Failure by either party to complain of any action, non-action or default of the other party shall not constitute a waiver of any aggrieved party's rights hereunder. waiver by either party of any right for any default of the other party shall not constitute a waiver of any right for either a subsequent default of the same obligation or for any other default, past, present or future.

ARTICLE TWENTY-ONE

NOTICES

Section 21.01. Notices to Landlord or Tenant. All notices, demands and requests which may be given or which are required to be given by either party to the other shall be in writing and shall be deemed effective either: (a) on the date personally delivered to the address below, as evidenced by written receipt therefor, whether or not actually received by the person to whom addressed; (b) on the third (3rd) business day after being sent, by certified or registered mail, return receipt requested, addressed to the intended recipient at the address specified below; or (c) on the first (1st) business day after being deposited into the custody of a nationally recognized overnight delivery service such as FedEx or UPS, addressed to such party at the address specified below. For purposes of this Section 21.01, the addresses of the parties for all notices are as follows (unless

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changed by similar notice in writing given by the particular person whose address is to be changed):

If to Tenant, as follows:

Prior to the Term Commencement Date:

Lynne C. Rhode
JEA Vice President and Chief Legal Officer
21 West Church Street
Jacksonville, FL 32202
Office: (904) 665-4115
Email: rhodlc@jea.com

With copy to:
Nancy Veasey
JEA Director Special Projects
21 West Church Street
Jacksonville, FL 32202
904-665-6439
kilgna@jea.com

After the Term Commencement Date:

[address of Leased Premises]
Attention: Jordan Pope
JEA Director Real Estate
Office 904-665-7765
Email: popeja@jea.com

With copy to:
[address of Leased Premises]
Attention: Lynne C. Rhode
JEA Vice President and Chief Legal Officer
Office: (904) 665-4115
Email: rhodlc@jea.com

If to Landlord, addressed as follows:

Douglas Dieck
Ryan Companies US, Inc.
201 North Franklin Street, Suite 3500
Tampa, FL 33609
Doug.dieck@ryancompanies.com
(813) 204-5017

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With copy to:
Audra Williams
Ryan Companies US, Inc.
533 South Third Street, Suite 100
Minneapolis, MN 55415
Audra.williams@ryancompanies.com
(612) 492-4423

ARTICLE TWENTY-TWO

PARTIAL INVALIDITY

Section 22.01. Severability Clause. If any term, covenant, condition or provision of this Lease, or the application thereof to any person or circumstance, shall ever be held to be invalid or unenforceable, then in each such event the remainder of this Lease or the applicable of such term, covenant, condition or provision to any other person or any other circumstance (other than those as to which it shall be invalid or unenforceable) shall not be thereby affected, and each term, covenant, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

ARTICLE TWENTY-THREE

BROKERAGE

Section 23.01. Brokerage. Landlord and Tenant mutually represent to each other that the only broker with whom they have dealt with respect to this Lease is CBRE, Inc. ("CBRE"), and Landlord agrees to pay all commissions that may be owing to CBRE in connection with this Lease pursuant to and as provided in that certain agreement dated as of January 28, 2019 between Landlord and CBRE. Landlord agrees to indemnify Tenant and hold it harmless against any claims for commissions that may be asserted in connection with this Lease based upon acts of Landlord, and Tenant agrees to indemnify Landlord and hold it harmless against any claims for commissions that may be asserted in connection with this Lease by any brokers other than CBRE, based upon acts of Tenant. The indemnification obligations shall survive any expiration or termination of this Lease.

ARTICLE TWENTY-FOUR

SUBORDINATION; NONDISTURBANCE

Section 24.01. Subordination. Landlord may, from time to time, grant mortgages or other security interests covering its estate in the Property (herein, collectively, a "First Mortgage"). Tenant, subject to the provisions of Section 24.02, agrees that this Lease shall be subject and subordinate to each First Mortgage, including any modifications, extensions or renewals thereof and advances thereunder from time to time in effect. Upon the reasonable request of Landlord

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and at no material expense to Tenant, Tenant agrees to execute a subordination and nondisturbance agreement reflecting the provisions of this Article Twenty-Four and otherwise in form reasonably acceptable to Tenant and Landlord.

Section 24.02. Nondisturbance. The subordination of this Lease to any First Mortgage pursuant to Section 24.01 is expressly conditioned upon the holder thereof expressly agreeing in the First Mortgage, or a separate instrument recorded contemporaneously with the First Mortgage, that (i) Tenant will not be named or joined in any proceeding to enforce the First Mortgage unless such be required by law in order to perfect the proceeding, (ii) enforcement of any First Mortgage shall not terminate this Lease or disturb Tenant in the possession and use of the Leased Premises (except in the case where Tenant is in default beyond the period, if any, provided in this Lease to remedy such default) or otherwise affect Tenant's rights and interests under this Lease, (iii) any party succeeding to the interest of Landlord as a result of the enforcement of any First Mortgage shall be bound to Tenant, and Tenant shall be bound to it, under all the terms, covenants, and conditions of this Lease, for the balance of the term of this Lease, including Renewal Terms, with the same force and effect as if such party were the original Landlord under this Lease, (iv) insurance proceeds and Awards shall be first applied as provided in this Lease if agreeable to the holder of the First Mortgage after request by Landlord, and (v) the Tenant Improvements shall be paid to Tenant pursuant to the terms of this Lease.

ARTICLE TWENTY-FIVE

ANTENNA

Section 25.01. Tenant's Right to Install Antenna Systems. Tenant shall have the exclusive right to install and to grant the City of Jacksonville and other governmental entities or agencies the right to install, and once installed to operate, maintain, repair, replace, modify and remove, microwave, satellite or other antenna communications systems (the "Antenna Systems") on the roof of the Building. Tenant's rights hereunder are personal to Tenant and Tenant may grant no other party the right to install such antenna except as expressly set forth herein. Prior to installation, Tenant shall furnish detailed plans and specifications for any such Antenna System to Landlord. Any such Antenna System shall be installed, at Tenant's expense, by a contractor selected by Tenant and approved by Landlord, such approval not to be unreasonably withheld. The Antenna System installation may include the use of any available building shafts required to bring Tenant's electrical wiring from the roof area to the Leased Premises. Tenant shall have access to the roof and equipment relating to such Antenna System at all times throughout the term of this Lease. Tenant shall be responsible for procuring, and shall provide Landlord with copies of, whatever licenses or permits may be required for the use of any Antenna System or operation of any equipment served thereby, and Landlord makes no warranties whatsoever as to the permissibility of such any Antenna System under Applicable Laws. Subject to the conditions and limitations contained in Florida Statutes Section 768.28, Tenant hereby indemnifies Landlord for any liability resulting from the installation or use of any Antenna System (including losses incurred as a result of the voiding of any roof warranty); moreover, Tenant agrees that its liability insurance, as contemplated by Section 5.12(b) will include coverage of operations and activities related to any such system.

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ARTICLE TWENTY-SIX

CONTINUING RIGHT OF FIRST OFFER TO PURCHASE

Section 26.01. Continuing Right of First Offer. Provided that as of the date of the giving of Landlord's Offer Notice, no Tenant event of default or event which but for the passage of time or the giving of notice, or both, would constitute a Tenant event of default has occurred and is continuing, then subject to and in accordance with the terms of this Article, if at any time during the term of this Lease Landlord shall desire to sell the Leased Premises, then Landlord, before offering to sell the Leased Premises to any other party shall offer to Tenant the right to purchase the Leased Premises on the same material terms and conditions upon which Landlord intends, acting in good faith, to sell the Leased Premises to any other party (the "Right of First Offer").

Section 26.02. Offer Notice. Such offer shall be made by Landlord to Tenant in a written notice (the "Offer Notice"), which Offer Notice shall specify the material terms that Landlord intends to offer with respect to a sale of the Leased Premises. Tenant may accept the offer set forth in the Offer Notice by delivering to Landlord an unconditional acceptance ("Tenant's Notice") of such offer within thirty (30) days after delivery by Landlord of the Offer Notice to Tenant. Time shall be of the essence with respect to the giving of Tenant's Notice. If Tenant does not accept (or fails to timely accept) an offer made by Landlord pursuant to the provisions of this Addendum, then Landlord, at any time during the 12 month period after Tenant's rejection or deemed rejection of such offer, shall have the right to offer the Leased Premises for sale and to sell the Leased Premises free of this Right of First Offer for not less than 95 percent of the total economic terms of the offer made in the Offer Notice. Landlord shall reoffer the Leased Premises to Tenant pursuant to this Section 26.02 if Landlord does not sell the Leased Premises within the 12-month period described in the preceding sentence. In addition, if Landlord should elect to sell the Leased Premises for less than 95 percent of the total economic terms of the offer made in the Offer Notice, then Landlord must first deliver a written notice to Tenant offering to sell the Leased Premises for such economic terms, which offer may be accepted by Tenant, if Tenant so elects, by providing Landlord with written notice within twenty (20) days after receipt of such notice from Landlord. Upon the closing of any sale permitted hereunder following an election by Tenant not to accept Landlord's offer (or failure to timely accept such offer), the Right of First Offer shall continue in full effect, and Landlord's successors shall continue to be obligated to comply with the provisions of this Article should they desire to sell the Leased Premises while this Lease is in effect, and Tenant shall not be deemed to have waived any rights under the Right of First Offer with respect to any future sale of the Leased Premises. Notwithstanding an election by Tenant not to accept Landlord's offer (or failure to timely accept such offer), any sale or conveyance of the Leased Premises by Landlord shall be subject to this Lease.

Section 26.03. Closing. If Tenant elects to exercise the Right of First Offer to purchase the Leased Premises, the closing shall be conducted through an escrow established at a title company or title agent acceptable to both Landlord and Tenant. All deliveries shall be deposited

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in escrow and all closing deliveries and disbursements shall be made through the escrow. Such closing shall occur no later than sixty (60) days following Tenant's Notice of the acceptance of the Offer Notice. At closing, Landlord shall assign to Tenant all its right, title and interest in and to all contracts, warranties, permits, approvals, and other intangible property related to the Leased Premises except for any trade name or other similar rights related to the Leased Premises, which Landlord shall retain. At Tenant's request, Landlord will convey the Leased Premises to any grantee designated by Tenant.

Section 26.04. Title. Landlord shall convey to Tenant (or Tenant's designee) fee simple title to the Leased Premises by special warranty deed subject only to matters created by or through Tenant and those matters acceptable to Tenant, and free and clear of any liens or any other exceptions created by, under, or through Landlord, other than easements or dedications required in connection with obtaining governmental approvals for the Building or for the provision of utility service to the Building and any other matters approved by Tenant in writing. Tenant may revoke its election to exercise the Right of First Offer by giving notice to Landlord at any time before the closing if after the Tenant's Notice is sent by Tenant (i) title is not reasonably satisfactory to Tenant, (ii) the Leased Premises are materially damaged by casualty, (iii) the Leased Premises suffers environmental contamination not caused by Tenant, its agents, contractors, employees, subtenants, customers or invitees, or (iv) any condemnation has occurred or is pending or threatened which in Tenant's reasonable opinion could materially, adversely affect the use of the Leased Premises for Tenant's use.

Section 26.05. Transaction Costs and Prorations. Each party shall pay its own legal fees. Landlord shall pay the cost of transfer taxes (documentary stamp tax on the deed), an ALTA survey, and removing any title exceptions, which are not permitted above. Tenant shall pay the cost of title insurance and recording fees. Taxes, if any, and other expenses shall be prorated as is customary for the sale of property in Duval County, Florida.

Section 26.06. Lease Termination. At Tenant's election, the Lease may be terminated as of the closing, or shall continue following the closing, in which case Tenant (or Tenant's designee) shall become the Landlord under this Lease. In either case, all rent and other payments due by Tenant to Landlord under the Lease shall be prorated to the date of closing and shall be deposited into the escrow and disbursed to Landlord at closing. At Tenant's request and at no cost or liability to Landlord, at closing, Landlord will assign the Lease, without recourse or warranty and subject to Tenant's and any assignee's full release of Landlord thereunder (except with respect to Landlord's obligations under the Construction Addendum, for which Landlord shall remain obligated to Tenant as provided in this Lease), to any assignee designated by Tenant.

Section 26.07. Tax-Free Exchange. Landlord may conduct the sale as a tax-free exchange pursuant to Section 1031 of the Internal Revenue Code. Such exchange shall be conducted through a qualified intermediary, at no cost to Tenant, and without affecting Landlord's obligations to Tenant. Tenant shall not be required to take title to any other property in connection with a Section 1031 exchange.

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ARTICLE TWENTY-SEVEN

MISCELLANEOUS

Section 27.01. Certain Miscellaneous Provisions. This Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged into this Lease. This Lease has been negotiated and jointly drafted by Landlord and Tenant's legal counsel and no provision hereof shall be construed against either party by virtue of the authorship thereof. This Lease may not be changed, modified, terminated or discharged, in whole or in part, except by a writing, executed by the party against whom enforcement of the change, modification, termination or discharge is to be sought. The article and section headings or titles in this Lease are inserted for convenience only and are not to be given any effect in its construction. Wherever appropriate in this Lease, personal pronouns shall be deemed to include the other genders and the singular to include the plural. The covenants and agreements contained herein shall inure to and be binding upon Landlord, its successors and assigns, and to Tenant, its successors and assigns. Any party succeeding to or acquiring any part of the interest of any party "Landlord" hereunder shall automatically take the same subject to such liability and indebtedness to Tenant as said party "Landlord" may have had under this Lease prior to said successor party's acquisition or succession without in any manner releasing any prior "Landlord" from any obligation hereunder.

Section 27.02. Mechanic's Liens. Tenant will not permit any mechanic's lien or liens to be placed upon the Leased Premises or the Building or improvements thereon during the lease term of this Lease allegedly or otherwise caused by or resulting from any work performed, materials furnished or obligation incurred by or at the request of Tenant; and in the case of the filing of any such lien, Tenant will promptly pay same or take measures reasonably acceptable to Landlord (such as bonding or escrowing funds) to assure that the lien is not perfected against the Building. If default in payment or taking other measures shall continue for twenty (20) days after written notice thereof from Landlord to Tenant, Landlord shall have the right and privilege at Landlord's option of paying the same or any portion thereof without inquiry as to the validity thereof, and any amounts so paid, including expenses and interest, shall be so much additional indebtedness hereunder due from Tenant to Landlord and shall be repaid to Landlord immediately on rendition of a bill therefor. Nothing in the provisions of this Lease shall be deemed in any way to give Tenant any right, power or authority to contract for or permit to be furnished any service or materials which would give rise to the filing of any mechanics' or materialmen's lien against Landlord's estate or interest in and to the Property, it being expressly agreed that no estate or interest of Landlord in and to the Property shall be subject to any lien arising in connection with any alteration, addition or improvement made by or on behalf of Tenant. At Landlord's request, Tenant shall execute a written instrument to be recorded for the purpose of providing notice of the existence of the provisions of the preceding sentence in accordance with Section 713.10, Florida Statutes.

Section 27.03. Holding Over. Should Tenant hold over in possession after the Expiration Date, such holding over shall not be deemed to extend the term or renew this Lease; but the tenancy thereafter shall continue as a tenancy from month to month at the sufferance of Landlord

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upon the terms and conditions herein contained and commencing after the initial month of holding over at the increased monthly rental equal to 10.4166% (i.e., 125% divided by twelve) of the sum of the Annual Rental and the Additional Rental for the final year of the lease term. Tenant shall not be permitted to hold over more than three (3) months after the Expiration Date.

Section 27.04. Attorneys' Fees. If because of the non-performance hereunder by either party, the other party shall deem it necessary to employ an attorney to enforce its rights under this Lease, then the nonperforming party shall reimburse the other- party for reasonable attorneys' fees.

Section 27.05. Governing Law. This Lease shall be governed in all respects by the laws of the State of Florida (excluding the principles of conflict of laws).

Section 27.06. Memoranda Agreements. Landlord shall, at Tenant's request, execute and deliver a recordable memorandum or short-form of this Lease, and recordable memoranda or short-forms of all agreements supplementary hereto, which Tenant may, at its expense, file and record of record. Tenant shall, at Landlord's request, execute and deliver a recordable release of any recorded memoranda with the termination of this Lease and the expiration of any right of Tenant to purchase the Property specifically provided in this Lease.

Section 27.07. Estoppel Certificates; Financial Statements. Each party agrees to execute and deliver from time to time when reasonably requested by the other party a certificate prepared by such other party, confirming and containing such reasonable factual certifications and representations directly relating to this Lease as may be required by such other party; provided that neither party shall have such obligation if it in good faith believes that any certification or representation contained on the certificate may not be entirely true and accurate. Tenant agrees to provide the estoppel certificate within ten (10) days of a request by Landlord. Further, from time to time and promptly after request therefor by Landlord, Tenant, if Tenant is no longer a public utility, shall deliver a certified copy of its financial statements for Landlord's review.

Section 27.08. OFAC Compliance. Landlord represents, covenants and warrants to Tenant that (i) it is not identified on and, to the best of its knowledge, is not engaged in any transactions or dealings, or otherwise associated with individuals identified on ("Prohibited Persons"), the list of specially designated nationals and blocked persons subject to financial sanctions that is maintained by the U.S. Treasury Department, Office of Foreign Assets Control and any other similar list maintained by the Office of Foreign Assets Control pursuant to any authorizing United States law, regulation or Executive Order of the President of the United States ("OFAC List") nor is Landlord subject to trade embargo or economic sanctions pursuant to any authorizing United State law, regulation or Executive Order of the President of the United States, and (ii) Landlord will not knowingly in the future during the term of this Lease engage in any transactions or dealings, or be otherwise associated with, any Prohibited Persons in connection with the operation, maintenance, repair, or ownership of the Leased Premises or the Building, including, but not limited to, in connection with the engagement of any contractor or service provider.

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Section 27.09. Maximum Indebtedness. The maximum indebtedness of Tenant for all rents, fees, costs, reimbursable items, expenses, and work to be performed pursuant to this Lease shall be a monetary amount not to exceed the sum of ONE HUNDRED SIXTY MILLION FIVE HUNDRED THOUSAND DOLLARS ($160,500,000.00).

Section 27.10 Exhibits. All exhibits attached to this Lease are incorporated into and made a part of this Lease for all purposes, and all references herein to this Lease shall include, without limitation, the exhibits attached hereto.

Section 27.11 Radon Notice. Florida Statute 404.056 requires that the following notification be provided in all rental agreements for a building:

> RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

Section 27.12 Public Entity Crime Statement. Section 287 .133, Florida Statutes places the following restrictions on the ability of persons convicted of public entity crimes to transact business with public entities, including the department:

> A person, or affiliate, who has been placed on the convicted vendor list, following a conviction for a public entity crime, may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, Florida Statutes for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

Section 27.13 Tenant Termination Right. Notwithstanding anything to the contrary contained in this Lease, at any time prior to September 30, 2019, Tenant may terminate this Lease upon written notice to Landlord. Upon notice of termination, Tenant will be responsible for reimbursing Landlord for reimbursable costs through the date of termination in accordance with **Exhibit F** attached hereto and made a part hereof. Upon such termination, this Lease shall be of no further force and effect, with the exception of Tenant's obligations pursuant to **Exhibit F** and with respect to any provisions of this Lease which expressly survive termination. Notwithstanding anything contained in this Lease to the contrary, Landlord acknowledges and agrees that the expense reimbursement set forth in **Exhibit F** is Landlord's recourse against Tenant in the event of the termination of this Lease pursuant to this Section 27.13, and Landlord waives any other claims or recourse against Tenant. At any time prior to September 30, 2019,

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Tenant may elect to provide a notice to proceed (the "Notice to Proceed") to Landlord in which event such termination right shall no longer exist, and the parties will proceed forward under the terms of this Lease. If Tenant provides neither a notice of termination nor a Notice to Proceed on or before September 30, 2019, this Lease shall proceed forward as if Tenant has provided the Notice to Proceed as of September 30, 2019.

IN WITNESS WHEREOF, this Lease is hereby executed and delivered effective as of the date first above written.

WITNESSES:

_____
Print Name:_____

_____
Print Name:_____

_____
Print Name:_____

_____
Print Name:_____

Form Approved:

By: _____
Office of General Counsel

LANDLORD:

Ryan Companies US, Inc., a
Minnesota corporation

By:_____
Name: Douglas J. Dieck
Title: Executive Vice President

TENANT:

JEA, a body politic and corporate

By:_____
Name:_____
Title:_____

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Exhibits to Lease

Exhibit A	-	Construction Addendum
Exhibit B-1	-	Description of the Land
Exhibit B-2	-	Permitted Exceptions
Exhibit C	-	Operating Expense Definition
Exhibit D	-	Janitorial Services
Exhibit E	-	Environmental Site Assessments
Exhibit F	-	Termination Reimbursement Agreement

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EXHIBIT A

CONSTRUCTION ADDENDUM

ATTACHED TO AND MADE A PART OF THE
LEASE DATED AS OF _____, 2019 BETWEEN
RYAN COMPANIES US, INC., AS LANDLORD,
AND
JEA, AS TENANT

Article I

CERTAIN DEFINITIONS

For the purposes of this Exhibit (herein called the "Addendum"), unless the context otherwise requires, the following terms shall have the respective meanings assigned to them in this Article I or the section or article referred to below:

1.1 "Allowances" shall mean the allowances included in Schedule 1 attached hereto which have been included in the Pro Forma Budget, defined herein.

1.2 "BAFO Adjusted Terms" shall mean that certain summary, clarification and modification of the BAFO attached hereto as Schedule 2 which also sets forth the Milestones defined below.

1.3 "Best and Final Offer" or "BAFO" shall mean that certain Best and Final Offer, JEA Headquarters, dated March 11, 2019, submitted by Landlord to Tenant in connection with that Invitation to Negotiate defined below.

1.4 "Building" shall be that certain single tenant (JEA) approximately Eight (8)-story building to contain approximately 190,000 rentable square feet of office area, together with the Parking Garage, Building Systems, Building Facilitates, grading, drainage, site work and related improvements to be built on the Land in accordance with the Building Plans, all Legal Requirements, and the provisions of this Addendum. The Building shall include the Tenant Improvements at such time as the Tenant Improvements are incorporated into the Building and completed by Tenant, but not sooner, and Landlord is not obligated to construct the Tenant Improvements.

1.5 "Building Architect" shall mean Ryan A+E, Inc.

1.6 "Building Plans" shall mean the final, detailed working plans, specifications, drawings, and construction documents for the Building to be prepared and sealed by the Building Architect and approved in writing by Landlord, and (only to the extent necessary to obtain all requisite building and other permits) the City of Jacksonville, Florida, as such Building Plans may

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be modified in accordance with this Addendum.

1.7 "Building Systems" shall mean with respect to the Building: (a) the stairs, mezzanine and elevators; (b) the HVAC, plumbing, mechanical and security system not associated with the Tenant Improvements; (c) the electrical, telephone, water, storm sewer and sanitary sewer utility systems and connections; (d) the sprinkler and fire protection systems not associated with the Tenant Improvements; (e) the lighting systems not associated with the Tenant Improvements; (f) ceiling grid and tiles not associated with the Tenant Improvements; (g) the paving and other improvements for pedestrian and vehicular access and vehicular parking, together with all equipment, machinery, staffs, flues, piping, wiring, ducts, ductwork, panels and instrumentation and other appurtenances relating to any or all of the foregoing and not associated with the Tenant Improvements; and (h) the low-voltage systems including but not limited to internet technologies and equipment (IT), audio visual technologies and equipment (AV), wireless systems and equipment, and building controls not associated with the Tenant Improvements.

1.8 "Building Work" shall mean all construction work, services performed, or materials provided to the Property in connection with the construction of the Building.

1.9 "Business Day" shall mean any day other than a Saturday, Sunday, or legal holiday on which the United States Post Office has no scheduled first-class mail deliveries.

1.10 "Construction Contract" shall mean the design-build contract to be entered into by Landlord, as owner, for the design and construction and/or management of construction of all or any part of the Building and the other improvements called for in the Building Plans.

1.11 "Development Responsibility Allocation" shall mean the Schedule 3 attached hereto which sets forth the allocation of construction work, responsibilities, obligations and liabilities in connection with the construction of the Building and Tenant Improvements.

1.12 "Excusable Delay" shall mean any delay in Substantial Completion of the Building due to strikes, lockouts, or other labor or industrial disturbance (other than on the part of employees of Landlord); concealed conditions at the Property which are not discoverable through commercially reasonable due diligence; civil disturbance; future order of any government, court or regulatory body claiming jurisdiction; act of the public enemy; war; riot; sabotage; blockade; embargo; failure or inability to secure or delay in securing materials, supplies, or labor through ordinary sources by reason of order of any government or regulatory body; lightning; earthquake; fire; storm; hurricane; tornado; flood; or other adverse weather condition in excess of that typical to the region in which the Leased Premises are located; or explosion; provided, however, that for purposes of this definition, Landlord's or any other person's lack of funds shall not be deemed to be an Excusable Delay. No Excusable Delay shall be deemed to have occurred under this Addendum unless Landlord has timely identified the occurrence and nature of the delay within forty-five (45) days after the delay has occurred. In no event will an Excusable Delay be deemed to exist due to any delay in the acquisition of the Land beyond the timeframes established by the Lease nor will the Project Schedule be modified or extended due to any of the foregoing.

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1.13 "Final Completion" shall mean after Substantial Completion the completion by Landlord of the construction of the Building, including, but not limited to, the construction and installation of the Building Systems, in accordance with the Building Plans, all applicable Legal Requirements and this Addendum, in a good and workmanlike manner, and in accordance with good construction and engineering practices, free from liens and from known or readily discoverable material defects (structural, mechanical, or otherwise) in design, workmanship, and materials, with new materials (unless otherwise specified in the Building Plans), including the completion of all Punch List Items. Without limiting the foregoing, "Final Completion" shall not be deemed to have occurred until all of the following conditions have been satisfied (or waived in writing by Tenant): (a) Substantial Completion has occurred; (b) all exterior work shall have been performed (including Punch List Items, except as provided in Section 6.5 of this Addendum); (c) there is no continuing construction work by or for Landlord; (d) the City of Jacksonville or other Governmental Authority has issued a final, permanent certificate of occupancy (unless such temporary certificate of occupancy or full certificate of occupancy is withheld due to incomplete Tenant Improvements); (e) a final affidavit of completion from Landlord; (f) the Building Architect has issued a certificate of completion; (g) all warranties for the Building including all furnishings, fixtures, equipment or assemblies warranties have been issued; (h) operation and maintenance manuals (digital and hard copy) including final Revit model with callouts organized in COBie format; and (i) final and unconditional waivers of lien have been provided to Tenant (except as provided in Section 6.5 of this Addendum), or bonds in the appropriate amounts have been provided as security over any contested liens, from the general contractor, all subcontractors and material men which shall cover all work, labor and material, including but not limited to equipment and fixtures of all kinds, done, performed or furnished for the Building, excepting only the Tenant Improvements. In lieu of posting a bond, Landlord may escrow funds equal to 125% of the estimated cost of any disputed costs of completion. At Landlord's request, Tenant will execute and deliver to Landlord a written acknowledgment that Final Completion has occurred.

1.14 "General Contractor" shall mean Ryan Companies US, Inc.

1.15 "Governmental Authority" shall mean any and all courts, boards, agencies, commissions, offices, or authorities of any nature whatsoever of any private agency or governmental unit (federal, state, county, district, municipal, city, or otherwise) whether now or hereafter in existence, which have jurisdiction over the Building.

1.16 "Guaranteed Maximum Price" or "GMP" shall mean maximum amount of the Total Project Cost to be used in the calculation of Annual Rental and the Purchase Price pursuant to Sections 4.01 and Section 27.02 of the Lease.

1.17 "ITN" or "Invitation to Negotiate" shall mean that certain Invitation to Negotiate #010-19, for Acquisition of New Corporate Headquarters.

1.18 "Land" shall mean that tract of real property situated in Duval County, Florida, and being more particularly described in Exhibit B-1 attached to the Lease.

1.19 "Landlord Delay" shall mean any delay in completion of the Tenant Improvements

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Work (or such other work that may impact the commencement or completion of the Tenant Improvements Work) and Tenant's use and occupancy of the Building which is due to any act or omission of Landlord, including, without limitation, any failure by Landlord to adhere to Landlord's obligations with respect to the Project Schedule, complete the Building Plans or Building Work in accordance with the Project Schedule, and any changes to the Tenant Improvement Plans or in the Tenant Improvements Work made by or at the request of Landlord or due to inconsistencies with the Building Plans or Building Work. No Landlord Delay shall be deemed to have occurred under this Addendum unless Tenant has timely identified the occurrence and nature of the delay within thirty (30) days after the delay has occurred. There shall be excluded from the number of days of Landlord Delays any days of delay which are caused by any act or omission of Tenant, its employees, agents, contractors or subcontractors and any Excusable Delays. Tenant shall have no obligation to attempt to mitigate, through expediting the prosecution of any Tenant Improvements Work or changing the scope of the Tenant Improvements Work or otherwise, the actual or presumed effects of a Landlord Delay on Tenant's ability to complete the Tenant Improvements Work; provided, however, that at Landlord's request and with a written agreement by Landlord to pay any additional costs incurred by Tenant resulting therefrom, Tenant shall use all reasonable efforts to accelerate the performance of the Tenant Improvements Work to mitigate the effects of any Landlord Delay.

1.20 "Landlord's ITN Response" shall mean the formal response to the ITN submitted by Landlord to Tenant.

1.21 "Landlord's Response Documents" shall mean Landlord's ITN Response, the BAFO and the BAFO Adjusted Terms.

1.22 "Legal Requirements" shall mean (a) any and all judicial decisions, orders, injunctions, writs, statutes, rulings, rules, regulations, permits, certificates, or ordinances of any Governmental Authority in any way applicable to Landlord or the Property including, but not limited to, any of the aforesaid dealing with the design, construction, ownership, use, leasing, maintenance, service, operation, sale, exchange, or condition of real property, or zoning or environmental matters in effect as of the date of final approval of the Building Plans by the City of Jacksonville, and (b) any and all loan documents, construction contracts, leases, declaration of covenants, conditions or restrictions, or other agreements (written or oral) and any and all insurance requirements, documents, or instruments relating to Landlord or the Property or to which Landlord or the Property may be bound or encumbered.

1.23 "Milestones" shall mean those certain deadlines for completion of phases of the Building as set forth in the BAFO Adjusted Terms.

1.24 "Parking Garage" shall mean that certain 850 space multilevel parking garage for Tenant's use located adjacent to the office structure.

1.25 "Permitted Exceptions" shall mean only (a) those Title Exceptions as are listed in Exhibit B-2 attached to the Lease, (b) those easements (temporary and permanent) which are reasonably and customarily necessary to service or benefit the development, use, operation and

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ownership of the Building and that do not materially and adversely affect the use or occupancy of the Leased Premises and Building Facilities by Tenant, and (c) such other Title Exceptions as may hereafter be approved in writing by Tenant.

1.26 "Preliminary Design" shall mean the preliminary elevations and sample floor plan for the Building shown in Schedule 4 attached to this Addendum and made a part hereof.

1.27 "Pro Forma Budget" shall mean the detailed pro forma budget of the costs for the design and construction of the Building as described in Section 3.1(a) of this Addendum and attached to this Addendum as Schedule 5.

1.28 "Project Schedule" shall mean the due diligence, land acquisition, governmental approvals, design and construction schedule attached to this Addendum as Schedule 6 and made a part hereof.

1.29 "Projected Completion Date" shall mean the deadline for Substantial Completion as set forth in the BAFO Adjusted Terms.

1.30 "Property" shall mean the Building, the Land, the Building Facilities, the Tenant Improvements, and all appurtenances thereto.

1.31 "Punch List Items" shall mean those items of construction, decoration, and mechanical adjustment relating to the Building which, individually or in the aggregate, are minor in character and do not materially interfere with Tenant's use or enjoyment of the Leased Premises and the appurtenances thereto and for which it may be reasonably anticipated that the completion shall occur within sixty (60) days after Substantial Completion, subject to extension for Excusable Delay. The Building Architect shall prepare a schedule of Punch List Items upon Substantial Completion of the Building, such schedule to be reviewed and approved in writing by Landlord, Tenant and General Contractor.

1.32 "Risk Register" shall mean the ongoing log prepared by Landlord and Landlord's construction team setting forth the risk elements in connection with the construction of the Building (such as, but not limited to, matters that may result in delay, reduced quality or increased cost; work which has been incorrectly performed; and materials that may not be properly supplied) and the methodology for successfully addressing such risk.

1.33 "Substantial Completion" or "Substantially Complete" shall mean the completion by Landlord of the construction of the Building or relevant portion thereof, including, but not limited to, the construction and installation of the Building Systems and Building Facilities, in accordance with the Building Plans, all applicable Legal Requirements and this Addendum, in a good and workmanlike manner, and in accordance with good construction and engineering practices, free from liens and from known or readily discoverable material defects (structural, mechanical, or otherwise) in design, workmanship, and materials, with new materials (unless otherwise specified in the Building Plans), and with the only additional construction to be effected being Punch List Items. Without limiting the foregoing, "Substantial Completion" shall not be

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deemed to have occurred until all of the following conditions have been satisfied (or waived in writing by Tenant): (a) receipt of a Certificate of Substantial Completion by Architect on AIA Form G704 (or a substantially similar form) relating to the construction of the Building or relevant portion thereof; (b) substantially all exterior work shall have been performed (except as to Punch List Items) and all outside hoists have been removed from the Building, except as needed for the construction of the Tenant Improvements; (c) no continuing construction work by or for Landlord will materially interfere with construction of the Tenant Improvements and use of the Leased Premises or relevant portion thereof for its intended purposes (however, Tenant agrees that noise and other normal incidences associated with construction activity, such as dust, debris and refuse, caused by construction activities relating to the performance of Punch List Items will be permitted so long as the same does not materially interfere with construction of the Tenant Improvements and Tenant's use of the Leased Premises for its intended purposes); (d) the City of Jacksonville or other Governmental Authority has conducted all inspections, and issued a temporary certificate of occupancy which allows legal occupancy of the Building and full use of the Building by Tenant and which Landlord covenants shall not expire prior to the issuance of a final certificate of occupancy (unless such temporary certificate of occupancy or full certificate of occupancy is withheld due to incomplete Tenant Improvements); (e) Tenant, its employees, agents and invitees have ready access to the Parking Garage and parking adjacent to the Building, to the extent on the Property; (f) all necessary utilities (including low voltage connectivity and service provider demarcations) and plumbing are available in capacities not less than as set forth in the Building Plans, are connected to mains or other appropriate sources, and all utility meters have been set and are capable of being activated; and (g) up to date conditional and unconditional waivers of lien have been provided by Landlord to Tenant in accordance with Landlord's monthly reporting requirements contained in Section 4.3 of this Addendum. At Landlord's request, Tenant will execute and deliver to Landlord a written acknowledgment that Substantial Completion has occurred. Acceptance of possession, use or occupancy of the Leased Premises by Tenant shall not be deemed to constitute a waiver of Landlord's duties, obligations or warranties expressly set forth in this Addendum or the Lease.

1.34 "Tenant Delay" shall mean any delay in Substantial Completion of the Building which is due to any act or omission of Tenant, including, without limitation, any failure by Tenant or Tenant's Architect to complete the Tenant Improvement Plans in accordance with the Project Schedule, and any changes to the Building Plans or in the Building Work made by or at the request of Tenant pursuant to Section 3.2. No Tenant Delay shall be deemed to have occurred under this Addendum unless Landlord has timely identified the occurrence and nature of the delay in accordance with the provisions of Section 4.3. There shall be excluded from the number of days of Tenant Delays any days of delay which are caused by any act or omission of Landlord, its employees, agents, contractors or subcontractors (including, but not limited to, the Building Architect) and any Excusable Delays. Landlord shall have no obligation to attempt to mitigate, through expediting the prosecution of any Building Work or changing the scope of the Building Work or otherwise, the actual or presumed effects of a Tenant Delay on Landlord's ability to achieve Substantial Completion; provided, however, that at Tenant's request and with a written agreement by Tenant to pay any additional costs incurred by Landlord resulting therefrom, Landlord shall use all reasonable efforts to accelerate the performance of the Building Work to mitigate the effects of any Tenant Delay.

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1.35 "Tenant Improvement Allowance" shall mean Landlord's contribution to the Tenant Improvements in the amount of $75 per square foot of rentable area in the Leased Premises.

1.36 "Tenant Improvement Contractor" or "T.I. Contractor" shall mean the contractor selected by Tenant to perform the Tenant Improvements Work. If Landlord or its affiliate is chosen to be the Tenant Improvement Contractor, the parties shall use good faith, diligent efforts to enter into a separate Addendum to address matters related to the Tenant Improvements Work, such as the design, timing, coordination, and cost of such work.

1.37 "Tenant Improvement Plans" shall mean the final, detailed working plans, specifications, drawings, and construction documents for the Tenant Improvements to be prepared and sealed by Tenant's Architect and approved in writing by Landlord as to consistency with the Building Plans, Tenant, and (only to the extent necessary to obtain all requisite building and other permits) the City of Jacksonville, Florida and other Governmental Authorities, as such Tenant Improvement Plans may be modified in accordance with this Addendum.

1.38 "Tenant Improvements" shall mean all Tenant Improvements to be constructed and/or installed in the Leased Premises, including all fire protection modifications, ductwork, VAV boxes, fire dampers, thermostats, electrical power distribution, lighting, water and sewer extension, ceiling grid and tile, gypsum soffits, fire alarm devices and wiring, security system wiring and devices, sound masking systems, low voltage devices and wiring, data cabling and devices, partitions, doors and hardware, wall coverings, painting, special lighting systems, floor coverings, millwork and other tenant finish improvements (but only as these services relate to the Tenant improved areas and not the Building shell, core, common attributes, services into the Building and vertically up the Building to serve the Tenant area, such as Building Systems and other improvements which are defined as part of the Building and that are, per the Development Responsibility Allocation, the responsibility of the Landlord) all as further defined and allocated in the Development Responsibility Allocation. Tenant Improvements will not include IT equipment, furniture, furnishings, office equipment, artwork, or trade fixtures installed by Tenant that are in the nature of movable or removable fixtures or equipment.

1.39 "Tenant Improvements Work" shall mean all construction work, services performed, or materials provided to the Property in connection with the construction of the Tenant Improvements.

1.40 "Tenant's Architect" shall mean a firm hereafter designated by Tenant.

1.41 "Tenant's Consultant" shall mean CBRE, Inc. or such individual or firm as is so designated by Tenant from time to time.

1.42 "Tenant's Building Changes" shall have the meaning set forth in Section 3.2.

1.43 "Tenant's Delay Damages" shall have the meaning set forth in Section 6.1.

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1.44 "Term Commencement Date" shall mean the earlier of (a) later of 300 days after the date that Landlord achieves the T.I. Work Commencement Milestone (as defined in the BAFO Adjusted Terms) or 30 days after the date of Substantial Completion; or (b) the date a temporary certificate of occupancy is provided by the City of Jacksonville for the Building and the Tenant Improvements which allows the occupancy and use of the entire Building by Tenant.

1.45 "Title Exception" shall mean any lien, mortgage, security interest, encumbrance, pledge, assignment, claim, charge, lease (surface, space, mineral, or otherwise), condition, restriction, option, conditional sale contract, right of first refusal, restrictive covenant, exception, easement (temporary or permanent), right-of-way, encroachment, overlap, or other outstanding claim, interest, estate, or equity of any nature whatsoever affecting or pertaining to the Property or any portion thereof.

1.46 "Total Project Cost" shall mean the sum of the cost incurred by Landlord through Final Completion to design and construct the Building and to achieve Substantial Completion and Final Completion, plus the Tenant Improvement Allowance, such Total Project Cost being the improvement and development costs – hard costs, soft costs and land cost incurred by Landlord through Final Completion to design and construct the Building, all as determined by Landlord and Tenant in accordance with (and as limited by) the Lease, this Addendum, the ITN Response, and the Development Responsibility Allocation. Such Total Project Cost shall include, but not be limited to, infrastructure costs, impact fees, site preparation costs; architectural and engineering fees; legal fees; testing; labor and materials to construct the Building and related infrastructure and improvements; permit fees, sales taxes and fees payable to contractors; project landscaping, including related design fees and permits; water, gas and electrical hookup fees and related miscellaneous costs; builder's risk insurance; property tax assessed during construction period (beginning upon acquisition and ending on Substantial Completion); reasonable general and administrative and employer out-of-pocket expenses incurred in managing the pre-construction and construction process; brokerage commissions incurred in connection with the project; Landlord's average cost of coverage for liability insurance attributable to the Leased Premises during the period ending on Substantial Completion; services for verification of compliance with city ordinances and other laws; financing fees; interest on all debt and equity deployed for the project; groundbreaking expenses; travel expenses; due diligence expenses; development fees; development contingency; title insurance search fees; title insurance premiums and endorsements; surveys; soil testing fees; environmental testing fees; construction testing fees; mortgage recording fees; intangible taxes associated with mortgages; land transfer taxes; recording fees; any and all governmental fees associated with the Building; lender legal fees; and the Tenant Improvement Allowance. Total Project Cost shall not include any costs (including, without limitation, imputed interest or any damages due and payable to Tenant) incurred as a result of Substantial Completion not being achieved by the applicable date set forth in the Project Schedule, as extended for any Excusable Delay. In addition, Landlord must provide service and utilities to the site for Building connectivity. The Development Responsibility Allocation contains certain assumptions with respect to extending these services from the right-of-way adjacent to the Building to a designated MPOE room, and the additional cost due to the inaccuracy of these assumptions will be a cost incurred by the Landlord which is excluded from Total Project Cost. This shall include fiber infrastructure, electrical, water, sewer, stormwater or other utilities which will be required by the

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Building as designed.

Additional defined terms may appear in other provisions of this Addendum and, if so, will have the respective meanings assigned to them. Capitalized terms not specifically defined in this Addendum shall have the same meanings as ascribed thereto in the Lease. The definition of a term or phrase in the singular will include and allow for a reference to such term or phrase in the plural or vice versa.

Article II

PLANS AND CONSTRUCTION CONTRACT

2.1 Preparation of Plans.

(a) Building Plans. Landlord shall cause the Building Architect to prepare (and, as appropriate, revise) site plans, concept plans, foundation and shell building construction documents and other plans, drawings, specifications and construction documents for the Building as specified and in accordance with the relevant time-frames set forth on the Project Schedule. Tenant has indicated to Landlord that the approximate square footage of the Building could range from 165,000 square feet to 195,000 square feet, and Tenant agrees to designate the final approximate square footage upon completion of 100% schematics. Notwithstanding the foregoing, Landlord acknowledges and agrees that any change in square footage from that set forth in the BAFO shall not have an impact on the rent constant, unit costs, schedules, and conditions set forth in Landlord's Response Documents without detailed and objective justification provided by Landlord which will be subject to Tenant's approval, which approval shall not be unreasonably withheld, conditioned or delayed. All such plans, drawings, specifications and other construction documents shall be consistent in all material respects with the scope, design or general quality of the Building as reflected in the Preliminary Design, Landlord's Response Documents and the Development Responsibility Allocation, unless changes thereto are specifically agreed to by Tenant. All such plans, drawings, specifications and construction documents shall be submitted to Tenant, Tenant's Architect and Tenant's Consultant, to allow Tenant to confirm that the same are consistent in all material respects with the scope, design or general quality of the Building as reflected in the Preliminary Design, Landlord's Response Documents and the Development Responsibility Allocation, and Tenant may, by appropriate marking, provide specific indications of any non-compliance with the Preliminary Design, Landlord's Response Documents and the Development Responsibility Allocation or any requested revisions. In no event shall Tenant's requested revisions require or result in a material change in the scope, design or general quality of the Building as reflected in the Preliminary Design, Landlord's Response Documents and the Development Responsibility Allocation unless Tenant is willing to pay the additional cost, and such changes are documented by written change order. Tenant shall provide specific indications of any non-compliance with the Preliminary Design, Landlord's Response Documents and the Development Responsibility Allocation or requested revisions to any items submitted pursuant to this subparagraph (a) no later than ten (10) Business Days after receipt by Tenant, Tenant's Architect and Tenant's Consultant. The failure of Tenant to notify Landlord of any non-compliance or

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requested revisions within ten (10) Business Days after Tenant's receipt of such items shall be deemed to be a lack of objection thereof by Tenant.

(b) Tenant Improvement Plans. Tenant shall cause Tenant's Architect to prepare (and, as appropriate, revise) plans, drawings specifications and construction documents for the Tenant Improvements as specified and in accordance with the relevant time-frames set forth on the Project Schedule. In no event shall any such plans, drawings, specifications and other construction documents require or result in a change in the scope, design or general quality of the Building as reflected in the Preliminary Design, the Development Responsibility Allocation and/or the Building Plans. All such plans, drawings, specifications and construction documents shall be submitted to Landlord to determine consistency with the Building Plans and the Development Responsibility Allocation, and Landlord shall, by appropriate marking, either approve the same or provide specific indications of rejections and requested revisions to make the plans consistent with the Building Plans and the Development Responsibility Allocation (in which event the relevant plans, drawings, specifications or other construction documents shall be revised by Tenant's Architect and resubmitted to Landlord, and the process repeated, until finally approved in full). Notwithstanding the generality of the foregoing, in no event shall Landlord have any right to reject or request any revision to any plans, drawings, specifications or other construction documents for the Tenant Improvements unless the same would require or result in a change in the scope, design or general quality of the Building or have a material impact on the Building Systems as reflected in the Preliminary Design, the Development Responsibility Allocation and/or the Building Plans. Landlord shall approve or provide specific indications of rejections and requested revisions to any items submitted (or resubmitted) pursuant to this subparagraph (b) no later than ten (10) Business Days after receipt by Landlord. The failure of Landlord to notify Tenant of approval or disapproval of the items submitted to Landlord under this subsection (b) within ten (10) Business Days after Landlord's receipt of such items shall be deemed to be an approval thereof by Landlord. Notwithstanding anything to the contrary contained herein, to the extent any delay in the completion of the Tenant Improvement Plans is caused by any delay in the completion of the Building Plans or any delay in the review of the Tenant Improvement Plans by Landlord, such delay shall not constitute a Tenant Delay.

(c) Final Plans and Specifications. Upon final approval by the required party or parties of each part of the plans, drawings, specifications, and construction documents for the Building and Tenant Improvements, whether actual or deemed as set forth in this Section 2.1, two (2) sets thereof will be initialed by, and delivered to, Landlord and Tenant to reflect their applicability to the Lease and same shall become the approved Building Plans and Tenant Improvements Plans.

(d) Cooperation. Notwithstanding anything contained in this Section 2.1 to the contrary, it is the intent of Landlord and Tenant to proceed as quickly as reasonably possible to resolve any issues regarding the consistency of the proposed Building Plans with the Preliminary Design, Landlord's Response Documents and the Development Responsibility Allocation and finalize the Building Plans and Tenant Improvement Plans, and Landlord and Tenant agree to fully cooperate with each other in an effort to accelerate the completion and finalization of the Building Plans and Tenant Improvement Plans.

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(e) Confidentiality. Landlord acknowledges and agrees that for public safety and security reasons certain aspects of the Building Plans and Tenant Improvement Plans must remain confidential pursuant to Section 119.071(3) Florida Statutes, including, but not limited to, portions of those plans which relate to Building security and computer systems. Landlord agrees to comply (and require its contractors, consultants and the Building Architect to comply) with all document control restrictions for this information as required by Tenant. Landlord agrees to make diligent efforts to cause the City of Jacksonville building and zoning department to comply with Tenant's confidentiality requirements for plans submitted to the department.

2.2 Effect of Approval. To the extent that Tenant's approval or consent is required or contemplated hereunder, approval by Tenant (whether actual or deemed) shall (a) be non-technical approval of design, materials, and equipment, (b) not be deemed to mean approval of structural capacity of the Building or the Building Systems, size of ducts and piping, adequacy of electrical wiring, system/equipment capacities and, without limitation, other technical matters, (c) not relieve Landlord of responsibility for proper and adequate design of the Building or construction of the Building, (d) not relieve Landlord of responsibility to have the Building Plans and the Building consistent in all material respects with the scope, design and general quality of the Building as reflected in the Preliminary Design, Landlord's Response Documents and the Development Responsibility Allocation, and (e) not be deemed approval by Tenant of any extension of the date of Substantial Completion. Tenant shall, however, promptly notify Landlord of any defects or problems in the Building Plans and the construction of the Building to the extent that Tenant has actual knowledge thereof. Landlord shall ensure that the structure and detail of the utilities and the mechanical, electrical and other Building Systems meet all applicable Legal Requirements and the Building Plans and that all of the Building Work satisfies all Legal Requirements. Landlord shall obtain from the General Contractor, and Landlord shall use its reasonable efforts to obtain from the Building Architect and any electrical, mechanical or structural engineer providing services for the design or construction of the Building, customary warranties and guarantees, in a form acceptable to Landlord and Tenant, in Landlord's and Tenant's reasonable discretion, as to the sufficiency and adequacy of the construction of the Building and the Building Systems. Landlord shall obtain from the Building Architect certificates, in a form acceptable to Landlord and Tenant, in Landlord's and Tenant's reasonable discretion, as to the sufficiency and adequacy of the design of the Building and the Building Systems.

2.3 Construction Contract for Building. Landlord shall obtain not less than three (3) competitive bids for each work or scope item in excess of $50,000, which bids shall be submitted with recommendations to Tenant for review and approval by Tenant, which approval shall not be unreasonably withheld, conditioned, or delayed. Landlord agrees that packages of work and scope items shall not be separated in order to fall below the $50,000 threshold. To the extent practicable, Landlord shall give Tenant and Tenant's Consultant five (5) Business Days' prior notice of any pre-bid or pre-negotiation conferences with the General Contractor and major subcontractors who shall perform the Building work, and shall permit Tenant and Tenant's Consultant to attend such meetings.

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Article III

COST CONTROL, CHANGES IN BUILDING PLANS AND COST OF CHANGES

3.1 Cost Control. It is the intent of this Lease for the development process to be an "Open Book" process with the various trade/subcontractor/supplier/consultant bids visible to Tenant and Tenant's Consultant for review, comment, edit and/or approval. It is also the intent of the Lease to firmly hold to the various conditions set forth in Landlord's Response Documents. Accordingly, the following procedures shall be followed:

(a) Pro Forma Budget. Attached to this Addendum as Schedule 5 is the Pro Forma Budget of the Total Project Cost for soft and hard costs to construct the Building, and which Landlord warrants and covenants is consistent with and in accordance with the Development Responsibility Allocation.

(b) Tenant Review and Approval. As part of the Building Plan review process set forth in Section 2.1(a) above, Tenant will have the opportunity to review, edit and approve the Building Plans to maintain the Pro Forma Budget at no fewer than the following design milestones (the "Design Milestones"): Programming, Schematic Design, Design Development, and Approval Documents. At each Design Milestone, Landlord will provide Tenant with trade/subcontractor/ supplier/consultant bids together with CM leveling and Landlord's recommended solution for maintaining the Pro Forma Budget and options to VE/VM such packages. Tenant may reject recommendations or package(s) which cause the overall Pro Forma Budget to be exceeded by more than five percent (5%). Until such time as the Guaranteed Maximum Price is established for the Building, Tenant will have final approval for any items that cause the overall Pro Forma Budget to be exceeded by more than five percent (5%), and Landlord shall provide detailed and objective justification for any exceedance of the Pro Forma Budget, even if the exceedance is less than five percent (5%). Landlord shall remain responsible for ensuring that compliance with Landlord's Response Documents and the Development Responsibility Allocation is maintained and the Pro Forma Budget is not exceeded.

(c) Guaranteed Maximum Price.

(i) Landlord and Tenant shall reach agreement upon the Guaranteed Maximum Price after Tenant has commented on the Design Development package and the pricing is updated in accordance with the Tenant's comments. All such variances from the Pro Forma Budget and the BAFO Adjusted Terms to the Guaranteed Maximum Price are the responsibility of Landlord to rectify with the reasonable cooperation of Tenant; provided, however, Tenant's approval of a Guaranteed Maximum Price in excess of the Pro Forma Budget and Landlord's Response Documents may be withheld in Tenant's discretion. After the Guaranteed Maximum Price is agreed upon a lease amendment will be executed that 1) changes the Pro Forma Budget and the BAFO Adjusted Terms to the Guaranteed Maximum Price, 2) updates to Milestones and the Project Completion Date with current information; provided, however, any delays shall be subject to

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Tenant's approval which may be withheld in Tenant's reasonable discretion, except as expressly contemplated in the Lease or this Addendum, such as with respect to Excusable Delays, and 3) changes the Review Plans and Specifications to the Design Development package approved with comments by the Tenant.

(ii) If Landlord and Tenant do not agree on the final GMP prior to the earlier of (a) April 1, 2020, or (b) fourteen (14) days after Landlord presents Tenant with the proposed GMP, and the disputed amount (the "Disputed Amount") is less than $2,000,000, then the parties agree to continue moving forward with the project with the following additional requirements:

a. Landlord and Tenant will use diligent, good faith efforts to resolve the dispute within 60 days of the original presentation of the GMP by Landlord.
b. Landlord will receive no Design or GC fee with respect to Disputed Amount unless otherwise approved by Tenant, which approval shall not be unreasonably withheld.
c. If the dispute is not timely resolved due to Landlord Responsible Overages (as defined below), such amounts will not serve to increase the GMP and Landlord will bear the cost of such Landlord Responsible Overages.
d. If the dispute is not timely resolved due to Tenant Responsible Overages (as defined below), such disputed amounts will be added to the GMP.

(iii) If, in the approval of the GMP, the Landlord and Tenant do not agree on the GMP and the Disputed Amount is more than $2,000,000, then the parties agree to the following:

a. Parties will not proceed with project until the Disputed Amount is $2,000,000 or less causing the conditions in subsection (ii) above to apply; and
b. If the amounts that are in conflict are with respect to items for which Landlord is responsible in the Development Responsibility Allocation, arise from Landlord changes pursuant to Section 3.2 of this Lease, or are otherwise not directly a result of a program shift from Tenant (collectively, "Landlord Responsible Overages"), then Landlord shall provide a resolution for Tenant's approval within 60 days after the original presentation of the GMP pricing by the Landlord, and Tenant's approval shall not be unreasonably withheld, conditioned or delayed; provided, however, Tenant's approval of a GMP in excess of the Pro Forma Budget and Landlord's Response Documents may be withheld in Tenant's discretion. If Tenant's approval is not granted, Landlord shall be solely responsible for payment of the Landlord Responsible Overages. In resolving the dispute:

    i. Tenant will have 10 days to review and a) provide approval, b) request Landlord revise and resubmit, or 3) reasonably reject the proposed resolution (unless the reason for rejection allows Tenant's discretion as provided above).
    ii. Any delay resulting from the amounts disputed herein is not an Excusable Delay and will not impair or delay Tenant's rights pursuant to Section 19.01 of the Lease and Sections 6.2, 6.3 and 6.4 of this Construction Addendum.

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iii. Tenant's Delay Damages will accrue if the GMP is not approved within 70 days after the original presentation of the GMP pricing due to Landlord Responsible Overages until items are fully resolved.

c. If the amounts that are in dispute arise from Tenant changes pursuant to Section 3.3 of this Lease or are a direct result of a program shift by Tenant (collectively, "Tenant Responsible Overages"), then Tenant shall provide a resolution for Landlord's approval within 60 days after the original presentation of the GMP pricing by the Landlord. In resolving the disputed amount:

i. Landlord will have 10 days to review and a) provide approval, b) request Tenant revise and resubmit, or 3) reasonably reject the proposed resolution.
ii. If not resolved within 70 days, then such Tenant Responsible Overages will be added to the GMP and any Delay resulting from a dispute regarding Tenant Responsible Overages shall be an Excusable Delay, and no Delay Damages shall accrue as a result thereof.

(d) Tenant Improvements Budget. If requested by Tenant, Landlord agrees to review and provide advice with respect to contractor and subcontractor bids for the Tenant Improvements Work.

3.2 Changes to the Building Plans by Landlord. Without the prior written consent of Tenant which may be withheld in Tenant's discretion, Landlord will not make, or permit to be made, any material changes ("Major Changes") which would: (a) materially and adversely affect Tenant's use or enjoyment of the Leased Premises, (b) result in a material increase in Operating Expense or any increase in the Pro Forma Budget or Guaranteed Maximum Price (if established), (c) result in a delay to any Milestones or Substantial Completion in excess of ten (10) business days (and where Landlord fails to show that it can make up the lost time prior to the T.I. Work Commencement Milestone, if not yet achieved), (d) materially and adversely affect the quality of the Building, (e) materially decrease the rentable area of the Building, or (f) constitute any material deviations from the Building Plans, except as may be required to comply with Legal Requirements or to correct construction defects or hazardous conditions. All other changes ("Minor Changes") will require the approval of Tenant which shall not be unreasonably withheld. From time to time, Landlord may request, by submitting an analysis of the additional cost or savings and change, if any, in any Milestones (except curable as provided above), the T.I. Work Commencement Milestone, or Substantial Completion, that Tenant approve any such changes in the Building Plans, or to the work already installed prior to Substantial Completion. If Tenant should fail to approve or reject in writing such change requested by Landlord which is a Major Change within ten (10) days following receipt thereof, Landlord may send a secondary notice requesting approval. If Tenant fails to approve or reject such Major Change within five (5) days after the second notice is received, the same shall be disapproved in all respects by Tenant, and Landlord shall not be authorized to make such requested Major Change. If Tenant should fail to approve or reject in writing such change requested by Landlord which is a Minor Change within five (5) Business Days following receipt thereof, Landlord may send a secondary notice requesting approval. If Tenant fails to approve or reject such Minor Change within five (5) days after the second notice is received, the

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same shall be approved in all respects by Tenant, and Landlord shall be authorized to make such requested Minor Change. Landlord shall be solely liable and obligated to pay all costs, expenses and changes relating to or resulting from any changes to the Building Plans requested by Landlord, and no increase in the Guaranteed Maximum Price shall occur unless approved by Tenant, which approval may be withheld in Tenant's discretion. No change in the Building Plans requested by Landlord (whether or not approved by Tenant) shall be the basis of any Tenant Delay.

3.3 Changes to the Building Plans by Tenant. From time to time after Tenant has approved the Building Plans, Tenant may request Landlord to make changes in the Building Plans or to the Building Work already installed prior to Substantial Completion. Any changes to the Building Plans so requested by Tenant (herein referred to as "Tenant's Building Changes") shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld; provided, however, that such approval may be withheld in Landlord's sole discretion if such proposed change is a Major Change. Landlord shall, within fifteen (15) Business Days following receipt of Tenant's proposed changes, deliver to Tenant (a) a statement of the estimated change, if any, in the Total Project Cost in connection with such Tenant's Building Changes as above provided, (b) an estimate of the period of time, if any, that such Tenant's Building Changes will delay the Substantial Completion of the Building, (c) alternative solutions, if applicable, and (d) recommendations. In the case of Tenant's Building Changes requested prior to the awarding of a subcontract agreement for all or a portion of the subject work, Landlord's statement of estimated change in the Total Project Cost shall be based on a good faith estimate of such costs by Landlord and, in the case of Tenant's Building Changes requested after the awarding of a subcontract agreement for all or a portion thereof the subject work, the statement of estimated change in Total Project Cost shall be based on the proposed change order to the Construction Contract and the subcontract agreement to be issued and approved by Landlord for such Tenant's Building Changes. If Tenant shall fail to approve in writing Landlord's submission within fifteen (15) Business Days following receipt thereof, the same shall be deemed disapproved in all respects by Tenant, and Landlord shall not be authorized to make the change. If Tenant approves in writing the statement of cost and the delay in Substantial Completion as submitted by Landlord, Landlord shall promptly cause the Building Plans to be modified to provide for such change and shall submit such modified Building Plans to Tenant, and the Guaranteed Maximum Price will be increased by the additional cost of the approved change to the extent the additional cost, when added to the prior Total Project Cost exceeds the prior Guaranteed Maximum Price, or decreased by the reduction in cost due to the approved change.

3.4 Accounting for Changes. During the construction of the Building Work, Landlord shall cause to be submitted to Tenant and Tenant's Consultant monthly progress reports prepared by the General Contractor and approved by the Building Architect showing the progress of the Building Work, and, as to those items for which the cost is the responsibility of Tenant, the amount of estimated costs and/or savings attributable to any approved changes or Tenant Delay. The monthly progress report shall include a revised indicated outcome report, a list of any actual and projected dates which vary from the Project Schedule, buyout status, and an updated Risk Register. Landlord shall submit to Tenant such accounts, records, invoices, and evidences of payment as Tenant may reasonably request to evidence the costs or savings as to those items for which the cost is the responsibility of Tenant or for which the savings shall benefit Tenant. Within sixty (60) days

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after Substantial Completion, an analysis shall be completed to determine the sum total of additional charges due to Landlord (after crediting savings) by reason solely of Tenant's Building Changes or Tenant Delay. If an amount is due to Landlord after crediting savings, and after submission to and approval by Tenant of such accounts, records, invoices, and evidence of payments as Tenant may reasonably request, such amount, to the extent not added to the Annual Rent as provided in Section 5.2 of this Addendum, shall be paid in cash by Tenant to Landlord within thirty (30) days after the analysis and determination have been completed. Tenant shall be obligated to pay the reasonable fees (including, but not limited to, the fees of the Building Architect and other professionals engaged and utilized by the Landlord), expenses, and charges of Landlord and all contractors, subcontractors, suppliers, materialmen, and laborers to the extent, but only to the extent, that such fees, expenses, and charges are directly incurred as a result of Tenant's Building Changes or Tenant Delay.

Article IV

CONSTRUCTION OF THE BUILDING

4.1 Performance. Landlord shall cause to be furnished, installed, and performed completely all of the Building Work for the construction and completion of the Building as shown on and in accordance with the Building Plans, as modified by approved changes as provided in Article III. Landlord shall be fully responsible for all matters that must be accomplished to complete the Building Work in accordance with the provisions of this Addendum including, without limitation, filing plans and other required documentation with the proper Governmental Authority, securing all necessary permits, supervising all details of the Building Work, and promptly removing or otherwise handling to Tenant's reasonable satisfaction all mechanics', materialmen's and like liens from the public record by payment or surety bond. Landlord will cause all construction on or in the Building to be performed in accordance with all applicable Legal Requirements in a good and workmanlike manner and in accordance with good construction and engineering practices, free from material defects (structural, mechanical, or otherwise) in design, workmanship, and materials, and with new materials (unless otherwise specified in the Building Plans).

4.2 Non-Liability of Tenant. Subject to the terms and conditions of Sections 4.4 and 4.5, Tenant shall not be liable for any injury, loss, or damage to any person (including, but not limited to, death) or property on or about the Property during construction, unless caused by Tenant, its employees, agents, or contractors, and Landlord will indemnify and save Tenant harmless against and from any such liability, and any costs or charges (including, without limitation, reasonable attorneys' fees and court costs) which Tenant may incur on account of such injury, loss, or damage.

4.3 Full Information; Monthly Report. During the period prior to the Term Commencement Date, Landlord will provide all reasonable cooperation to keep Tenant informed as to material aspects pertaining to the design, construction, use, maintenance, operation, service, or insurance of the Building. Accordingly, upon written request, Landlord will without further request furnish the Designated Representatives of Tenant with true and complete copies of all progress

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reports, certificates, and any other documents, official correspondence, memoranda, records, files, data, or information as may be material and pertinent to the Property, other than internal communications or confidential matters between Landlord and its attorneys or accountants and materials and information relating to the cost of the Building (except to the extent the same relate to cost items which are the responsibility of Tenant); provided, Landlord shall have no obligation to produce e-mails and informal correspondence between Landlord and any other party that are not readily available to Landlord. Landlord will use all reasonable efforts to furnish the Designated Representatives of Tenant with true and complete copies of all complaints, answers, and other dispositive motions or pleadings that may hereafter be filed by or against Landlord for any matter in controversy with respect to the Property, together with all court orders that may issue as a result thereof, as well as any notices from any third party to Landlord relating to the nonperformance of, or breach or default of, any Legal Requirement with respect to the Property. Tenant's Designated Representatives and Tenant's Consultant will have the right to attend all scheduled meetings material to the interest of Tenant as may be held with respect to the Property between Landlord, the General Contractor, the Tenant Improvement Contractor, the Building Architect, Tenant's Architect, and any other outside person or firm (other than Landlord's attorneys or accountants) furnishing materials, services, or labor to or with respect to the Property. Landlord agrees to make a diligent and good faith effort to provide Tenant with reasonable prior notice of any scheduled meetings materials to the interest of Tenant, and shall be reasonably obligated to attempt to schedule any such meetings to accommodate Tenant's availability, so long as Tenant makes its representatives reasonably available in a timely manner. Furthermore, Tenant's failure to timely attend any such scheduled meetings shall not constitute a basis for any claim by Tenant that Landlord has violated the foregoing provisions. Prior to the Term Commencement Date, Landlord and its design and construction team shall meet no less frequently than weekly to discuss and analyze the progress of construction and Landlord shall prepare and deliver to Tenant a written report which may be in the form of the minutes of the meeting summarizing the material items discussed at such meeting, and, at least monthly, shall include revised indicated outcome report, a list of any actual and projected dates which vary from the Project Schedule, buyout status, and an updated Risk Register (a "Construction Meeting Report"). Each Construction Meeting Report shall specifically identify any event or condition which would constitute an Excusable Delay or a Tenant Delay (and any incurred cost directly resulting from a Tenant Delay) which has occurred since issuance of the immediately prior Construction Meeting Report. Upon request by Tenant, Landlord and its construction team shall meet with Tenant to address questions and concerns of Tenant with respect to the construction of the Building. No less often than monthly, the Construction Meeting Report shall include copies of all conditional and unconditional lien waivers for all contractors, subcontractors, suppliers, architects, and others who supplied labor or materials who were paid during the preceding month.

4.4 General Access. Landlord will afford Tenant, its employees, and its representatives continuous, full, and free access during normal business hours to the Land and the Building, all materials thereon and therein, and all Building Work being performed thereon and therein; provided, however, that in exercising such right of access, Tenant and its employees and representatives shall comply with all applicable laws and regulations (including, but not limited to, OSHA safety regulations and standards) and shall coordinate such access with the General Contractor. Tenant acknowledges that its ability to gain entry to the Property occasionally may

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be limited or restricted due to the particular stage of Building Work then in progress. Tenant shall be accompanied by a representative of Landlord except during periods in which Tenant, its employees and representatives shall be engaged in the installation of Tenant's equipment and other property as provided in Section 4.5. Tenant shall be responsible for any and all claims arising from, or claimed to arise from, any negligence, act or failure to act, of Tenant, its employees and its representatives while on the Land or in the Building prior to the Term Commencement Date, subject to the conditions and limitations contained in Section 768.28 Florida Statutes.

4.5 Tenant Improvements Work and Installation of Tenant's FF&E; Early Occupancy

(a) At such time as the Building shall be in a state suitable for the commencement of the Tenant Improvements Work and installation of Tenant's equipment and other property (as reasonably determined by Landlord in good faith), which in any event shall be no later than the Building dry-in, Tenant, the Tenant Improvement Contractor, and their employees, agents, contractors, and subcontractors may enter upon the Property for the purpose of performing the Tenant Improvements Work and installing and arranging Tenant's furnishings, fixtures, equipment and other property (the "FF&E") and otherwise making the Leased Premises ready for Tenant's use and occupancy; provided, that Landlord, if Landlord or its affiliate is not chosen as the Tenant Improvement Contractor, may impose the rules and regulations upon all periods of early access by Tenant or its agents or employees as set forth on Schedule 7. In exercising such right of access, Tenant, the Tenant Improvement Contractor (if not Landlord or its affiliate), and their employees, agents, contractors and subcontractors shall coordinate their efforts with the General Contractor to insure timely completion of all work in the Building. During performance of any such work, Tenant, the Tenant Improvement Contractor, and their employees, agents, contractors and subcontractors shall also coordinate with Landlord the movement of FF&E. Any work performed by Tenant, the Tenant Improvement Contractor, and their employees, agents, contractors or subcontractors shall be conducted in such manner so as to maintain harmonious labor relations and not to interfere with or delay the General Contractor or Landlord's construction of the Building. Landlord will provide Tenant, the Tenant Improvement Contractor, and their employees, agents, contractors and subcontractors with reasonable access to the Building and the Leased Premises for the purpose of making inspections and taking measurements in advance of the period for the Tenant Improvements Work and installation of Tenant's FF&E; provided that the construction of the Building shall have reached a point in Landlord's reasonable judgment such that Landlord will not be unreasonably delayed or hampered in the completion thereof by permitting such early access. In connection with the access permitted under this Section 4.5, Tenant covenants (i) to cease promptly upon request by Landlord any activity or work during any period which, in Landlord's reasonable judgment, shall unreasonably interfere with or delay Landlord's prosecution or completion of the Building, (ii) that such access shall be at the sole risk of Tenant and the Tenant Improvement Contractor and shall be deemed to be a license, (iii) that prior to exercising such right, Tenant or the Tenant Improvement Contractor shall deliver to Landlord the certificates of insurance evidencing such insurance as is required by Landlord, in Landlord's reasonable discretion, including public liability, property damage, builder's risk, and worker's compensation to protect Landlord, General Contractor, and Landlord's mortgagee during the period of access, and (iv) subject to the conditions and limitations contained in Section 768.28 Florida Statutes, Tenant shall be responsible for any and all claims arising from, or claimed to arise from, or out of the performance of any work by or

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on behalf of Tenant in the Leased Premises other than by Landlord or Landlord's contractors, agents, employees or representatives, or which may arise by reason of any matter collateral thereto, and from and against any and all claims arising from, or claimed to arise from, any negligence, act or failure to act, of Tenant, the Tenant Improvement Contractor, and their contractors, subcontractors, decorators, servants, agents or employees or for any other reason whatsoever arising out of Tenant's and Tenant Improvement Contractor's access to or being in the Leased Premises or in connection with the work to be performed by or for Tenant by anyone other than Landlord or Landlord's contractors, agents, employees or representatives. The Tenant Improvement Contractor shall carry comprehensive general insurance, which shall include coverage of the foregoing contractual liability. Tenant will not permit any mechanic's or materialman's lien to be placed upon the Property caused by or resulting from any work performed, materials furnished or obligation incurred in connection with the Tenant Improvements Work and installation of Tenant's FF&E and, in the case of the filing of any such lien Tenant shall promptly pay same or bond around such claims to the satisfaction of Landlord, in Landlord's reasonable discretion. Landlord shall provide not less than ten (10) days' prior written notice of the following dates (which shall be at the earliest reasonable opportunity and shall allow the Tenant Improvement Contractor access to such work areas, premises and systems): turnover of interiors for general Tenant Improvements Work, internet/ communications service provider demarc turnover date, service elevator turnover date, MDF/IDF & comms room turnover dates, and security system turnover date. Landlord shall furnish at no additional cost to Tenant, the Tenant Improvement Contractor and their employees, agents, contractors and subcontractors water, electricity, adequate elevator service (freight and passenger) to move personnel within the capacity and purpose for which they are designed, and HVAC to the Building and the Leased Premises, if available, during the installation and construction by or on behalf of Tenant, if any, during the normal working hours of the construction of the Building. Prior to the Term Commencement Date with respect to the Leased Premises, Landlord will supply HVAC service to the Leased Premises only at minimum levels as may be required to preserve the condition of Tenant Improvements and installed FF&E, in accordance with recognized construction industry standards, but only after the building HVAC systems are anticipated to be turned on per the project schedule. Tenant acknowledges that if Tenant or the Tenant Improvement Contractor desires HVAC service or other utilities in excess of that which Landlord is then supplying, then such excess HVAC service or utility charges, as applicable, shall be at Tenant's sole cost and expense. Elevators shall be suitable to lift Tenant, Tenant Improvement Contractor and their contractors and subcontractors, and, subject to priority of use given to Landlord's contractors and subcontractors, Landlord shall furnish at no additional cost to Tenant hoists to elevate and lift Tenant's and Tenant Improvement Contractor's materials and equipment necessary for performance of such work, but only to the extent that a hoist is still physically situated on the Land. Landlord shall have the right to remove the hoists at any time the hoists are no longer needed by Landlord for the construction of the Building; provided, however, upon the request of Tenant, Landlord shall make reasonable efforts for such hoists to remain and to extend any contract for such hoists at Tenant's expense (or make arrangements for a new contract between such hoist subcontractor and the Tenant Improvement Contractor). Landlord shall designate the method established for scheduling elevator and hoist use, and advise Tenant of any advance notice requirements to schedule and secure elevators or hoists for use by Tenant, Tenant Improvement Contractor and their employees, agents, contractors and subcontractors. Tenant shall reimburse

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Landlord for all utilities and other operating costs incurred as a direct result of Tenant's early occupancy of the Leased Premises pursuant to the provisions of this paragraph.

(b) Nothing contained in this Section 4.5 shall be deemed to restrict rights of access to the Leased Premises, which Tenant otherwise has pursuant to the Lease.

4.6 No Assumption of Responsibility. Except as otherwise expressly provided herein, neither the exercise nor the failure to exercise by Tenant or its representatives of any right afforded Tenant under this Addendum (including specifically, but without limitation, the exercise or the failure to exercise of a right to review, comment upon, approve, or disapprove documents, plans, specifications, drawings, or other matters), or the performance by Landlord or the failure by Tenant to insist upon the performance by Landlord of any obligation imposed upon Landlord under this Addendum, shall (a) impose upon Tenant, or be deemed to be an assumption by Tenant, of any obligation or liability with respect to the financing, construction, leasing, maintenance, management, ownership, operating, service, or insurance of the Building or the design of the Building, or (b) constitute or be deemed to constitute a confirmation by Tenant of the design, adequacy, or legality of the Building, or (c) constitute or be deemed to constitute acquiescence by Tenant to any act or failure to act on the part of Landlord which is in conflict with any provision of this Addendum. Tenant shall be solely responsible for the effects, impacts, compliance with Applicable Laws, and consequences of the design of any Tenant Improvements, including any structural failure or failure of materials or damages to property or injury to persons relating to any defect or shortcoming in such design; provided, however, any costs, delays, liability, and fees arising from conflicts or inconsistencies between the approved Tenant Improvement Plans and Building Plans will be the responsibility of Landlord. Landlord's approval of any design for the Tenant Improvements shall in no manner or respect constitute a verification, confirmation or validation of the propriety, compliance with Applicable Laws, safety, or function of any such design, which shall be the sole responsibility of Tenant; provided, however, Landlord will be responsible for any costs, delays, liability, and fees arising from Landlord's requirement of a change to the Tenant Improvement Work which is different from that set forth in the approved Tenant Improvement Plans due to a determination by Landlord that such element is inconsistent or incompatible with the Building shell or core. For example, Landlord is not responsible for any changes to Tenant Improvement Work so that bathrooms are code compliant, but Landlord would be responsible if Landlord later determines that the location of a Tenant Improvement Work plumbing line should be moved because Landlord determines it is no longer compatible with other Building infrastructure.

4.7 Designated Representatives. Landlord and Tenant each hereby appoint a representative (each a "Designated Representative"), and in the event that a Designated Representative is unavailable for any reason whatsoever, an alternative representative (each an "Alternative Representative"), to make timely binding decisions on design, development and construction matters (but not other matters) relating to the Building. The Designated Representatives are:

Landlord:	Douglas J. Dieck
Tenant:	Melissa H. Dykes

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The Alternative Representatives are:

Landlord:	Michael C. Harryman
Tenant:	John P. McCarthy

At any time and from time to time hereafter, Landlord and Tenant shall each have the right to appoint a successor or substitute Designated Representative and/or Alternative Representative to act on behalf of such party, each such appointment to be effected by delivering ten (10) days' prior written notice to the other party hereto in accordance with the terms and provisions of Section 21.01 of the Lease. Any action which may be taken by a Designated Representative may also be taken by an Alternative Representative and any party may rely thereon as if such action had been taken by the Designated Representative and such party shall have no duty to inquire why the Designated Representative was unavailable to act.

Article V

COST OBLIGATIONS AND TENANT IMPROVEMENT ALLOWANCE

5.1 Landlord's Cost. Except as otherwise specifically provided in Article III or in Section 5.2, Landlord shall be liable and obligated to pay for all costs of preparation of the Building Plans and all costs of developing and constructing the Building, including, but not limited to, all labor and materials, consistent with the Development Responsibility Allocation. Landlord shall be liable for and obligated to pay the cost of any increase in Tenant's costs of developing and constructing the Tenant Improvements resulting directly from Landlord Delay or from conflicts or inconsistencies between the Tenant Improvement Plans and Building Plans as provided in Sections 2.1(b) and 4.6.

5.2 Tenant's Cost and Tenant Improvement Allowance.

(a) Tenant shall be liable for and obligated to pay the cost of preparing the Tenant Improvement Plans and the performance of the Tenant Improvements Work, including, without limitation, labor and materials, consistent with the Development Responsibility Allocation, subject to reimbursement by Landlord from the Tenant Improvement Allowance. Tenant shall be liable for and obligated to pay the cost of any increase in Landlord's costs of developing and constructing the Building resulting directly from Tenant Delay.

(b) Landlord will provide to Tenant the Tenant Improvement Allowance for use by Tenant for the payment of the Tenant Improvements Work. No later than fifteen (15) days after Sitework Commencement (as defined in the BAFO Adjusted Terms), the Tenant Improvement Allowance will be placed in escrow with a national title insurance company or other suitable escrow agent selected by Tenant ("Escrow Agent"). Tenant may draw monthly from the Tenant Improvement Allowance as the Tenant Improvements Work is completed and notice of payment

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due is provided by Tenant to Landlord and Escrow Agent, together with a summary of the Tenant Improvements Work for which the payment is due. Tenant shall fund its portion, if any, of the cost of the Tenant Improvements Work that is over the Tenant Improvement Allowance after the Tenant Improvement Allowance has been exhausted, and Tenant will be in default hereunder for failure to so fund its obligations within thirty (30) days after payment requests. In lieu of the escrowing of the Tenant Improvement Allowance, Tenant may consent, in Tenant's discretion, to a letter of credit, parent guaranty, or other security to secure Landlord's obligation to pay the Tenant Improvement Allowance. In such event, Tenant may elect to require, as applicable, a tri-party agreement with Landlord's lender to require draw payments for Tenant Improvements Work, exceptions to the lender SNDA to require lender liability for funding of the Tenant Improvement Allowance, and/or a right of offset against rent payments for any unpaid portion of the Tenant Improvement Allowance.

Article VI

SCHEDULE FOR CONSTRUCTION

6.1 Time to Completion. Time is of the essence to this Addendum. Landlord will cause the construction of the Building in accordance with the Building Plans, all applicable Legal Requirements, and the provisions of this Addendum with reasonable diligence, which requires Landlord to complete Milestones in compliance with the BAFO Adjusted Terms and Substantially Complete the Building on or before the Projected Completion Date, as extended by Excusable Delays and/or Tenant Delays, in which case the Milestones and Projected Completion Date, as applicable, if adversely affected by Excusable Delay and/or Tenant Delay, shall be extended by one day for each day of such Excusable Delay and/or Tenant Delay. If the Building shall not be Substantially Complete on or before the date thirty (30) days after the Projected Completion Date (not taking into account any allowable Cure Period set forth in the BAFO Adjusted Terms), as extended by Tenant Delay and/or Excusable Delay, (the "Late Date"), Landlord shall then be liable to Tenant for damages ("Tenant's Delay Damages") as provided below. In addition, Landlord shall be liable for Tenant's Delay Damages for each day of Landlord Delay. Tenant's Delay Damages shall equal $3,500 for each of the first thirty (30) Delay Days (as hereinafter defined) plus $7,000 for each of the Delay Days after the first thirty (30) Delay Days. "Delay Days" means the days after the Late Date until Substantial Completion plus the number of days of Landlord Delay. Tenant's actual damages for late Substantial Completion of the Building are difficult and impractical to ascertain, and the Tenant's Delay Damages are intended to be reasonable estimates for the amounts of damages that Tenant shall suffer by reason of Landlord's delay in the date of Substantial Completion and for a Landlord Delay. Except as otherwise expressly provided in Section 6.2, Tenant's sole remedy in the event of any delay caused by Landlord is limited to the collection or credit of Tenant's Delay Damages. Landlord shall first credit the amount of unpaid Tenant's Delay Damages, if any, against the amount of the charges, if any, owed by Tenant for Tenant Building Changes or Tenant Delay, and the balance remaining, if any, shall, on or prior to the Term Commencement Date, be paid in cash by Landlord to Tenant; provided, however, that if Landlord contests Tenant's claim for Tenant's Delay Damages, then Tenant's ability to claim such offset (and Tenant's corresponding obligation to pay the charges which would be subject to offset) shall be postponed until a final adjudication is reached with respect to such claim. Unless Landlord has a good faith reasonable basis to dispute the amount of Tenant's Delay Damages, if any

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Tenant's Delay Damages are not paid to Tenant within thirty (30) days after demand therefor, Tenant shall have the right to apply such due amount as an offset against the rent due under the Lease. If Landlord and Tenant cannot agree upon the amount of Tenant's Delay Damages which Landlord has good faith reasonable basis to dispute within thirty (30) days after demand by Tenant therefor, the amount of Tenant's Delay Damages shall be submitted to arbitration in Jacksonville, Florida, to be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association and the provisions of this Addendum. The non-prevailing party in such arbitration shall pay all costs of the arbitration and the costs and fees incurred by the prevailing party in connection with the arbitration. Tenant's Delay Damages relate solely to the late Substantial Completion of the Building and are not intended to limit or define Tenant's damages or other rights and remedies for any default by Landlord in the performance of its other obligations under this Addendum or the Lease.

6.2 Outside Date for Date of Substantial Completion. Notwithstanding anything to the contrary herein contained, if Substantial Completion of the entire Building (excepting the Tenant Improvements) has not occurred by a date two hundred ten (210) days after the Projected Completion Date, as extended by Tenant Delay or Excusable Delay (the "Outside Date"), Tenant may terminate the Lease by giving written notice of such election to Landlord, on or before the date forty-five (45) days following the Outside Date in which event the parties shall have no further obligations and liabilities under this Lease except for such obligations and liabilities which specifically survive the termination of the Lease and except, further, that Landlord shall be liable for, and within thirty (30) days after the date of Tenant's notice of election to terminate shall pay to Tenant, all unpaid Tenant's Delay Damages which have accrued through the Outside Date together with all costs and expenses incurred by Tenant in connection with the Lease and this Addendum (the "Tenant's Expenses"). The Landlord's maximum exposure for Tenant's Delay Damages and Tenant's Expenses associated with this termination shall be capped at $2,000,000, plus any expenditures by Tenant for the Tenant Improvements Work which have not been paid for by the Tenant Improvement Allowance. The payment by Landlord to Tenant of Tenant's Delay Damages and such costs and expenses shall constitute Tenant's sole remedy for Landlord's failure to timely Substantially Complete the Building and the termination of the Lease. If Tenant fails to terminate the Lease within the timeframes specified above, Tenant shall be deemed to have waived such right to terminate, Landlord shall diligently pursue completion of construction, and Tenant's Delay Damages shall continue to accrue until the date the Building is Substantially Complete.

6.3 Failure to Comply with Milestones. Notwithstanding anything to the contrary herein contained herein, in the event that Landlord shall fail to timely complete any Milestone and, after written notice from Tenant to Landlord, such failure shall continue beyond the "Cure Period" as set forth in the BAFO Adjusted Terms for the particular Milestone, Tenant may terminate the Lease by giving written notice of such election to Landlord, and Landlord shall be liable for, and within thirty (30) days after the date of Tenant's notice of election to terminate shall pay to Tenant all costs and expenses incurred by Tenant in connection with the Lease and this Addendum. In addition, if Landlord fails to timely complete a Milestone, each day of delay shall constitute a day of Tenant's Delay Damages; provided, however, Landlord's progress towards reducing overall delays will serve to mitigate such Tenant's Delay Damages for Milestones, and the final Tenant's Delay Damages will be calculated in accordance with Section 6.2 above. Notwithstanding the

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foregoing, nothing herein shall be deemed to permit the cumulative Cure Periods for Milestones to allow Substantial Completion of the entire Building to occur by a date later than the Outside Date in accordance with Section 6.2 above, nor shall the presence of the Cure Periods serve to alter or abate the calculation of Tenant Delay Damages set forth in Section 6.1 above.

6.4 Abandonment of Project. In the event that after the initial Milestone (commencement of site work), there is any period in excess of one hundred twenty (120) days in which no meaningful progress occurs towards the Substantial Completion of the Building (other than due to an Excusable Delay), Tenant may terminate the Lease by giving written notice of such election to Landlord, and Landlord shall be liable for, and within thirty (30) days after the date of Tenant's notice of election to terminate shall pay to Tenant all costs and expenses incurred by Tenant in connection with the Lease and this Addendum. The Landlord's maximum exposure for Tenant's Expenses associated with this termination shall be capped at $2,000,000, plus any expenditures by Tenant for the Tenant Improvements Work which have not been paid for by the Tenant Improvement Allowance. For purposes of this Section 6.4, "no meaningful progress" shall mean that during such period of time Landlord has paid less than $100,000 in third-party expenses towards design, engineering, materials, labor, supplies, and other costs which are directly related to the construction of the Building.

6.5 Final Completion. Notwithstanding anything to the contrary herein contained, if Final Completion of the entire Building (excepting the Tenant Improvements) has not occurred by a date one hundred twenty (120) days after the earlier of Substantial Completion or the deadline for when Substantial Completion should have occurred, Landlord shall be in default under the Lease, and Tenant may exercise the remedies contained in Section 13.02 of the Lease; provided, however, in no event shall any cure period contained in Section 13.02 allow Landlord in excess of an additional thirty (30) days to cause the Final Completion of the entire Building. Notwithstanding the foregoing, in no event shall Final Completion be delayed by reason of ongoing LEED requirements that remain unsatisfied. Further, with respect to Punch List Items which are delayed due to an Excusable Delay or with respect to obtaining final lien waivers from contractors, if funds equal to 125% of the estimated cost of such items and payments are escrowed as security for Landlord's performance of such Punch List Items or payment of such contractors, Final Completion shall be deemed to have occurred so long as Landlord is proceeding to complete such Punch List Items or obtain such final lien waivers, as applicable, in a commercially reasonable manner.

Article VII

LEASE

7.1 Term Commencement Date. The Term of the Lease shall commence upon the Term Commencement Date. On the Term Commencement Date, Landlord agrees that: (a) Landlord will deliver possession of the Leased Premises, free of all leases, tenancies, occupants, lien claims not discharged or transferred to security within five (5) days of the filing thereof, and material defects in material and workmanship; (b) the Building will be in compliance with all Legal Requirements other than as may be applied due solely to a special use by Tenant, and other than

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with regard to the Tenant Improvements; (c) the Property will not be subject to any Title Exceptions except Permitted Exceptions; and (d) Landlord will satisfy all those obligations imposed upon Landlord by the provisions of the Lease which are required to be complied with prior to the commencement of the term of the Lease. Also, on or before Tenant's occupancy of the Leased Premises (or portion thereof), to the extent provided to Landlord by the relevant contractors or suppliers or otherwise reasonably available to Landlord, Landlord shall deliver to Tenant written notice of the location of, and copies of any applicable care or safety instructions or notices relating to, any hazardous substances in the Leased Premises, and copies of operational and safety instructions and notices relating to equipment in the Leased Premises.

Article VIII

GENERAL COVENANTS OF LANDLORD

8.1 Compliance with Legal Requirements. From the date hereof until the Term Commencement Date, Landlord shall, taking into account the then state of construction, design, construct, own, occupy, lease, manage, maintain, operate, and insure the Property, or cause the Property to be designed, constructed, owned, managed, maintained, operated, and insured, in accordance with all Legal Requirements other than as maybe applicable due solely to a special use by Tenant and good industry practices.

8.2 General Indemnity. Landlord hereby agrees to defend, indemnify, and hold harmless Tenant from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses, and disbursements, including reasonable attorneys' fees and court costs, of whatever kind and nature, ordinary and extraordinary, foreseen and unforeseen, imposed upon, asserted against or reasonably incurred by Tenant in any way relating to or arising out of the financing, design, construction, ownership, use, management, leasing, maintenance, service, operation, insurance, occupancy, or condition of the Property for the period up to the Term Commencement Date, unless caused by the gross negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors and subcontractors or unless relating to or arising from Tenant's access to the Property under the terms and conditions of Section 4.5, or any other entry. If any claim is made against Tenant with respect to a matter for which Landlord is liable for indemnity hereunder, Landlord may contest the validity, applicability, or amount thereof, at its own cost and expense, provided that Landlord first gives Tenant notice of such contest and a bond or other indemnity satisfactory to Tenant (including specifically but without limitation, indemnification for all costs, expenses, losses, legal, and accounting fees, and disbursements, penalties and interest) and Tenant shall have first determined in good faith that the action proposed to be taken by or on behalf of Landlord will not result or have the potential of resulting in the sale, forfeiture, loss or loss of use of the Property or any interest therein. The provisions of this Section 8.2 shall not be merged with, but rather shall survive and continue in full force and effect after, the Term Commencement Date or the expiration or termination of the Lease (regardless of how same may occur).

8.3 Insurance. Landlord shall procure and maintain or shall require the General Contractor to procure and maintain, from the date hereof until the Term Commencement Date, at no cost to Tenant, insurance of the types and in the minimum amounts stated below:

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Schedule	Amount
Workers' Compensation Florida Statutory coverage & Employer's Liability (including appropriate Federal Acts)	Statutory Limits (Workers' Compensation) $500,000 each accident (Employer's Liability)
Commercial General Liability Premises-Operations Products-Completed Operations Contractual Liability Independent Contractors Broad Form Property Damage	$10,000,000 each occurrence $10,000,000 annual aggregate for bodily injury and property damage, combined single limit
Automobile Liability All autos-owned, hired, or non-owned	$1,000,000 each occurrence, combined single limit
All Risk Property Damage	Replacement cost new, no allowance for physical depreciation
Excess or Umbrella Liability	$10,000,000 each occurrence and annual aggregate

To the extent that Landlord's and General Contractor's policies are not "claims based" policies, their Commercial General Liability and Excess or Umbrella Liability policies shall remain in force throughout the duration of the project and until the Work is completed to Tenant's satisfaction. The above indemnification provision is separate and is not limited by the type of insurance or insurance amounts stated above. Landlord and General Contractor shall specify Tenant as an additional insured for all coverage except Workers' Compensation, Employer's Liability and All Risk Property Damage. Such insurance shall be primary to any and all other insurance or self-insurance maintained by Tenant. Landlord and General Contractor shall include a Waiver of Subrogation on all required insurance in favor of Tenant, its board members, officers, employees, agents, successors and assigns. Such insurance shall be written by a company or companies licensed to do business in the State of Florida with an AM Best rating of at least A-. Prior to commencement of construction, certificates evidencing the maintenance of Landlord's and General Contractor's insurance shall be furnished to Tenant for approval. Landlord's and General Contractor's certificates of insurance shall be mailed to Tenant (Attn. Real Estate), Customer Care Center, 6th Floor, 21 West Church Street, Jacksonville, FL 32202-3139. The insurance certificates shall provide that no cancellation including expiration and non-renewal, shall be effective until at least thirty (30) days after receipt of written notice by Tenant. Landlord and General Contractor shall provide new or renewal certificates of insurance to Tenant upon expiration of said certificates in a timely manner to evidence continuous coverage. Contractors' insurance may be either by separate coverage or by endorsement under insurance

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provided by Landlord and General Contractor. Landlord and General Contractor shall submit contractors' Certificates of Insurance to Tenant prior to allowing contractors to accessing the Leased Premises.

Article IX

CONFLICTS AND ORDER OF PRIORITY

In the event of a conflict between the Lease, this Construction Addendum, Landlord's Response Documents and the ITN, such conflict shall be resolved in the following order of priority, with the higher priority document (the document above the other document on this list) governing:

(a) the Lease;
(b) this Construction Addendum;
(c) the Allowances
(d) the BAFO Adjusted Terms;
(e) the BAFO;
(f) Landlord's ITN Response;
(g) Amendments to the ITN; and
(h) the ITN.

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Schedules to Construction Addendum

Schedule 1	-	Allowances
Schedule 2	-	BAFO Adjusted Terms
Schedule 3	-	Development Responsibility Allocation
Schedule 4	-	Preliminary Design
Schedule 5	-	Pro Forma Budget
Schedule 6	-	Project Schedule
Schedule 7	-	Rules and Regulations for Tenant's Early Entry

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CONSTRUCTION ADDENDUM

SCHEDULE 1

List of Allowances

- Below grade unforeseen conditions (foundations/utility access): $125,000
- Parking deck exterior fenestration allowance - $500,000
- Automatic Entrances to building allowance - $70,000
- Blast resistance to ground floor skin per ASTM F1642-04 for 500lb charge at 148' allowance - $400,000
- Restroom and Lobbies ceramic tile wall/floor allowance of $12/SF
- Ground floor main lobby and elevator lobby finish allowance - $75,000
- Monument Sign allowance - $30,000
- Building Mounted Signage allowance - $120,000
- Lobby Directory allowance – $15,000
- Shell building low voltage backbone allowance - $20,000
- Landscape/Hardscape/Irrigation allowance – $75,000
- Amenity Deck Hardscape/Landscape/Irrigation allowance – $50,000
- Site Fiber Extension allowance - $7,500
- Envelope / Consultant allowance - $60,000
- Elevator Consultant allowance - $7,500
- Commissioning Consultant allowance - $175,000
- Energy Modeling Consultant allowance - $45,000
- LEED Consultant allowance - $80,000
- Accessibility Consultant allowance - $5,000
- Security station (millwork, electrical, low voltage systems rough in) - $25,000
- Design required to meet Tenant's STC requirements - $50,000
- Elevator lobby (above the first floor) flooring and wall covering - $8,000

SCHEDULE 2

Best and Final Offer Adjusted Terms

This "***BAFO Adjusted Terms***" is intended to summarize and, in some cases, modify and supplement the BAFO with respect to the key Scope, Schedule and Cost implications for Landlord to achieve.

The BAFO is hereby supplemented to include the following documents which had been agreed upon by the parties but which were not previously included in the BAFO:

(a) Building Shafts List, Dieck, 3-7-19; and

(b) Typical Electrical Room, Dieck, 3-7-19 with comments from Harryman, 5-23-19, and revised by Green, 6-18-19.

Notwithstanding any contrary provision contained herein, this BAFO Adjusted Terms expressly excludes the cost of any work or service performed for Tenant Improvements.

Landlord's obligations under the Lease shall expressly include the following conditions, terms, amounts, durations, scope, and limits:

1. SCHEDULE/DURATIONS/MILESTONES:

(a) INTENT TO AWARD

(1) April 2, 2019

(2) Landlord was required by Tenant's board of directors to achieve the Land Control Milestone, as defined below, within ninety (90) days of this date (July 1, 2019).

(b) LAND CONTROL MILESTONE AND PROJECT COMMENCEMENT DATE

(1) Landlord and Tenant acknowledge that Landlord achieved adequate control of the Land (the "Land Control Milestone") by July 1, 2019.
(2) "Project Commencement Date" is the later of August 15, 2019, or the date which Tenant provides Landlord with both 1) the Notice to Proceed pursuant to Section 29.13 of the Lease, and 2) an approved Program Statement such that Landlord can begin schematic design. The Project Commencement Date represents the date which will be the baseline for subsequent Milestones and project delivery.

(c) SITEWORK COMMENCEMENT MILESTONE

(1) "Sitework Commencement" is defined as Landlord's commencement of clearing, excavation for foundations, any remediation, and other horizontal work for the construction of the Building.
(2) Landlord must achieve Sitework Commencement (the "Sitework Commencement Milestone") no later than 152 Days from the Project Commencement Date
(3) The Cure Period for the Sitework Commencement Milestone shall be two hundred ten (210) days.

(d) VERTICAL CONSTRUCTION COMMENCEMENT MILESTONE

(1) "Vertical Construction Commencement" is defined as Landlord's commencement of installation of deep foundations to support the Building.
(2) Landlord must achieve Vertical Construction Commencement (the "Vertical Construction Commencement Milestone") no later than fifteen (15) days after the Sitework Commencement Milestone.
(3) The Cure Period for the Vertical Construction Commencement Milestone shall be two hundred ten (210) days.

(e) TENANT IMPROVEMENT WORK COMMENCEMENT MILESTONE:

(1) "T.I. Work Commencement" is defined as Landlord's completion of the Building to the extent necessary to allow the commencement of the Tenant Improvement Work, including, but not limited to, the completion of dry-in. Dry-in shall be defined as permanent or temporary measures required to start the Tenant Improvement Work.
(2) Landlord must achieve the T.I. Work Commencement (the "T.I. Work Commencement Milestone") no later than 326 days after the Vertical Construction Commencement Milestone; provided, however, if Landlord or its affiliate is selected as the Tenant Improvement Contractor, the T.I. Work Commencement Milestone will be no later than 266 days after the Vertical Construction Commencement Milestone.
(3) The Cure Period for the T.I. Work Commencement Milestone shall be two hundred ten (210) days.

(f) SUBSTANTIAL COMPLETION OF THE BUILDING AND PROJECTED COMPLETION DATE:

(1) Landlord must achieve Substantial Completion (as defined in the Lease) no later than 563 days after the Vertical Construction Commencement Milestone (the "Projected Completion Date").
(2) The Cure Period for Substantial Completion shall be two hundred ten (210) days.

(g) EXPECTED INTERIM DATES. These are not deadlines prescribed by the Lease but are expectations of Tenant between the various Milestones and ones which Tenant will expect Landlord to track in Landlord's CPM schedule. Reporting, per the Lease, shall include these dates in the Schedule aspect of the report:

(1) Programming Duration
    i. 24 Working days after Lease execution.
(2) Schematic Design & Work Letter Completion
    i. 35 Working days after Program Statement Approval by Tenant.
(3) Design Development Documents
    i. 64 Working days after Schematic Design Approved by Tenant.
(4) GMP Established
    i. Within 30 Working days of 75% Design Development Documents

2. AREA CALCULATIONS / PROGRAMMED SPACE

a. Square Footage, delivered within the BAFO Program

    i. Rentable = 195,426 (189,086RSF-Building; 6,340RSF-Outdoor Patio)

ii. Gross = 207,810 (201,470GSF-Building; 6,340GSF-Outdoor Patio)

iii. BOMA 2017 Method B was used in these calculations.

iv. Outdoor Patio Space is included in the RSF and GSF in BOMA 2017.

3. LEASE TERMS:

(a) Base Rent - $32.97/RSF

a. Net of all CAM charges and taxes including escalation method

b. Escalation: 2.5% / Year

(b) Estimated CAM Charges utilities) $7.65 RSF (Net of

(c) TI Allowance: $75/RSF

(d) Estimated year one real estate taxes: $1.90/RSF

(e) Rent Constant: 7.40%

(f) Parking Charges: N/A

(g) Land Cost: $2.6M

(h) Rent Abatement: N/A

4. FEES:

(a) Development Fee – 2.4% of Total Project Costs

(b) Shell/Core Construction Fee – 3.5% of Total Core/Shell Design and Construction Costs

5. ADDITIONAL TERMS:

(a) PM Software will be ProCore for full management of all project aspects, visible to CBRE/JEA.

(b) BIM (Building Information Modeling) is included in the current design approach.

(c) COBie is included in the current design approach.

(d) Contingency will not be used to cover costs associated with:

i. Building upgrades affecting the cost of the Lease

ii. Design fees in excess of 10% of the original pricing

(e) Insurance for SDI or Payment & Performance Bond is included.

(f) Development soft costs identified in the Pro Forma Budget are $9,978,738 and include the following:

i. Development Fee

ii. Landlord Legal Fees and Lender Legal Fees

iii. Survey, Soil Borings and GPR Study

iv. Zoning Fees & Impact Fees

v. Parking Meter Fees and Street Closure Fees

vi. Interim Real Estate Taxes

vii. Title Insurance search fees and premiums

viii. Lender' Architect Inspection

ix. Financing Fees, Mortgage Registration and Intangible Taxes, and Property Insurance

x. Appraisal

xi. Soft Cost Contingency

xii. Construction Interest

xiii. Travel

xiv. Groundbreaking Expenses

xv. Brokerage Fees

(g) JSEB/MWDBE Goal of 20% of eligible spend

(h) Shell/Core Design Cost – $2,917,480

(i) Shell/Core GC's & GR's Cost – $2,142,714

Construction Addendum

Schedule 3

Development Responsibility Allocation

INTRODUCTION

Schedule History and Intent:

1. It is the intent of the Lease and this Schedule to establish Guaranteed Maximum Prices (GMP), Allowances, Metrics and Performance requirements for the Base Building (including Sitework), Garage/Parking and Tenant Improvements.
2. The ITN requested your firm's indication of total construction cost categorized as Shell GMP or Tenant Improvement (TI) GMP. Additional information submitted further breaks down those numbers into prescriptible metrics for further developing or calculating into the GMP's.
3. This Schedule is intended to separate scope into those two categories, Shell GMP & TI GMP.
4. It should be noted that, this Schedule will be a condition of the Lease and as such will prescribe notable scope impacts to the Lease or possibly to JEA's capital contribution.
5. The following rules shall exist as it relates to this Schedule and the Lease:
    a) There is no "third category" of project cost unless prescribed by the Developer/Respondent in response to this form. If such other "third category" is prescribed by the Developer then it will be:
        i. Clearly defined and the precedent conditions established.
        ii. The scope/budget line items in the matrix below or as added by the developer shall be clearly marked as a "third category".
        iii. AND the payment structure or other impact on the project terms, budgets and/ or costs clearly represented. (IE: do they impact the lease cost OR JEA's capital expense cost related to the Tenant Improvements.)
6. Additive scope items, assumptions or clarifications are acceptable.
7. Landlord, Developer and Respondent are used synonymously.

Project Description:

8. The project shall consist of a new office building with a rentable square footage of 170,000 to 190,000 RSF AND parking for approximately 850 vehicles (760 traditional parking spaces, including at least 30 EV vehicle spaces with respective charging stations, 40 customer/visitor spaces and 50 fleet spaces) being developed for JEA in Jacksonville, Florida.
9. The square footage range is developed as low and high parameters to be further defined once programming is completed.
10. The new shell office building will consist of all base building costs for the office space (not including Tenant Improvements "TI's") and utility extensions as required and associated site improvements.

Based on the Landlord completing the Building Site, Shell & Core Systems ready for Tenant Improvements (TI), the Site, Shell & Core condition generally includes, but is not limited to the following:

1. Building's structural systems and exterior enclosure, fully dried in, including dry in by temporary measures for start of TI activities, and secured.
2. Partitions, Doors, Windows, Assemblies, Ceilings, Finishes, Fixtures, Equipment, Utilities, Signage and Low Voltage aspects as required by Code and as located within Shell, Core, Site or Common areas.
3. Base building mechanical, electrical and plumbing, fire, life safety and conveyance systems sized to meet the demands of the Tenant spaces, Building requirements and Amenities prescribed in the ITN and pursuant to the conditions in the below matrix.
4. Telecommunications pathways and a secured communication (Comms or Data, synonymously) room at each floor.
5. Two (2) convenient, accessible and stacked shafts the combination of (1) Low Voltage and (2) Electrical.
6. Finished (manufacturer premium finishes) and rated elevators.
7. Fire egress stairwells
8. Building ground floor lobby (Code required exit path lobby by Developer Design Firm – layout coordinated with TI Design Firm. Finishes by TI Design Firm as part of Shell GMP.
9. Common area restrooms and drinking fountains on each floor.
10. Core areas shall be included in Shell/Core scope, complete to the outside of the core wall surface (IE: drywall) or other surface capable of accepting Tenant finishes (finishes by Tenant).
11. Completed site work including FF&E, security, utilities to serve Shell, parking, lighting, hardscape, code signage, landscaping and irrigation.
12. Base building sprinkler loop with code-required core and shell coverage plus TI sprinklers turned up.
13. All costs shall include necessary approvals, variances, fees, permits, design, engineering, consultancy, materials, labor, supervision, indirect and direct costs associated with a fully functional, certified occupancy and AHJ approved facility.

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Construction Addendum
Schedule 3
Development Responsibility Allocation

Tenant Improvement work generally includes work outside the Site/Common/Core/Shell footprint, including the following:

1. Interior partitions
2. Interior doors, frames and hardware
3. Ceilings
4. Flooring
5. Interior paint
6. Light fixtures and controls and exit lights
7. Electrical distribution system including panels, conduits and outlets
8. Low Voltage distribution
9. HVAC distribution, fire dampers, duct detectors and controls
10. Sprinkler grid with heads added and relocations and modifications per tenant final design
11. Smoke and Fire detectors and Life Safety devices
12. Non-code related interior Signage
13. Security systems
14. All TI costs shall include necessary approvals, variances, fees, permits, design, engineering, consultancy, materials, labor, supervision, indirect and direct costs associated with a fully functional, occupiable and AHJ approved facility.

General Scope & Quality Standards:

1. Code Compliance – Applicable code compliance should be considered, to be a minimum requirement in designing the project, including the following codes without limitation plus any other local, state or federal codes and/or design requirements, not listed below:
    a) Florida Building Code, 6th Edition (2017) and as noted for wind loads in ITN Addendum 5 for Duval County.
    b) Florida Plumbing Code, 2017 Edition
    c) Florida Mechanical Code, 2017 Edition
    d) NFPA 70: National Electrical Code – 2014 Edition.
    e) NFPA 72: National Fire Alarm and Signaling Code – 2013 Edition
    f) NFPA 13: Automatic Sprinkler Systems Code – 2013 Edition
    g) Florida Fire Protection Code, 6th Edition (2017)
    h) Florida Energy Code, 2017 Edition
    i) Latest Florida State Amendments to the Building Code
    j) NFPA 1: Fire Code, 2015 Edition
    k) NFPA 101: Life Safety Code, 2015 Edition
2. Energy Efficiency – The project shall comply with state and local energy codes or ASHRAE 90.1-2013 and subsequent revisions, whichever is stricter, and shall comply with the Department of Energy's International Performance Measurement and Verification Protocol (IPMVP) for energy consumption.

3. Indoor Air Quality – The project shall comply with the provision that the ambient air quality standard requirements shall be site specific and not region specific (i.e., ambient air quality at the proposed point of fresh air intake) and the building fresh air intake shall be located away from loading areas, building exhaust fans, cooling towers and other point sources of potential contamination.

4. Ozone Depletion / CFC – Equipment utilizing CFC refrigerants will not be permitted in the project.

5. Smoking – Smoking is banned in all areas of the building and any exterior zones within 25' of building entrances.

6. Storage and Collection of Recyclables – The project shall include a centralized ground-floor location for collection and storage of materials separated from each other for recycling, including: newspaper, glass, metals, plastics and dry waste and refrigerated storage for organic waste (food and soiled paper).

7. Thermal Comfort – The project HVAC design shall comply with ASHRAE Standard 55-2013.

8. LEED Certification – The building or improvements to be designed and constructed with LEED (Core and Shell) certification in mind. The intent of the Core & Shell would incorporate energy and water efficient design, sustainable features and

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wellness of the occupants, certified or not. LEED and other certifications and costs associated with the Core and Shell, shall be the Development team's responsibility.

Should any agreed certification that firms mutually agree upon be lost due to Shell/Core, Developer or Operational fault, Developer will remedy within 30 days or Tenant may withhold a 5% deduct in lease payments until Developer provides remedy.

9. WELL Certification - The building (Shell & Core) will be designed and constructed to achieve above industry requirements for the Wellness of the occupants with operations conducted to maintain any WELL or other certification. The costs of which will remain within the Shell GMP.

   Should any agreed certification that firms mutually agree upon be lost due to Shell/Core, Developer or Operational fault, Developer will remedy within 30 days or Tenant may hold a 2% deduct in lease payments until Developer provides remedy.

10. Tenant's Workplace Strategy Guidelines – Core & Shell / Tenant Improvement
    Refer to ITN for Workplace Expectations.

11. All Site requirements, costs, utilities, stubs, parking, lighting, entrances, Right of Way improvements, equipment pads and other needs, fencing, barriers, signage, landscaping, irrigation and exterior improvements are by the Developer as further defined herein.

12. Access/Egress/Evacuation and Building Ground Level. Building shall be designed in such a way to allow emergency Access and Egress to parking and pedestrian areas at all times. Such Emergency access will be provided, mapped, maintained and, if required, changed from time to time and shall be clear of any obstacles to the nearest elevated state road, highway, interstate or other viable access point to a municipally maintained Evacuation Route.

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Construction Addendum
Schedule 3
Development Responsibility Allocation

	BUILDING DESCRIPTION	LL	TI
I.	SUBSTRUCTURE		
A	Foundations		
a.	Prior to any foundation excavation and backfill execution on site, Developer is to undertake full geotechnical site survey and issue geotechnical report to Tenant for record purposes. Should any soil contamination or other inhibitive sub-surface condition be present, Landlord is to notify Tenant immediately and agree on remedial works required. All remediation work shall be at the sole burden and cost of the Landlord's to bear and specifically outside of the cost of this development.	X	
b.	Subsurface Mitigation/Remediation of hazardous or contaminated site costs are not to be included in the building Pro-Forma but sites should be remediated or deemed appropriate for the intended use. Reference ITN language. Costs associated with remediation are clearly defined and will be removed from the Building Shell GMP/Budget.	X	
1	Foundation Excavation & Backfill		
a.	Excavate footings and foundations and backfill in accordance with findings and recommendations from the Geotechnical Report: i. Soil conditions are assumed suitable for a bearing capacity to utilize driven piles for the building and parking garage. ii. Developer shall use all commercially acceptable efforts to re-use all suitable site developed fill, dirt, debris, waist etc. on the site. iii. Developer shall clearly indicate if there is known, either by the Development Team, Project Team or Current Land Holder, contamination on site. PRE-CONSTRUCTION SITE IS CONTAMINATED _X__ PRE-CONSTRUCTION SITE IS NOT CONTAMINATED _____	X	
2	Slabs on Grade		
a.	Slab on elevated grade and stem wall. Finished ground floor elevation should be 2 feet above Category 2 storm surge elevations.	X	
b.	Equipment Sub-slabs and Housekeeping Pads: i. All required pads, slab depressions, pits or imbedded conduits required for Site, Shell, Common or Core Areas or services. ii. All required pads, slab depressions, pits or imbedded conduits required for Tenant Improvements. To be included as an allowance.	X X	
3	Dock Pit / Elevator Pit Walls		
a.	Elevator pits / walls will be included in accordance with the ITN, this Schedule and the Lease. Including all requirements for multiple High Speed and Freight Elevators sized pursuant to the conditions of the program, the ITN, this Schedule and the lease.	X	

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Construction Addendum
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	BUILDING DESCRIPTION	LL	TI
II.	SHELL		
A	Super-Structure		
a.	The building shall be constructed with a floor to floor dimension that will accommodate (including all construction components, assemblies, utilities and services) a minimum 9'0' suspended ceiling heights on all floors and 12'-0" ceiling height on the 1st Floor.	X	
b.	General Structural Design with all Structural Design Loads as per the highest local (Duval and/or Florida) code requirements:	X	
c.	Structural Fireproofing: As required by code.	X	
1	Floor Construction		
a.	The building will feature the loading capacities indicated within the ITN and will be designed to limit the effects of vibration transmission to other areas of the building consistent with a reasonably agreeable understanding of industry standards for office buildings.	X	
b.	The floors shall be designed to accommodate a live load of 100 PSF (includes partition loading) per the requirements of the original ITN.	X	
c.	Concrete floor slabs shall be level, flat and smooth surfaces and shall be finished per ACI Specifications with FF = 25 overall, and ready for installation of flooring (type of flooring to be determined).	X	
d.	Structural enhancements if any, required to accommodate kitchen, cafeteria, fitness & EOC. As required.		X
B	Exterior Enclosure		
1	Exterior Walls		
a.	The building skin system will be composed of window systems and precast concrete.	X	
b.	Any canopy / cornice / accent element at the top of the building	X	
c.	Electronic mock-ups: i. Landlord will provide a rendering of the exterior wall system, complete with selected finish, for Tenant's approval prior to wall construction.	X	
III.	INTERIORS		
A	Interior Construction		
a.	The main lobby, restrooms and common areas on each floor will be finished in a manner consistent with quality of Class A office product. Landlord has established an allowance for the main lobby and will provide a credit/add to Tenant pending cost of final product.	X	X
b.	Building (Site, Shell, Common and Core) shall be able to accommodate Tenant's special use space such as cafeterias, break rooms, assembly areas, data rooms, fitness and wellness rooms.	X	
c.	The building shall be able to accommodate off-hours food service deliveries.		X
d.	All wood and wood based products in the Base Building Core and Shell and the Tenant Improvements will be FSC certified provided it is not cost prohibitive and there are no significant delays in the construction schedule.	X	X

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	BUILDING DESCRIPTION	LL	TI
e.	Landlord's design and construction teams will work proactively with the Tenant's teams throughout design and construction phases, to vet all materials for Site, Shell, Common and Core build out.	X	
1	Partitions		
a.	Landlord to provide fire rated demising partitions (2-hour, etc.) as required by code between the Core & Shell and Tenant spaces with level 4 finish, unpainted:	X	
b.	Partition installation in both Core & Shell and in Tenant space, to meet Tenant's acoustical (STC) guidelines and requirements. An allowance will be carried to meet Tenant's STC requirements for Core & Shell.	X	X
c.	All partitions shall be provided to meet the project and space program needs and the minimum state and local requirements. Where conflicts between codes exist, the most restrictive code will be used.		X
B	**Staircases**		
1	Stair Construction		
a.	Stair core and sizing shall be designed to 115% of the code required for this program and building type.	X	
2	Stair Finishes		
a.	Landing, doors, handrails and finishes. Doors will be fully prepped for access control including conduit for CCTV, card access and electrified door locks.	X	
b.	CCTV, Card readers and door locks are to be provided within Shell Budget, to Tenants specification.		X
C	**Core/Shell Finishes**		
1	Wall Finishes		
a.	Perimeter Drywall Conditions: i. The perimeter wall conditions, including knee walls, columns, pilasters, drain downpipes and window pockets, shall include metal studs, insulation and vapor barrier as part of the shell provided by landlord. All drywall and drywall finishing is by Tenant as part of the TI Allowance.	X	X
b.	Core Wall Drywall Conditions: i. The core perimeter drywall conditions, including core walls and core columns, should be boarded, taped and sanded to a level 4 finish, complete and ready for wall finish painting / covering to the following levels, and up to 6" above finished ceiling: ii. Level 5 finish – Minimum to areas receiving Tenant's corporate branding wallcovering	X	X
2	Floor Finishes		
a.	Floor Leveling: i. Concrete floor slabs shall be level, flat and smooth and shall be finished per ACI specifications with FF = 25 overall, and ready for installation of flooring (type of flooring to be determined) ii. Sealed concrete floors should be smooth trowel finish	X	
b.	Core Restroom Floor Finishes Specification: i. Porcelain floor tiles	X	

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	BUILDING DESCRIPTION	LL	TI
3	Ceiling Finishes		
a.	Building Lobby Ceiling Finishes Specification: i. Vaulted ceiling with recessed and cove lighting, with varying ceiling heights. ii. Combination of gypsum, wood, ACT system treatment, exposed ceiling and floating acoustical ceiling panels	X X	
b.	Elevator Lobbies 1. Elevator lobby flooring and wall coverings included as an allowance 2. Elevator ceilings will be drywall ceilings with soffits and recessed lighting 3. Elevator walls at elevators shafts will include metal studs, drywall and drywall finishing. 4. Elevator lobby doors to the tenant spaces will be in magnetic hold opens and solid core wood in material.	X X X X	
c.	Restroom/Wet Area Ceiling Finishes Specification: i. ACT system treatment to meet Tenant's acoustical requirements. Drywall ceiling installed over sink zone. ii. All wet area finishes to include moisture resistant substrate and finishes.	X	
d.	Tenant Improvement Space Ceiling Finishes Specification: i. Pending final space program layout approval by Tenant and where applicable, combination of exposed ceiling, gypboard ceiling and ACT system treatment to meet Tenant's acoustical requirements.		X
IV.	SERVICES		
A	Conveying Systems		
1	Elevators		
a.	Elevators shall be high speed (250+ FPM) will be designed and bid and meet 115% of occupancy load or code requirement, whichever is more restrictive.	X	
b.	Elevator bank shall include at least 1 Service Elevator (not dual purpose) in centrally located core locations in the building.	X	
c.	The cab heights will be no less than 8'-9".	X	
d.	The elevator cab doors and frames will be stainless steel. Finish options of the doors and frames on each level to be approved by Tenant prior to bid package award.	X	
e.	Interior cab and ceiling finishes shall be consistent with manufacturer's premium standard finishes, and approved by Tenant prior to bid package award.	X	
f.	Protection pads and hooks shall be provided for one (1) standard elevator cab at project completion.	X	
g.	Elevators will be fully prepped for cameras including traveling cables.	X	
h.	Card readers and secured access solution to be provided by Developer, to Tenants Specifications.	X	X
B	Plumbing		
1	Plumbing Fixtures		
a.	The building will provide hot and cold domestic water for all shell, core and site requirements. Cold domestic water will be provided at a single valved/capped location on	X	

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	BUILDING DESCRIPTION	LL	TI
	each floor for extension by tenant for Tenant Improvement areas only. All water shall be pre-treated by an acceptable filtration system. The filtration system will be included as an allowance.		
b.	Building water service entrance will be complete for fire protection and domestic water. All connections between the domestic water system and process uses will be protected by reduced pressure type back flow preventers.	X	
c.	A complete plumbing system will be provided, including all underground piping to public mains, consisting of sanitary waste piping, sanitary vent piping, domestic hot and cold-water piping, and storm sewer piping installed to all facilities and in accordance with all applicable codes.	X	
d.	Core plumbing fixtures to be provided with sensor operated faucets and flush valves.	X	
e.	Internal downspouts with overflow roof scuppers shall be provided for all roof areas and will discharge to the storm sewer system. All horizontal downspout lines in the ceiling space shall be insulated.	X	
f.	Install one hi/lo drinking fountain per floor, or as required by code, whichever is more restrictive, near the core restrooms.	X	
g.	Plumbing Fixtures: Fixture shall be "water-saver" type with electronic controls. All faucet/shower heads shall be provided with flow restrictors. BAS Monitoring for leak detection at one location at each restroom core.	X	
h.	All plumbing fixtures shall be vitreous china, low consumption and commercial quality. The quantity of plumbing fixtures shall be provided to meet the actual occupancy of the building or the minimum state and local requirements, whichever is greater. Where conflicts between codes exist, the most restrictive code will be used. Restrooms are to be fully compliant with provisions of the ADA.	X	
2	Domestic Water Distribution		
a.	A potable water supply shall be provided to the Base Building and extended to all plumbing fixtures. Design and sizing of the hot and cold-water distribution shall be by good engineering practice using methods and materials acceptable to the local authority having jurisdiction. Sizing of all systems shall be able to support various Micro-market, break room, coffee/water stations etc. as required and built by Tenant in Tenant areas. Fitness and Cafeteria needs must be addressed in base building design and sizing.	X	
b.	Domestic hot and cold-water distribution shall be provided to Base Building Restroom: i. All domestic water piping inside the building shall be CPVC ii. All hot and cold-water piping will be insulated iii. Underground water distribution will be provided as required by code, but shall not be galvanized iv. Vertical wet stacks including sanitary line are included in an independent shaft within the Core area v. Domestic water service connection within 5' of building perimeter vi. Tenant responsible for hot and cold water distribution requirements in any Tenant area needs	X	X
c.	Domestic Hot Water Generation: i. Water Heaters: Shell building systems shall supply hot water at 105 degrees ii. Hot water heaters will be 5-gal point of use or small tank type water heaters to service multiple floors and uses (but not located in tenant pantry cabinetry) or as approved by Developer AND JEA to provide more sustainable/efficient solutions.	X	

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	BUILDING DESCRIPTION	LL	TI
d.	No less than two (2) drain columns with a 4" waste and a 4" vent, and one (1) cold-water riser system will be provided with connections at each floor for future tenant fixtures. The tenant wet stacks will be located at the core(s).	X	
e.	Hose bibs will be provided in major mechanical areas, loading dock, as required on site by code, as convenient for landscaping and at or near all entry/exit locations to building.	X	
f.	Localized water heater will be provided and sized to provide domestic hot water for the Restroom facilities and shall meet ADA requirements, which may service two or more floors.	X	
g.	Services Sinks: Floor mounted molded fiberglass type receptors will be provided at the Janitor's Closet on each floor. Janitor closets shall include floor drains, overflow monitored on BAS.	X	
3	Sanitary Waste		
a.	Base building shall include sufficient quantities, sizes and capacities of plumbing waste, vent and water to accommodate normal class A office building requirements and to collect all waste discharge from building fixture and drains. On each floor, two (2) plumbing stack riser with waste, vent and one (1) water stub out for future Tenant use. Sizing of all systems shall be able to support various Micro-market, break room, coffee/water stations etc. as required and built by Tenant in Tenant areas. Fitness and cafeteria needs must be addressed in base building design and sizing.	X	
b.	Sizing, layout and design shall be per codes using approved methods and materials.	X	
c.	Provide floor sinks, roof receptors for HVAC condensate system drains.	X	
d.	Provide hub drains for sprinkler system drainage systems.	X	
e.	Floor drains shall be provided per code and, as a minimum, in each Restroom and Janitorial closet (whichever is more restrictive).	X	
4	Rain Water Drainage		
a.	Provide storm drainage systems and connection in compliance with local code requirements.	X	
b.	Internal roof drains shall be provided for all areas and will drain to roof leaders that run inside the building alongside the building columns.	X	
c.	Overflow drainage internal roof drains connected to the rain leaders below the roof line.	X	
d.	All roof rain water shall be discharged a minimum of 15' from the building footprint and foundations. Such discharge shall be coordinated with site Storm Water system and removed from site or otherwise remediated to prevent flooding.		
e.	Overflow drain alarming is included.	X	
C	HVAC		
a.	The buildings mechanical system will be a Class "A" office heating, cooling and ventilation system.	X	
b.	Landlord will hire a commissioning agent to perform all tasks for Enhanced Commissioning with respect to the Base, Site, Shell and Core. Tenant will hire a commissioning agent to perform all tasks for Enhanced Commissioning with respect to the Tenant Improvements.	X	X
c.	Provide after-hours HVAC service through an automated Tenant interface which Tenant may connect to as part of its Tenant Improvements.	X	
d.	Air Filtration: Supply air to the occupied spaces shall be filtered with media type filters with a minimum MERV 7 rating pre-filter and MERV 13 final-filter based on ASHRAE Test Standard 52.2-2012	X	

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	BUILDING DESCRIPTION	LL	TI
	and with an average efficiency of forty (40%) to thirty (30%) percent and eighty-five (85%) percent based on ASHRAE Test standard 52.1-1992.		
e.	Tenant Area distribution shall be part of the Tenant Improvements.		X
	Air Distribution Systems:		
f.	Primary cooling, ductwork risers and primary supply air duct capped at each tenant floor mechanical shaft wall, extended to exterior core walls (or adjacent Tenant Space as required for a balanced distribution and design) will be provided.	X	
g.	All primary supply air ductwork (whether included in the Base Building Scope of Work or the Tenant Improvements) shall be sealed in accordance with SMACNA standards for Seal Class "A". Ducts will be sealed to the highest SMACNA seal and leak ratings.	X	X
h.	Primary ductwork (whether included in the Base Building Scope of Work or the Tenant Improvements) shall be insulated with external glass fiber insulation unless internal duct liner is required for acoustical benefit.	X	X
i.	All ductwork and insulation including the two (2) primary air stubs on each floor and the duct loop on each floor are by Landlord. VAV boxes and distribution ductwork and insulation to shell areas (bathrooms + elevator lobbies) are by Landlord. VAV boxes and distribution ductwork and insulation to TI areas by Tenant.	X	X
	Air Distribution Systems – Overhead System:		
j.	Interior diffusers shall be provided as part of the Tenant Improvements.		X
k.	Outside ventilation air will be provided and will be flow monitored and adjustable through the building control and management system in accordance with ASHRAE 62-2013 Standards. The system will have the capability to monitor supply, return and ambient air at the fresh air intake for carbon dioxide (CO2). Base design will incorporate demand control ventilation.	X	
l.	All outside air intake shall be located minimum distance (required per ASHRAE 62.1) away from any exhaust fan or plumbing vent.	X	
m.	Extended Hours: HVAC system can operate with Tenant request via sensor interface.	X	
1	Controls & Instrumentation		
a.	Refer to ITN requirements for Building Automation System (BAS)	X	
b.	After hours access by the Tenant will be required to the BAS.	X	
2	Systems Testing & Balancing		
a.	Air Balance / Testing for the Core/Shell, Lobbies and Restrooms will be completed within the Core & Shell scope of work. Air Balance / Testing / Commissioning of Tenant Improvements will be completed with completion of Tenant Improvements scope of work.	X	X
b.	Start-up and commissioning of all HVAC systems and equipment required for the Shell completed by Landlord in accordance with the manufacturer's requirements. Start-up and commissioning of all HVAC systems and equipment required for the Tenant Improvements completed by Tenant in accordance with the manufacturer's requirements.	X	X
c.	Base building shall include sufficient quantities, sizes and capacities of plumbing waste, vent and water to accommodate Tenant requirement and to collect all waste discharge from building fixture and drawings.	X	

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Development Responsibility Allocation

	BUILDING DESCRIPTION	LL	TI
D	**Fire Protection**		
a.	A fully sprinklered building will be provided in accordance with the requirements with NFPA standards, the local Fire Marshall and applicable codes	X	
b.	Refer to current building codes and NFPA requirements for Fire Protection standards	X	
E	**Electrical**		
a.	Electrical design of the Shell to meet LEED Gold certification requirements by Landlord. Electrical design of the Tenant Improvements to meet LEED Gold certification requirements by Tenant	X	X
b.	The entire electrical distribution system shall comply with local codes and the National Electrical Code as well as any additional applicable code authorities.	X	
c.	Refer to current building and electrical codes and information set forth in this document and the ITN.	X	X
1	Electrical Service & Distribution		
a.	The electrical service will be supplied from a power company outdoor sidewalk vault transformer. The service will consist of pad mount oil-filled transformers connected on the primary to the utility network. Service conductors from the transformers will serve the main switchboards with 480Y/277 volt, 3 phase, 60Hz power.	X	
b.	The switchboards will include 100% rated heavy duty circuit breakers with solid state trip functions and ground fault protection and/or 100% rated load-break fused disconnect switches with current limiting fuses and ground fault protection.	X	
c.	Electrical service to the typical floors will be served from 480Y/277 volt building pipe and wire distribution system. This system will be sized to provide 8.0 watts per usable square foot of electrical connected load capacity for tenant use above and beyond the base building electrical requirements.	X	
d.	480Y/277 volt panels at each floor will serve the tenant provided fan powered VAV boxes and electric heating coils.	X	
e.	A 480Y/277 volt panels at each floor will serve the tenant provided lighting and miscellaneous loads. These panels will be sized for a total connected load of 6.0 watts per usable sq. ft. capacity for tenant use above and beyond base building electrical requirements, leaving 2.0 watts per usable square foot capacity in the system for future tenant electrical loads. On floor distribution shall be a part of the Tenant Improvements.	X	
f.	A dry-type transformer (K13 rated suitable for use on systems with non-linear loads) at each floor will serve 208Y/120 volt panelboards with 200% neutrals for tenant provided receptacle and equipment loads. Transformers, panels, and distribution will be sized for 3.0 watts per usable sq. ft. capacity for tenant use (this capacity is part of the above described 6.0 watts per usable sq. ft. provided for tenant use at 480Y/277 volts). Tenant Improvement distribution shall be a part of the Tenant Improvements.		X X
g.	All line voltage wiring will be in conduit or EMT. Where approved for use in the applicable occupancy and by the local code authorities, type MC cable may be used for branch circuits where not subjected to damage. Aluminum conductors shall be allowed for sizes #1/0 AWG and above where terminated with crimp type compression connectors. Wiring for individual fire alarm indicating and initiating devices shall be plenum rated cable, if acceptable to local code authorities.	X	X
h.	An outdoor 480Y/277V diesel powered emergency generator in a weatherproof and sound attenuated enclosure, as required, and standby power distribution system utilizing automatic transfer switches shall be provided to serve the following loads: i. Stair lighting	X	

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	BUILDING DESCRIPTION	LL	TI
	ii. Fire Command Station iii. Swing Passenger / Service Elevator iv. Fire alarm system v. Tenant exit way emergency lighting vi. BAS Systems vii. MDF/IDF Rooms (including conditioning) viii. Life Safety ix. Security Central Command and monitoring systems x. 25% of Workstations xi. EOC		
i.	Landlord emergency generator shall be capable of running above loads for 7 days.	X	
j.	Provide power metering for the building. Provide Power Monitoring and Control System with digital meters and network capability for base building HVAC and lighting. Meters for kitchen, IDF/MDF, tenant lighting, tenant plug loads and UPS usage shall be part of the Tenant Improvement (TI) work.	X	X
k.	Provide panelboards and transformers as required to accommodate new office equipment and furniture. Additional 120/208volt panel boards and transformers for Tenant Improvement (TI) work only shall be a part of the TI package. Electrical room shall be adequate to accommodate TI panels and transformers including lighting control relays, meters (including minimum 3 circuits per meter in the measured panel), security panels and fire alarm panels. Electrical Room shall be independent from IDF/MDF rooms.	X	X
l.	Comply with MDF and IDF room requirements including dual power source, local UPS power within MDF room, high efficiency transformers, and electrical distribution.		X
m.	Transfer switches for Tenant equipment to be provided for tenant loads Transfer switches for building emergency life/safety loads are part of Base Building Improvements.	X X	
n.	480Y/277V emergency distribution panels, conduit and feeders to be provided by Landlord in base building. Transformers, 120/208V panels and all distribution for Tenant 480Y/277V and 120/208V loads by Tenant in Tenant Improvements.	X	X
o.	In car parking area, provide electrical infrastructure to support 30 Electrical Vehicle charging stations. Initial chargers shall be provided by LL. Final location and quantity and capacity for additions shall be confirmed by Tenant.	X	X
2	Lighting and Branch Wiring		
a.	PE & JEA FM to provide detailed specifications of special electrical requirements, outlets, etc., if any.	X	X
b.	Lighting systems shall utilize high efficiency, low glare fixtures with LED technologies utilized where possible	X	X
c.	Lighting controls shall include lighting control system, dimmable lights control for daylight harvesting, and occupancy sensors per Florida Energy Code.	X	X
d.	Provide dedicated panel boards with power for measurement and verification.	X	
e.	Lighting Performance Criteria: i. Open Office areas – 30 fc (horizontal) at the work surface ii. Private Offices – 30 fc (horizontal) at the work surface		X

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	BUILDING DESCRIPTION	LL	TI
	iii. Conference Rooms – Adjustable from 20 to 50 fc (horizontal) at the work surface iv. Training Rooms – Adjustable from 20 to 50 fc (horizontal) at the work surface v. Corridors – 20 fc (horizontal) at the work surface File / Copy Room – 20 fc (horizontal) at the work surface		
f.	Lighting for the Core & Shell will be provided as follow: i. Main Lobbies: Recessed can lights and cove lighting ii. Restrooms: Recessed can lights and cove lighting iii. Hallways & Exit Corridors: LED light fixtures iv. Stairwells: LED strips v. Electrical, IDF's and Janitor's Closets: LED strips vi. Exit & Emergency Lighting: As required by code. Exit lighting finish to be edge lit clear acrylic vii. Lighting controls will be provided with a low voltage lighting control panel. Individual control will be provided through localized low-voltage switching. viii. Tenant Improvement lighting controls will be provided as part of Tenant Improvement design.	X	X
g.	Exterior Lighting (same as Site Development / Improvements): i. Lighting will be required for all streets, parking areas, sidewalks and pedestrian walkway areas of the project ii. Minimum requirements shall be per ITN or herein, whichever is more strict. iii. Exterior illumination of the building signage will provide an appropriate image from streets and freeways iv. Minimum lighting requirements and standards to be provided are: a. Parking – 1.5 to 2.5 Foot-candles (average, maintained), with an average to minimum ratio of 5 to 1 b. Building / Architectural Site Illumination – Accent lighting at entry and around the perimeter of the building c. Building entries and pedestrian ways shall be lighted for appropriate image, safety and security d. Exterior lighting design shall limit illuminance and light power density at exterior areas to reduce light pollution. Photocell and time clocks will be utilized for exterior lighting control.	X	
3	Fire Alarms Systems		
a.	A complete code-compliant fire alarm system with fully addressable devices shall be provided throughout the building, and shall be completed, tested, and operational in accordance with all applicable codes, ADA requirements and regulatory agency requirements. Final fire alarm and emergency lighting design and costs are subject to the Fire Marshall or Authority having Jurisdiction approval. BAS Monitored. Fire alarm devices in the tenant areas shall be part of the Tenant Improvements.	X	X
b.	Refer to code and quality standards set forth in this document and the ITN.	X	
4	Telecommunication Systems		
a.	A main telephone point of presence (MPOP/MPOE) room will be located near the point of service to the building. Space for telephone terminations will be provided in two (2) separate telephone closets at each typical floor level. A series of sleeves will be provided in these telephone closets for main stacked vertical distribution.	X	
b.	All individual tenant telephone switches and equipment will be located within the tenant spaces.		X

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	BUILDING DESCRIPTION	LL	TI
c.	Two dedicated, secure, telecommunication riser closet on each floor, stacked. The closets to be located near the building core.	X	
d.	Plywood backboards, lighting, grounding bar, and convenience power outlets at riser closets.	X	
	Wire line Service providers at the site; Service provider's TBD. On all floors, Tenant telecommunications equipment shall be located in the Tenant's space.		X
f.	Two 2" conduits for future communication cable pathways are provided from the MDF room stubbed out of the building footprint in a TBD location by JEA.	X	
5	Security Systems		
a.	Landlord shall coordinate and fully interact all work, floor layouts, electrical connections, etc. with Tenant's appointed Consultants and Security installer vendor, to execute the work.	X	
b.	LL to provide a centralized guard station for at least 2 persons at the primary entry for the public access to building and/or elevator core.	X	
c.	The buildings will function 24 hours per day, 7 days per week, with appropriate security systems (intrusion, CCTV and access control) to be provided at all entry points and loading dock, and JEA will provide physical guard staff to mitigate risks, ensure a safe and secure site and provide necessary common business practice activities.		X
d.	Head end system and card controlled access to fifteen (15) locations along with fifteen (15) CCTV cameras. The base building access control system must be compatible and work with Tenant's existing company issued access cards (Specifications can be supplied when requested). Tenant reserves the right to place its own access control system on certain access and egress points to the site and building if so desired.	X	X
e.	Tenant's desire is that only authorized persons will have the ability to reach Tenant space, either through building access controlled points or manned security posts. JEA will require approval of the buildings overall security plan and approve.		X
f.	Security installation to include but is not limited to the following components: i. Front-end security system ii. Security cameras: Conduit, wiring, boxes, cameras, hardware iii. Card reader access control at all levels iv. Please see ITN Exhibit D, Preliminary Security Design Criteria		X
6	Special Electrical Systems – Low Voltage Cabling		
a.	Pending final approval by Tenant, Landlord shall coordinate and fully interact all low voltage cabling work, layouts, electrical connections, etc. with Tenant's appointed Consultants and Low Voltage Cabling installer vendor. All low voltage cabling by Tenant as part of the Tenant Improvements.	X	X
V.	EQUIPMENT & FURNISHINGS		
A	Equipment		
1	Other Equipment		
a.	Waste management area including compactor pad/pavement	X	
b.	Waste container storage and handling area or room as necessary to manage trash, recycling, and composting for Core/Shell Requirements.	X	
c.	Waste container storage and handling area or room as necessary to manage trash, recycling, and composting for Tenant Improvements.	X	
d.	LL to provide adequate serviceable area within Site/Building design for grease trap.	X	

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	BUILDING DESCRIPTION	LL	TI
e.	Kitchen grease exhaust duct shall be designed and installed as part of the Tenant Improvements.		X
B	**Furnishings**		
a.	Landlord shall coordinate and fully interact all work, furniture layouts, electrical connections, low voltage connections, etc. with Tenant's appointed Consultants and Furniture Vendor.	X	X
1	Window Treatments		
a.	Blinds / drapes / shades Glare control devices (Mecho shades or similar) shall be installed on all exterior windows. Manual control will be typical and motorized control only at specified exterior training rooms or large (12+) conference/flex rooms.	X	
2	Casework / Millwork		
a.	LL Core/Shell areas, including, but not limited to, Bathrooms, Security Station (guard station), Lobby (1st floor only) requirements. Security station millwork will be an allowance.	X	
b.	Tenant Improvement Areas.		X
3	Signage		
a.	Per ITN Requirements and in accordance with Lease allowances.	X	
VI.	**BUILDING SITEWORK**		
A	**Site Preparations**		
1	Site Development / Improvements		
a.	JEA shall require review and approval of final elevations, grades and sitework.		
b.	Landscaping: The landscaping shall meet the following Tenant's criteria: i. Provide identity for the site development ii. Enhance the structure of the building iii. Compliment the natural environment of the site iv. Maintain responsible stewardship towards the local and regional environments. v. Meet the conditions of the ITN.	X	
c.	Threat analysis will be provided by JEA.		X
d.	Site design will embrace CPTED strategies to respond to Threat requirements.	X	
e.	Roadways / Aprons / Entries: i. All site roads / aprons / entries shall be asphalt with base material ii. Curb and Gutter, entry aprons etc. shall be concrete. iii. Curb cuts (two entries) shall be provided by LL.	X	
f.	Car Parking: i. Parking shall be provided to accommodate all parking needs for employees, visitors and fleet vehicles per ITN. ii. One-way drive aisles shall be a minimum of 17'. Two-way drive aisles a minimum of 24'. iii. Handicap spaces provided in accordance with ADA and/or local regulations. iv. The total number of parking spaces provided shall comply with the local jurisdiction zoning code requirements.	X	

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	BUILDING DESCRIPTION	LL	TI
	v. Curb at drop-off areas: The concrete curb between vehicular and pedestrian paving at the drop-off areas should be adequately secured from vehicular threats to the building with decorative bollards with lighting.		
g.	LL to provide pedestrian shaded exterior meeting/sitting area on the 9th Floor and ground floor of the Building.	X	
h.	Exterior Lighting (same as Site Development / Improvements): i. Lighting will be required for all streets, parking areas, sidewalks and pedestrian walkway areas of the project ii. Minimum requirements shall be per ITN or herein, whichever is more strict. iii. Exterior illumination of the building signage will provide an appropriate image from streets and freeways iv. Minimum lighting requirements and standards to be provided are: a. Parking – 1.5 to 2.5 Foot-candles (average, maintained), with an average to minimum ratio of 5 to 1 b. Building / Architectural Site Illumination – Accent lighting at entry and around the perimeter of the building c. Building entries and pedestrian ways shall be lighted for appropriate image, safety and security Exterior lighting design shall limit illuminance and light power density at exterior areas to reduce light pollution. Photocell and time clocks will be utilized for exterior lighting control.	X	
i.	Site Drainage: i. All site drainage installation shall comply with local requirements for storm water control	X	
B	**Site Electrical Utilities**		
1	Site Communication & Security		
a.	Site fencing, landscape barriers and/or core/shell related security needs to be identified and designed accordingly for site plan and or permit/planning submission and approval requirements.	X	
b.	Infrastructure: i. All infrastructure shall be completed including all site roads, turn lanes, utilities, etc. ii. All utilities shall be provided to the site and located underground within public utility easements (as required) and shall be individually provided to the building including storm sewer, sanitary sewer, domestic water, fire service, electrical power and telecommunications. iii. Utility service shall comply with JEA, municipality and other utility company requirements	X	
VII.	**MISCELLANEOUS ITEMS**		
a.	Freight Elevator Usage: i. The freight car (swing cab) during Tenant Improvement construction, furniture installation and the move shall be made available to Tenant free of cost ii. Landlord shall maintain a minimum of one (1) operational freight elevator during the term of the lease and any subsequent renewal periods	X	
b.	Local Labor & JSEB Requirement: i. Landlord will endeavor to utilize ___% in construction contract value in local labor and ___% in contract value with contractors/vendors from the Jacksonville Small and Emerging Businesses (JSEB) Program	X	

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Development Responsibility Allocation

	BUILDING DESCRIPTION	LL	TI
	ii. Landlord to research current, City of Jacksonville, approved JSEB vendors, Landlord to confirm with JEA proposed list of subcontractors from this list prior to award		
c.	Utility design and connection fees	X	
d.	Impact, Environmental, Concurrency Fees	X	
e.	Plan check fees and permit fees	X	X
VIII.	**SMART BUILDING SYSTEMS**		
1	Site Communication & Security		
a.	System Integration Platform i. The building systems will be integrated into a Non-proprietary system which will function as both the Building Automation System (BAS) and the Enterprise Level Integration Platform. It will be the connection point that enables individual systems to interact and will provide a Unified User Interface (UUI) to allow operators a single portal to run the building. The system will serve as the primary interface, source of schedules, and point of alarm management for the entire building. ii. JEA's Enterprise Level Integration Platform will be off-site and available for connection in the future.	X	X
b.	HVAC Systems & Control: i. The HVAC control system should consist of BACnet controllers, when and where possible, with an open protocol platform that will not require additional, proprietary software licenses to allow the building systems to communicate to the Integration Platform.	X	
c.	Lighting Systems & Control: i. Lighting fixtures shall be LED and provided with controls that allow daylight harvesting (where applicable), utilize occupancy sensors for on/off control, and include a complete integration to the Enterprise Level Integration Platform. ii. Lighting fixtures shall be circuited or grouped through control in such a manner that daylight harvesting, egress, lobby, and work areas can be controlled independently, each according to its own sequence.		X X
d.	Access Control: i. Integration – TBD		X
e.	Fire Suppression: i. A DACT (Digital Alarm Communicator Transmitter) shall be provided to facilitate the code requirement for remote monitoring services. The DACT shall support an individual relay for each of the following system conditions; alarm, trouble and supervisory. ii. The three relays shall be hardwired to dedicated inputs on the Enterprise Level Integration Platform. iii. In the event a Fire Detection system is provided the Fire Suppression points shall be connected to this system with each suppression system device being individually identified within the analog addressable system. Note: a dedicated DACT may not be required by code.	X	X X X

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f.	Fire Detection System: i. Design and integration of the fire alarm system to the Enterprise Level Integration Platform shall be implemented. ii. The integrated fire alarm system shall include but not be limited to smoke detectors, manual pull stations, horn/strobes (SLC) and monitoring points for the sprinkler system associated with lobbies, bathrooms and loading areas. The fire alarm system shall provide individual status points, for all connected devices, to include but not be limited to, alarm, trouble and supervisory of each analog addressable device and FACP. iii. Fire alarm devices associated with the Tenant Improvement areas by Tenant	X X	X
g.	Fire Extinguisher Monitoring: i. The fire extinguishers shall be monitored.		X
h.	Intrusion Detection: i. Integration – Two relays shall be provided and programmed as part of the intrusion detection system and monitored by the BAS. a. System Armed b. Intrusion Alarm		X
i.	Video Surveillance: i. Integration: TBD		X
j.	Metering: i. Electrical meters and submeters shall be connected to the System Integration Platform. This information will be used to troubleshoot equipment issues, track building performance, verify energy conservation measure benefits, and display on enterprise wide dashboards. ii. The following loads shall be metered: a. Main service entries b. Lighting total power c. HVAC total power d. Cafeteria/Food Service total power e. Electric vehicle charging stations (if applicable) The data from each meter shall include (at a minimum) a. Power (kW) b. Energy (kWh) c. Voltage (V, individual phases, line to line and line to neutral) d. Current (A, individual phases) e. Power factor	X X X	
k.	Gas: i. If provided in the building, natural gas meters shall be connected to the System Integration Platform. ii. The following loads shall be metered: a. Main service entries The data from each meter shall include (at a minimum): a. Consumption rate b. Total Consumption	X	X X
l.	Water:	X	

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	i. Water meters and submeters shall be connected to the System Integration Platform. ii. The following loads shall be metered with digital pulse counter, Modbus or BACnet communicating meters and connected to the System Integration Platform: a. Main service entries b. Irrigation The data from each meter shall include (at a minimum): a. Consumption rate b. Total Consumption	X	
m.	Generator Monitoring: i. The emergency backup generator shall be monitored for status and alarms to minimize downtime due to issues and allow the System Integration Platform to shed loads to allow the generator to operate in the event that primary power is interrupted. ii. The emergency backup generator shall be connected to the System Integration Platform. The generator shall be monitored with the following data points (at a minimum): a. Generator status b. Emergency stop button status c. Generator switch (on/off/standby) position d. Actual generator power output (kW) e. Maximum generator power output (kW) f. Equipment alarms g. Battery status h. Fuel level	X X	
n.	UPS Monitoring: i. Any local Uninterruptible Power Supply (UPS) in the MDF/IDF rooms (to be supplied and installed and controls connected by Tenant) shall be monitored for the following data points (at a minimum): a. UPS Status b. Remaining battery time c. Maximum battery time d. Equipment alarms		X
o.	Computerized Maintenance Management Systems (CMMS): i. Equipment data and maintenance schedules will be recorded in tenant's CMMS. To optimize maintenance efforts and ensure equipment reliability it is tenant's intention to provide a fault detection and diagnostic solution for the purposes of identifying anomalies in the building's performance with respect to lighting, HVAC, and other systems as may be available.	X	X
p.	Sound Masking: i. Sound masking equipment will be utilized to reduce distraction for occupants in open office areas. The System Integration Platform will connect to the sound masking system and modulate the level (volume).		X
q.	BAS Control Strategy: i. The BAS system follows multiple schedules based on the operating hours of the building. Occupied and unoccupied temperature setpoints and lighting levels vary based on function of the individual areas and occupancy sensors where applicable.	X	
IX.	USER INTERFACE, EXPERIENCE, & OPERATION		
a.	Maintenance Staff:	X	X

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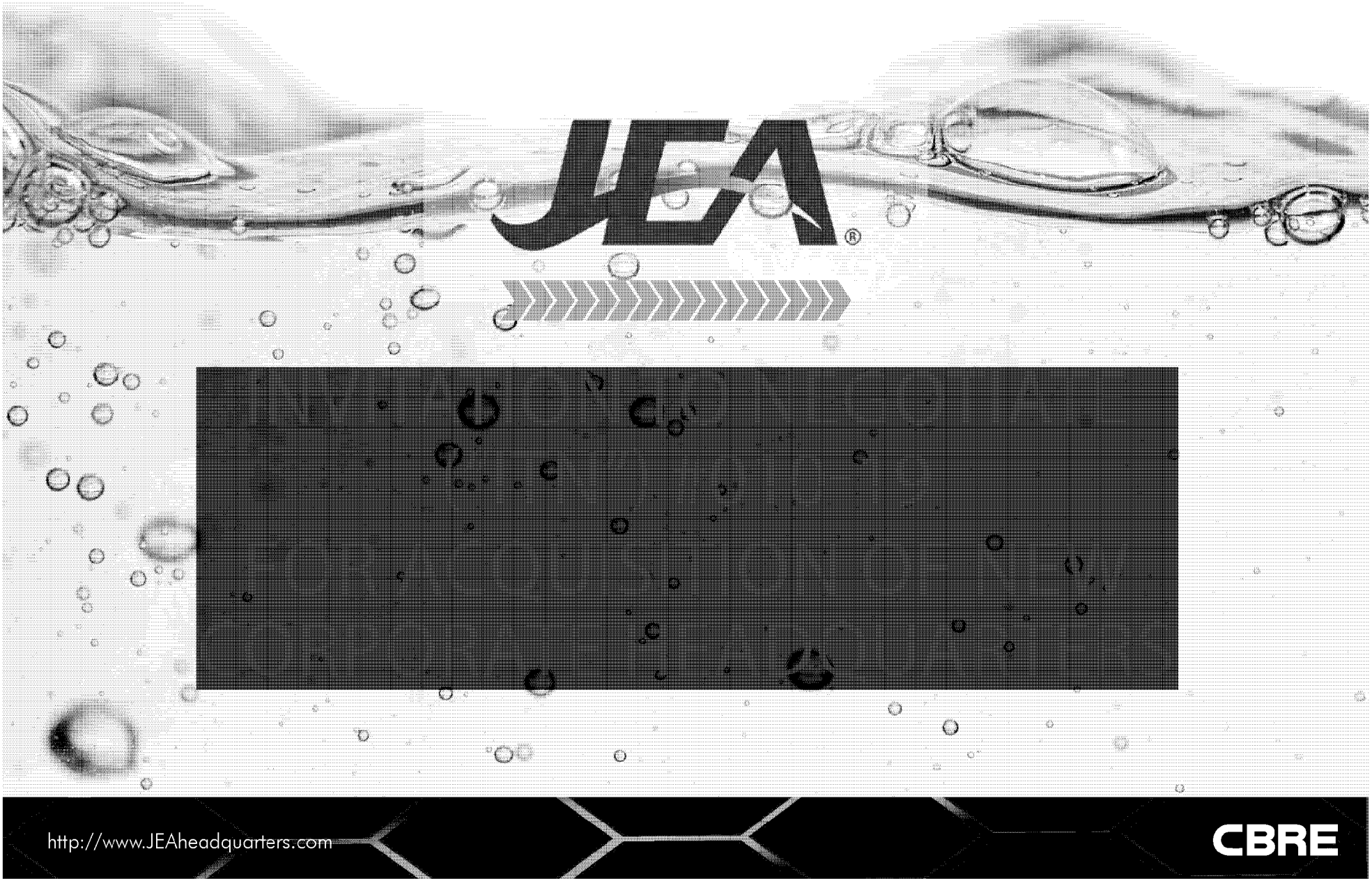
	i. Building maintenance staff is not always on site and will require remote access when off site. Secure access to the system must be provided through a standard web browser with no additional software requirements other than VPN software.		
b.	Unified User Interface (UUI): i. The unified user interface shall be accessed using an internet browser from a desktop/laptop computer or other supported device.	X	X
c.	Security: One of this project's requirements is the ability to access the BAS remotely.	X	
d.	Reporting: Limited custom reporting will be required prior to base building acceptance.	X	X
e.	Alarms: Alarms must be identified through the UUI and via e-mail.		X
A	EASE OF USE		
a.	Operating System: i. The proposed system must be easily maintained by the on-site maintenance staff. The definition of maintainability for the purposes of this project is: the ability of a user to isolate system failures or their cause, correct performance criteria, manage changing environments and demands, and the ability to repair or replace faulty components without major effort, cost or system down time. The system shall not be of a proprietary design where the components of the system can only be obtained through a single or very limited source. The system needs to be user friendly with a UI that is easily understood.	X	
b.	Scalability: i. The solution must have the ability to accommodate additions to its capacity and capabilities in hardware, software and integration.	X	X
c.	Adaptability: i. The solution must have the ability to adapt to changing needs or circumstances. The solution cannot be a single purposed solution only focusing on one compartmentalized function such as HVAC control alone. The solution is intended to be a single point of building systems interoperability, control, management and data analysis.	X	X
d.	Redundancy: i. The main operating software supporting the UUI must be capable of functioning on a virtual server. The virtual server will be provided by JEA.		X
C	ENERGY EFFICIENCY LOADS		
a.	HVAC Related Loads: i. Data analytics/FDD to identify deteriorating conditions, improved performance through smarter control, night setback and morning startup schedules, adjust setpoints based on occupancy.		X
b.	Lighting Related Loads: i. Light harvesting, occupancy sensor, unoccupied space schedules.		X
b.	Metering:	X	X

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	i. Provide meters for the main electrical services, sub-meters for HVAC and lighting. The purpose for the metering is to obtain baselines, discover anomalies with FDD and analytics, and provide M&V on ECMs implemented on future projects.		
F	SUCCESS CRITERIA		
a.	Operational Efficiency: i. Analytics will aid in the identification and timely resolution of equipment and comfort issues.	X	X
b.	Comfort/Environmental: i. Maintain a consistent, comfortable, environment for the building occupants.	X	X
c.	Community Awareness/Marketing: i. The System Integration Platform shall record electrical, water, natural gas, and other applicable data to aid in corporate reporting.		X
d.	Commissioning: i. A complete point to point checkout of all points and systems connected to the BAS solution to assure data collection and control sequences will operate as intended. FDD and analytics will be used to continuously commission our building systems to verify that appropriate issues will be resolved during the warranty process. This will minimize the cost of repairing conditions that may not appear during the initial commissioning process.	X	X
e.	Certifications: i. LEED a. Achieve agreed LEED Certification(s) b. Achieve latest version LEED Certification ii. WELL Standard a. Achieve any agreed WELL Certification(s) in Core b. Achieve agreed WELL Certifications in TI space	X X	 X X

Please note: select pages from the ITN, Exhibit C of the ITN, and Exhibit D of the ITN are attached hereto with additional notes and clarifications. They are considered part of our official response for a redline of the DRA document.

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need to maintain flexibility to meet the requirements of JEA's tenant design. General detail is provided in Exhibit C (Facilities Requirements). Additional information will be provided in an addendum in November.

2. Either existing or to-be-built facilities may be proposed. Existing Buildings must meet all functional and technical requirements of this ITN. To the extent that an existing or to-be-built Building cannot meet the requirements, explain how the Building meets the functional and environmental requirements notwithstanding each deviation. JEA reserves the right not to accept any of the deviations and reject the proposed facility.

3. The base Building shall be of sound and solid construction with facades of stone, glass, steel or other permanent materials.

4. The Building must meet or exceed all applicable codes, including but not limited to, Florida Building Code, ADA Accessibility requirements, Life Safety requirements, Environmental requirements, and other City of Jacksonville, State and Federal requirements as applicable.

5. The Building design must recognize and reflect the JEA brand; it must appear welcoming to visitors and its architectural design must fit both an energized look and functional integrity. It should respect the public nature of this development with particular care around value.

6. Finished ceiling heights on typical office floors should be no less than 9 feet. Finished ceiling height on the ground floor should be a greater height; the public hearing room should have a ceiling height of no less than 12 feet.

7. The Building must meet or exceed similarly sized, current industry standard office Building dimensions, in floor plate, bay depth and ceiling height expectations, developed in the last two (2) years.

8. In order to maximize flexibility of workspace layout, spacing of any columns in workspace areas should be 30 feet on center. Perimeter columns should be spaced at no less than 20 feet on center.

9. The Building shall meet all requirements of the Florida Building Code, [illegible] relevant provisions of High Velocity Hurricane Zones that will allow the building to maintain operation through Grey-Sky events.

10. The Building shall be designed as an environmentally sustainable solution, the certification of which shall be developed to represent a high-value balance between invested dollars and responsible design for the environment, local economic development and building performance.

11. Building floors shall support a live load of no less than 100 pounds per square foot with the ability of the structure to support higher live loads in strategic areas.

12. The Building facades and interiors shall be designed to maximize the amount of natural daylight available to light the regularly occupied spaces (public spaces, offices, workstations and meeting areas, etc.).

13. The Building must have redundancy and be designed to operate for one week with an emergency generator and without externally furnished power and a fuel tank with a capacity of one week's fuel. UPS shall be designed to support all MDF/IDF rooms, EOC and supporting approximately 25% of workstation and building critical system loads like life safety, fire alarm and security, and EOC. Generator and building electrical design will meet requirements of DRA, not this item 13.

14. Building shall have an internal cafeteria with full service kitchen, and a Fitness center adequately supporting the designed occupants. Program will include micro market solutions on all floors.

15. HVAC shall be a new, centrally distributed system or its equivalent. HVAC and the Building design shall be coordinated to minimize non-renewable energy usage. HVAC controls shall permit differential settings in zones throughout the Building.

16. JEA chilled water system should be considered for HVAC where available and feasible.

17. Building Automation (BAS)/Building Control Management (BCM) system shall allow for remote control of all Building functions including:
    a. Security
    b. Lighting
    c. HVAC
    d. Fire Alarm; Life Safety
    e. Generator
    f. UPS
    g. Monitoring and Sub-monitoring
    h. Water [illegible]
    i. [illegible] devices

17. BAS/BCM system shall run on an enterprise network, with interoperability customizable dashboard with the ability to track

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sustainable and energy consumption goals. System should allow multi-vendor integration from different manufactures and disparate systems.

18. Landscaping should use native species, that can survive naturally the irrigation of which shall involve a sustainable solution addressing storm water quantity and quality, trackable within the BAS/BCMS.

19. The bottom of windows on typical office floors shall be no higher than 30 inches from the finished floor. Preference will be given to Buildings whose window lines offer maximum views outside and that also utilize exterior or interior elements to reduce solar gain and glare on the most affected facades.

20. The Building shall have full WiFi, including coverage on any outdoor plaza or terrace, rooftop and public spaces. Network solutions shall be SDN with fiber to edge and expandable to 5G with minimum investment.

WiFi equipment, power and cabling for data service is by Tenant as part of the Tenant Improvement work.

21. Signage shall be provided for the Building. Monument site signage and Building signage shall be included along with wayfinding and JEA branding of the Shell and Core.

22. The new facility will require:

    a. A customer service center for utility bill payments and display of service and product offerings

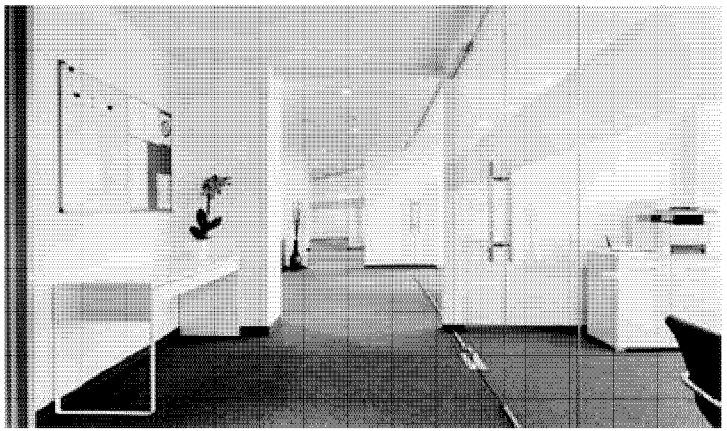
    b. A bid receipt and bid opening office with bid meeting space

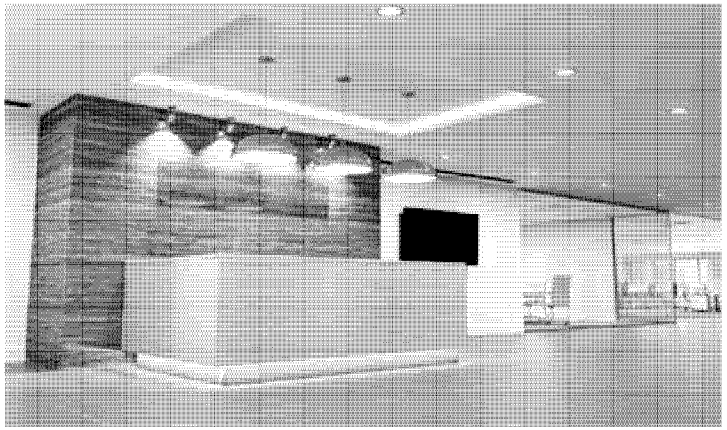
    c. A call center for 130 agents

    d. Flex space to house a training center and auditorium that can be used as an Emergency Operations Center

* More detail is provided in Exhibit B Workspace Programming and Exhibit D Facilities Requirements.

* Additional program details will be provided in an ITN addendum in November.







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9. The Building must utilize measures such as electronic entry turnstiles, surveillance cameras, locked-off elevators and remote- view entry doors to restrict entry to employee work areas.

10. The Public zone must provide Board of Directors public hearing room of approximately 2,900 square feet including a raised dais (platform).

11. The Building must provide a fitness facility, with equipment and showers sufficient to accommodate the program.

12. Developer, at their sole expense, shall include the full remediation and/ or environmental resolutions required in their financial and real estate solution. No subsequent financial or schedule adjustments will be allowed due to environmental issues. Respondent acknowledges that any such issues will be borne separately and at their risk.

Passive venting system for underground gas release is included in the shell pricing.

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EXHIBIT C

Facilities Requirements

General

Long term Maintenance Cost

- Technology to hold down maintenance cost per square foot
  - Handheld technology (manuals, as-builds, etc.)
- Smart design
  - Simple architecture (no specialized equipment to maintain MEP)
  - Structural design for ease of building long term maintenance (window and building envelope cleaning)
  - Designed to prevent mold growth by material selection
  - Landscaping is xeriscape (low irrigation requirements)

Measurable Energy Management

- Energy smart technology
  - Environmentally sustainable and responsible facility with proven performance requirements and metrics.
  - Renewable technology (roof top solar incorporated into energy management)
  - Building designed to capitalize on Florida's climate to control energy usage
- Building automation system
  - Smart lighting controls (occupancy sensors)
  - BIM incorporated into handheld technology (individualized climate control for executive suite, conference rooms and auditorium)
  - Information displayed floor by floor on usage, recycling activities, etc.)
  - Employee interactive lighting and comfort control

Roof top solar is not included by Landlord, but can be added if desired by Tenant.

Space integration-long term options (ever-changing employee needs)

- Floors designed so spaces can be efficiently changed without major building modifications
  - Movable walls and cubicles (glass walls, movable IT, etc.)
  - Workspace management systems
    - Software systems (APPs) to manage floor space and employee mapping
- Storage for the pieces and parts to maintain and reconfigure floors
- One central cafeteria managed by an outside contract
  - Coffee and water bottle filling stations on each floor
  - Gathering area with small library, tables.
- Fitness center managed by an outside contract

Movable walls and cubicles as well as storage area and the workplace management system are by the Tenant as part of the Tenant Improvement work.

Parking garage to meet all needs

- Garage deck height to allow larger vehicles (SUV's, PU trucks, etc.)
  - 7' height
- Occupancy indicators per floor

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- EV parking that is well marked and able to charge all types of EV
- Adequate Handicap spaces
- LED lighting
    - Several circuits controlled by ambient lighting, etc.
- Parking spaces for customers separated by security badging
- Parking set aside for C-Suite
- Parking for maintenance vehicles (PU truck)

EV charging stations are included as required by the DRA.

Call Center Guidelines

JEA utilizes two call center operations within the corporate headquarters. The residential customer call center should consider:

a. Seating for 130 Call Center Agent

b. Office or workspace for two directors and 9 managers

c. Office or workspace for Quality, Training and Workforce Management teams (12 employees)

d. Adjacency to on-site cafe that serves hot meals as early as 6:30 am through 2:00 p.m.

e. Break Rooms with refrigerators, microwave ovens, ice machines, tables, seating, and vending machines

f. 2 training rooms to house up to 30 people each. The rooms must be outfitted with computers, phone, a screen and projector, audio and video

g. Conference room or meeting space that will support confidentiality needs

h. The final and perhaps most important requirement is natural light with views of outdoor spaces.

The commercial/business customer call area should consider and will be adjacent to commercial account executives:

a. Seating for 15 business specialists

b. Adjacent manager office

The training center, auditorium and EOC, in their entirety, are by Tenant as part of the Tenant Improvement work.

Flex Space – Training Center/Auditorium convertible to Emergency Operations Center (EOC)

JEA training center includes classrooms, computer labs, conference and meeting rooms, a kitchen, an auditorium and restroom/locker room/showers that convert to an emergency operations center during emergencies (storm response, etc.)

The Auditorium should seat 400 in auditorium setting and 80 in table setting. Training center should include 4 classrooms, 5 PC labs (can be shared with Call Center training), 2 large conference rooms, 4 small conference rooms, library conference room, kitchen/breakroom and shower/locker rooms and 8 offices and 4 workstations.

A raised auditorium cannot be accommodated by the current Landlord building design, but the design can be modified if desired by the Tenant.

The EOC is generally set up in table groups in the following format:

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c. AV solution to include broadcast system for the entire room with switchable connectivity to the Call Center and Conference Needs above.

d. Consider Access Flooring (room to be auditorium, training and flex space during Blue Sky conditions) for flexibility.

e. Existing Video solutions include 14 monitor stations. Primary position to be touch-screen with editable content near Podium location. Secondary solutions to include monitors each with separate input capability from the various stations. Entire system should default to One (1) output in Training/auditorium mode.

f. Program should include a small staging area for equipment, supplies, Handhelds, First Aid, etc.

g. Program will need large conference room or classroom to convert into an accessible "café-service" area. Secondary adjacent conference will used to serve/store into café-service area.

h. Bathrooms to supply full EOC need with showers, changing area and lockers. This area may serve an adjacent Fitness Center need as well.

i. Recommend Primary Entry Queuing area for security.

j. Dedicated services to the room to include:

k. Primary and Redundant Fiber Feeds.

l. AT&T, Comcast and other services.

m. Genset with ATS/UPS. Building generator with ATS is by Landlord at part of the shell cost. UPS is by Tenant as part of the Tenant Improvement work.

n. HAM Radio Omnidirectional Collinear, Folded Dipole or Wideband Discone Antennae.

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003303

September 27, 2018

1. Building Exterior

a. Construction

i. The building should be positioned to provide ample standoff distance from all parking locations and roadways. stand off distances are as provided on Landlord's site plan.

ii. Concrete planters and benches should be strategically positioned around building. No concrete planters or benches are included with Landlord's work.

iii. Vegetation and landscaping around the exterior of the building should be kept to a minimum to enhance the ability to detect unattended items or unauthorized persons.

iv. All publically accessible waste receptacles should be in a clear field of view and located outside of the building stand-off zone. These waste receptacles should be constructed of concrete materials or secured to prevent unauthorized relocation.

v. All windows, and inset door glass, should be equipped with reflective and blast resistant glazing to minimize the potential of secondary fragmentation. All associated window frames must be appropriately rated to match the protection of the window glazing.

vi. The number of windows on the first floor should be limited to the greatest extent possible.

vii. Video surveillance cameras will employed around the exterior of the building to provide 360° coverage around the building and of the areas/pathways leading to the facility.

Access control and surveillance cameras are included by Landlord as outlined in the our DRA response. All additional access control and surveillance cameras are by Tenant as part of the Tenant Improvements.

viii. All mechanical rooms will only be accessible from the interior of the building or equipped with access control devices and video surveillance cameras.

ix. Protective lighting minimum standards for area lighting is 0.2 fc and 2 fc for all pedestrian entrances. The light-to-dark minimum acceptable ratio is 4-to-1 and the preferred lighting type is LED.

b. Access Points

i. Limited number of access points into the building to control entry.

ii. All access points will be controlled by card reader and monitored by video surveillance cameras.

iii. Separate private access point(s) for JEA employees and authorized individuals. This access point should be located away from the public access doors and allow for discrete entry.

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003304

iv. All public access points should be positioned to allow a clear field-of-view from the street level.

v. All private access point doors should be solid core construction and provide the interior occupant the ability to view an individual on the exterior without opening the door.

2. Building Interior

a. Construction

i. The layout of the building interior should be designed to provide a clear transition from the public to the private space.

The emergency duress system, in its entirety, is by Tenant as part of the Tenant Improvement Work.

ii. Security Officers should be located at all transitional zones to control/monitor all private space access.

iii. All Security Officer positions should be equipped with an elevated workspace, emergency duress button, and screening equipment (X-Ray machines, metal detectors, etc.).

All screening equipment, in its entirety, is by Tenant as part of the Tenant Improvement Work.

iv. The transitional zone must allow for the queuing of individuals waiting to be screened while allowing authorized individuals into the private space without congestion.

v. All access points, within the transitional zone, will be equipped with card readers and bi-parting glass doors. These doors will be equipped with anti-tailgating technology.

vi. Video surveillance system cameras will be installed to monitor all access points within the transitional zone.

b. High Security Areas

i. Based upon their function, certain areas will be designated as "high security" and will receive these additional security measures.

ii. All access point doors must be controlled with card readers and monitored by video surveillance cameras.

The video intercom system, in its entirety, is by Tenant as part of the Tenant Improvement work.

iii. The elevator lobby of this area will be equipped with a video intercom for requesting access from an authorized individual.

iv. All access point doors should be solid core construction and provide the interior occupant the ability to view an individual on the exterior without opening the door.

v. Video surveillance cameras will be installed throughout the interior of the floor.

vi. Designated offices will be equipped with an emergency duress button.

vii. The floor will be equipped with a Safe Haven for emergency sheltering in place.

c. Conference Rooms

i. A large-sized conference room should be provided on the ground floor, within the public space, for contract and general meetings open to the public.

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ii. The public conference room access point doors will be controlled by card readers and monitored by video surveillance cameras.

iii. Video surveillance cameras will be installed within the interior of all public accessible conference rooms.

d. Security Area

i. Offices should be designated on the ground floor for Security Officer operations and a Security Dispatch Center. These offices must be provided multiple egress doorways out of the secure space to provide response options.

The Security Dispatch Center, in its entirety, is by Tenant as part of the Tenant Improvement work. Secondary isolated HVAC system shall be provided by Landlord. UPS system shall be provided by Tenant as part of the Tenant Improvement work. All communications cabling, conduits and junction boxes shall be provided by Tenant as part of the Tenant Improvement work.

ii. All access point doors into this location must be controlled by a card reader and monitored by video surveillance cameras.

iii. The office space designated for the Security Dispatch Center must be constructed with a six-wall physical border, raised floor design, and share no exterior building walls.

iv. The Security Dispatch Center must be equipped with a secondary isolated HVAC system and be on the building's UPS/back-up generator system.

v. All communications cabling for the Security Dispatch Center must be encased in conduit with all associated junction boxes equipped with vandal resistant security screws.

e. Mailroom

i. The mailroom should be located on the ground floor and share multiple exterior walls.

ii. The mailroom must be equipped with a secure area for storage of parcels and the ability for controlled public access to deliver mail/parcels. The room should span the public and private spaces to allow expedited delivery while providing secure storage.

iii. The access point, and secure storage, doors will be controlled card readers and monitored by video surveillance cameras.

iv. The mailroom will be equipped with a video intercom system on the unsecure side for requesting access outside of business hours.

v. Video surveillance cameras will be installed within the mail collection, storage, and delivery areas.

All X-ray screening equipment, in its entirety, are by Tenant as part of the Tenant Improvement work.

vi. The mailroom must be provided sufficient space for conducting X-ray screening of all parcels and operating operational equipment.

f. Safe Havens

Construction of all safe havens, in their entirety, are by Tenant as part of the Tenant Improvement work.

i. All floors will be evaluated for the potential addition of a Safe Haven. At a minimum, safe havens should be provided on alternating building floors.

ii. Safe Havens may serve as a traditional office space during normal business situations.

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iii. All interior walls should be provided with bullet resistant fiberglass materials.

iv. All access point doors should be ballistic-rated solid core construction and provide the interior occupant the ability to view an individual on the exterior without opening the door.

v. The access point door will be equipped with an internal locking mechanism that cannot be overridden from the exterior of the door. This device should be connected to the JEA access control system for remote release by the Security Dispatch Center.

vi. Safe Havens will be equipped with an emergency in-wall call box that provides a direct connection to the onsite Security Dispatch Center.

vii. Safe Havens will have interior video surveillance cameras for remote monitoring.

g. Telecommunication Rooms

i. All access point doors into telecommunication rooms will be controlled by a card reader and monitored by a video surveillance camera.

h. Elevators/Stairwells

Card readers in the elevator cabs by Landlord as part of the shell construction. These card readers are in addition to the fifteen (15) identified in the DRA.

i. All elevators and stairwell doors will be equipped with card readers to enable the ability to restrict/control floor access. The card readers will be installed within the cab of the elevators to control specific floor access.

ii. Video surveillance cameras will be installed at all elevator lobbies and on the secure side of all stairwell doors.

iii. All elevator lobbies will be equipped with video intercoms to allow emergency communications with the Security Dispatch Center.

i. Loading Docks

i. All loading dock bays should be located away from the public entrances to the greatest extent possible.

ii. All overhead doors and access control point doors will be controlled by card readers and monitored by video surveillance cameras.

iii. The loading dock will be equipped with a video intercom system on the unsecure side for requesting access.

iv. Video surveillance cameras will be installed within the loading dock to monitor all activity within the bays.

3. Parking Area

a. The parking area must provide for a physical separation between secured parking spaces and public parking.

b. All access for the secured parking spaces must be controlled by a card reader and monitored by video surveillance cameras.

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c. The entrance and exit of the secured parking spaces should be restricted through the use of an automatic gate system coupled with a traffic control barrier arm system.

d. All elevators, or access point doors, that permit access into the secured parking area must be controlled by a card reader and monitored by video surveillance cameras.

e. Video surveillance cameras will be installed to monitor the driving lanes and elevator waiting areas on all floors of the parking area.

Landlord has included ten (10) emergency call boxes in the parking area.

f. Emergency call boxes should be installed throughout the parking area to allow for emergency contact with the Security Department.

g. Protective lighting minimum standards for this area is 5 fc and 2 fc for all pedestrian entrances. The light-to-dark minimum acceptable ratio is 4-to-1 and the preferred lighting type is LED.

4. Customer Center Area

a. Lobby

i. The design of the customer lobby should be of such to facilitate clear line of sight for the Security Officers and the video surveillance system. Decorative displays or vegetation should be kept to a minimum to eliminate areas of security concern or blind spots.

ii. Any transition from public to private space, within the lobby, should be easily discernable to the customers.

iii. Security Officers should be located within the lobby area to control/monitor all activity. The Security Officer workspace should be elevated and positioned near the public entrances and in the most optimal location for observation of the space.

iv. Video surveillance cameras will be installed to provide 100% visual coverage of all areas within the lobby. In particular, cameras will be focused on waiting lines, entry points, and any service desks.

b. Teller

i. The teller area must be constructed to only permit access from the private space.

ii. All access point doors into teller area will be controlled by a card reader and monitored by a video surveillance camera.

The Customer Center Area lobby, teller area, revenue assurance area, and vault/cash handling area construction, in its entirety, shall be by Tenant as part of the Tenant Improvement work.

iii. The teller area will be provided a bullet resistant barrier for all service locations and adjacent walls. This barrier must consist of bulletproof transaction windows, service trays, and bullet resistant fiberglass panels below the desktop and within all adjacent walls.

iv. Designated locations will be equipped with an emergency duress buttons.

v. Video surveillance cameras will be installed at numerous locations throughout the teller area.

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003308

c. Revenue Assurance (RA)

i. Offices should be designated within the Customer Center Area to support the Revenue Assurance group. These offices should be located near the lobby waiting areas but segregated and isolated from the public. The access point doors for this area should be located in a close proximity to the Security Officer position within the lobby area.

ii. RA should be provided a designated waiting area in the lobby that is enclosed and controlled by a card reader. This waiting area should be of sufficient size to accommodate security-screening equipment.

iii. Video surveillance system cameras will be installed at all access points into the waiting area and within each RA office.

iv. Designated locations will be equipped with an emergency duress button.

d. Vault/Cash Handling Room

i. The vault/cash handling rooms must be located within the private space and have a limited number of access points.

ii. All access point doors leading into these areas will be controlled by a card reader and monitored by video surveillance cameras.

iii. Video surveillance system cameras will be installed throughout the interior of the vault room, cash handling room, and all associated passageways.

iv. Designated locations will be equipped with emergency duress buttons.

The DRA includes the following for security as part of the Landlord's base building requirements:

Head end system and card controlled access to fifteen (15) locations along with fifteen (15) CCTV cameras in included by Landlord as part of the shell work. The base building access control system will be compatible with Tenant's existing company issued access cards. Tenant shall have the right to install access control and video surveillance throughout the building as required as part of the Tenant Improvement work.

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003309

CONSTRUCTION ADDENDUM

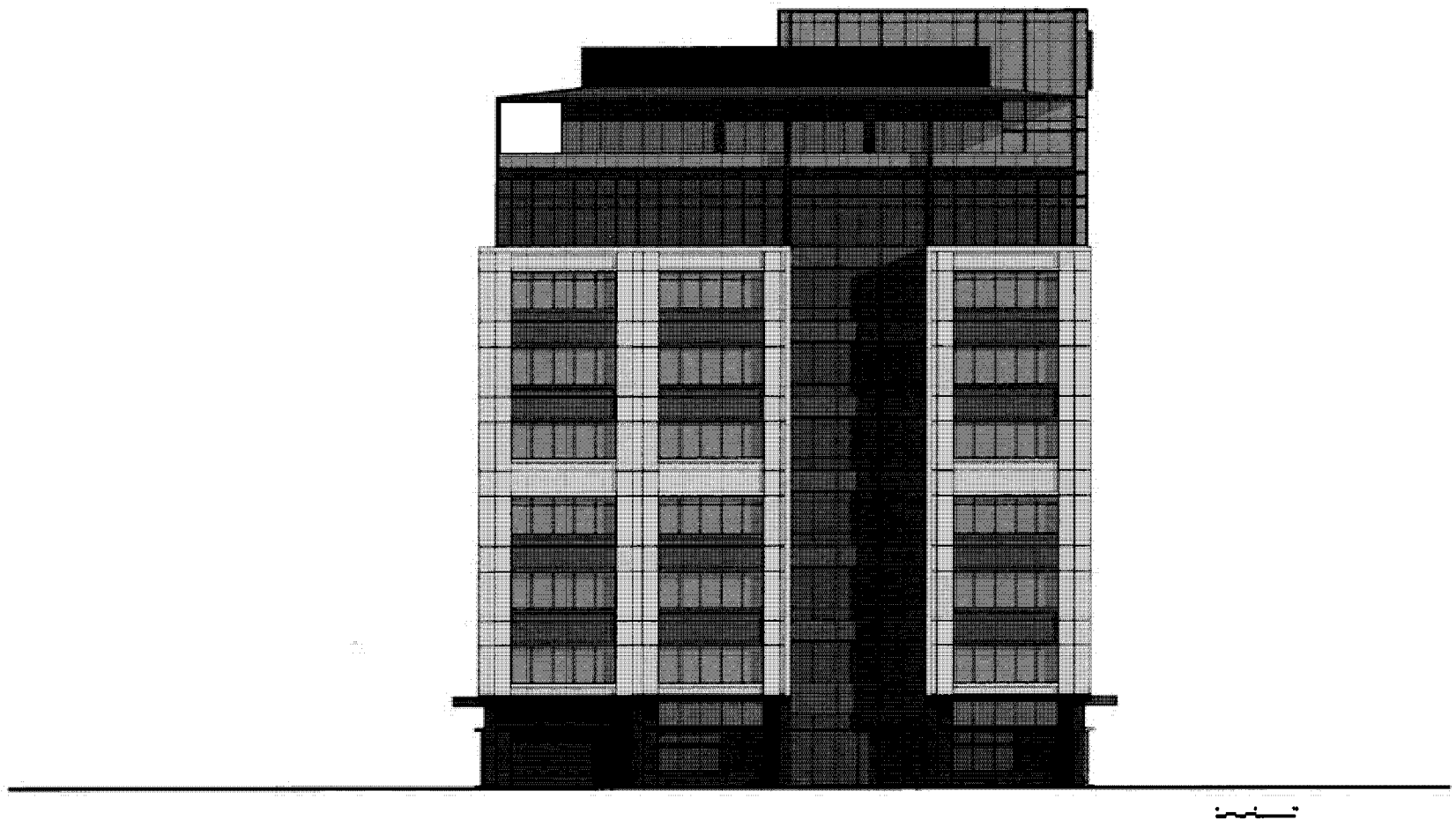
SCHEDULE 4

PRELIMINARY DESIGN

(on following 12 pages)



JEA Headquarters
East Elevation - Office Building
Scale 1"=8'



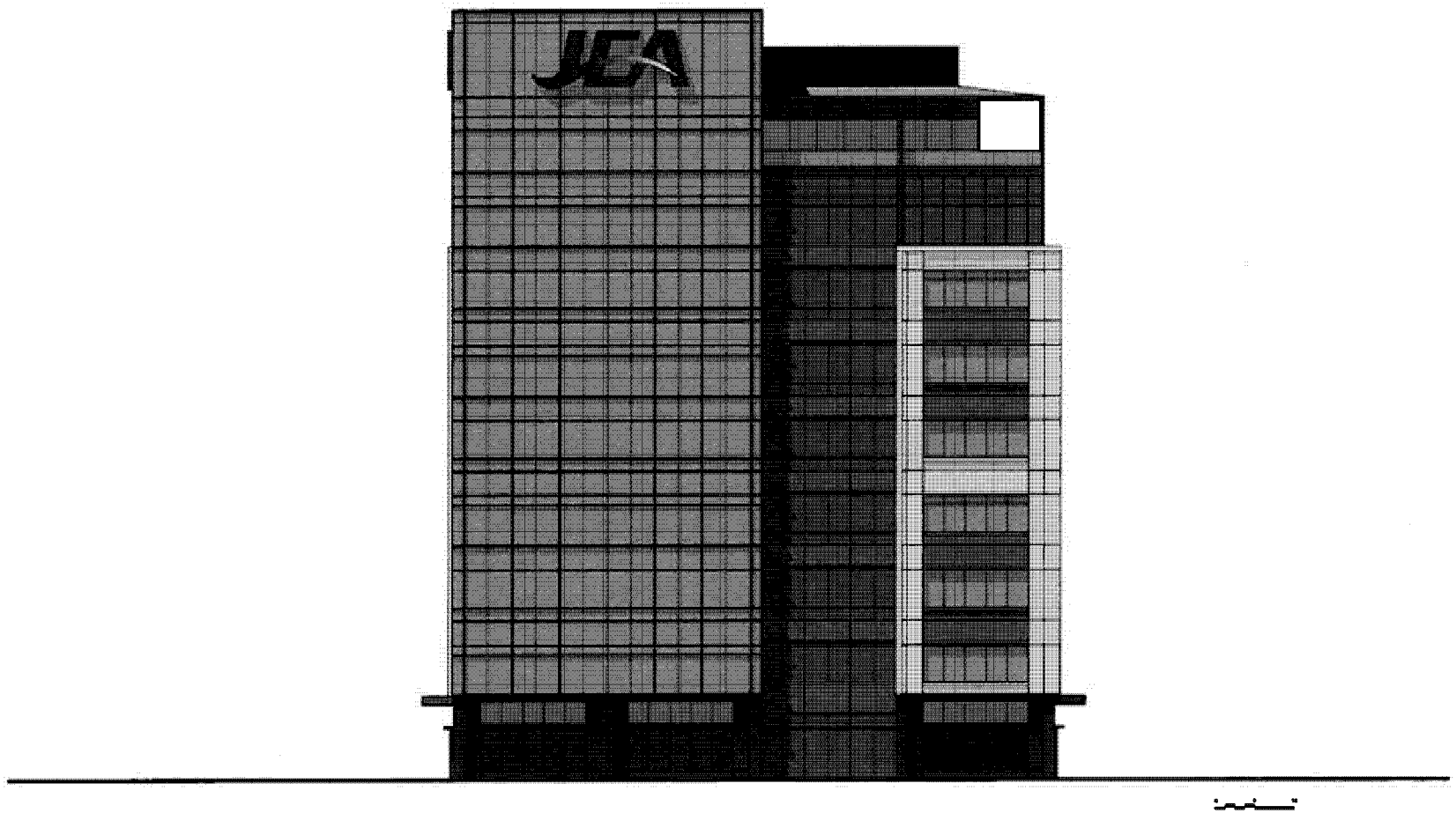
JEA Headquarters
North Elevation - Office Building
Scale 1"=8'



JEA Headquarters
North Elevation - Parking Garage and Office Building
Scale 1"=8'



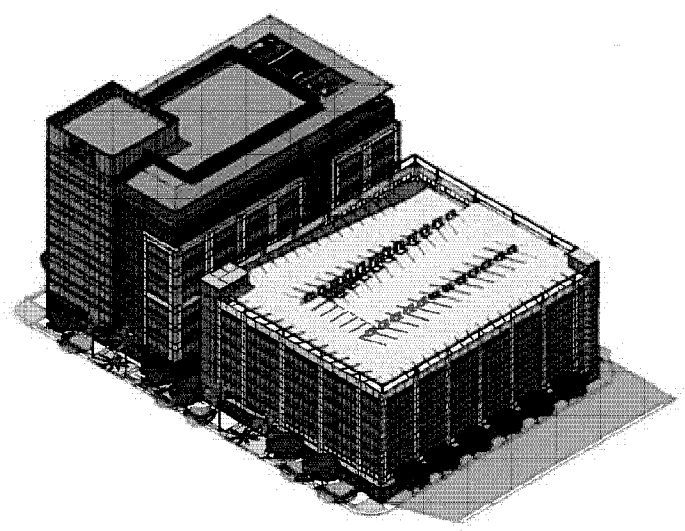
JEA Headquarters
West Elevation - Office Building
Scale 1"=8'

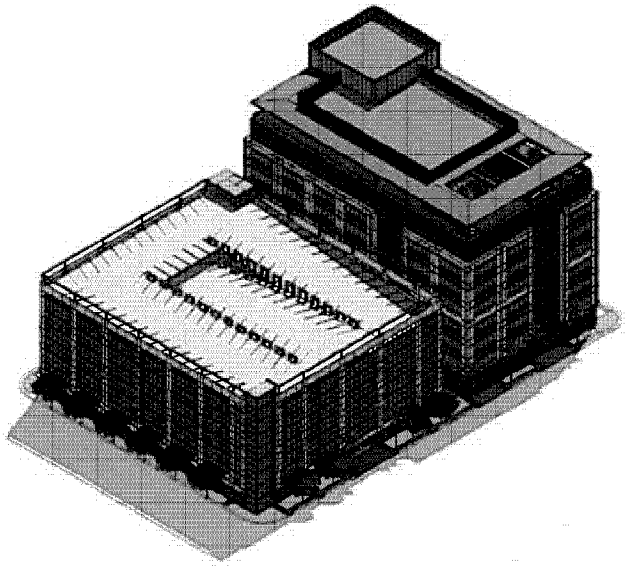


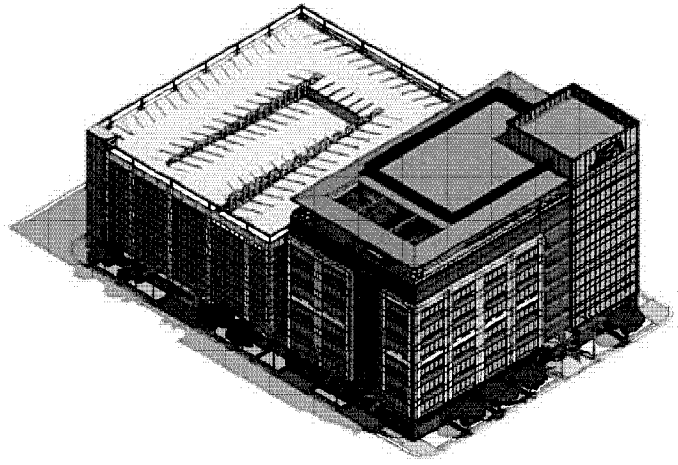
JEA Headquarters
South Elevation - Office Building
Scale 1" = 8'

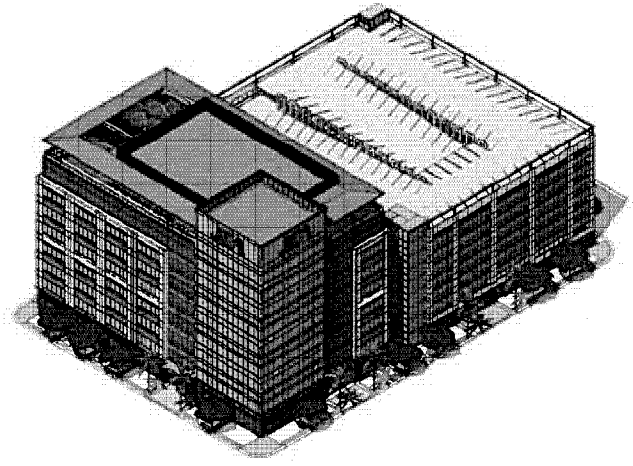


JEA Headquarters
South Elevation - Parking Garage and Office Building
Scale 1" =8'





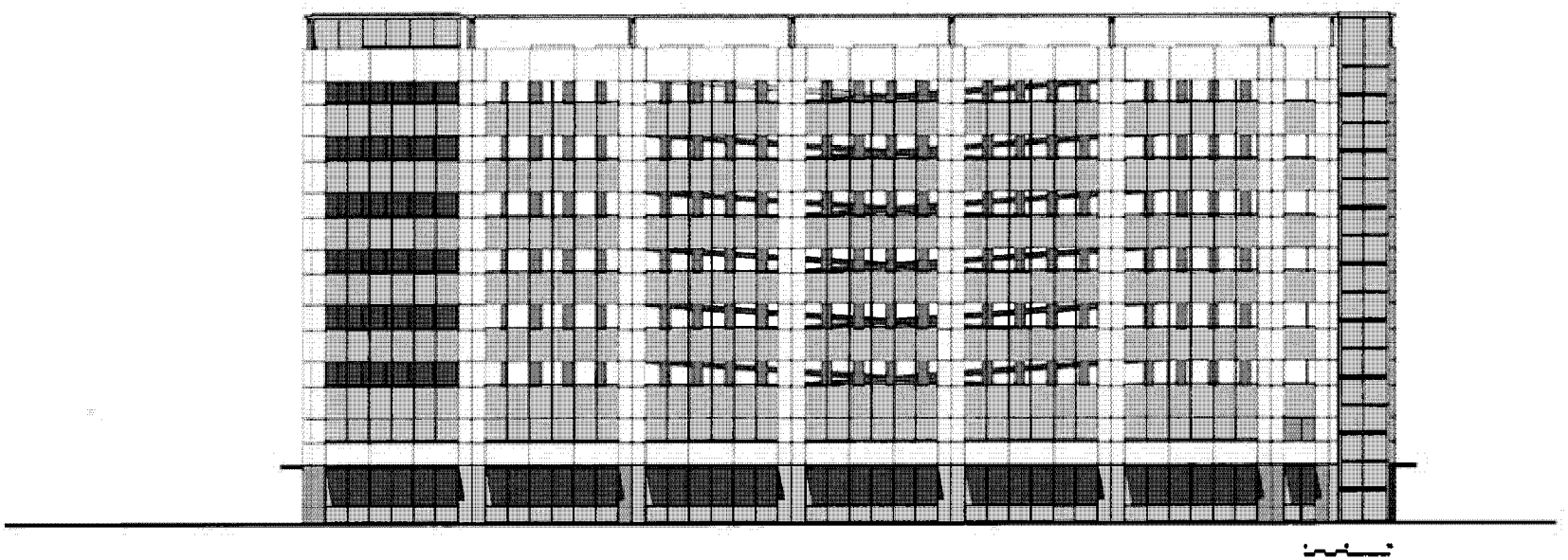




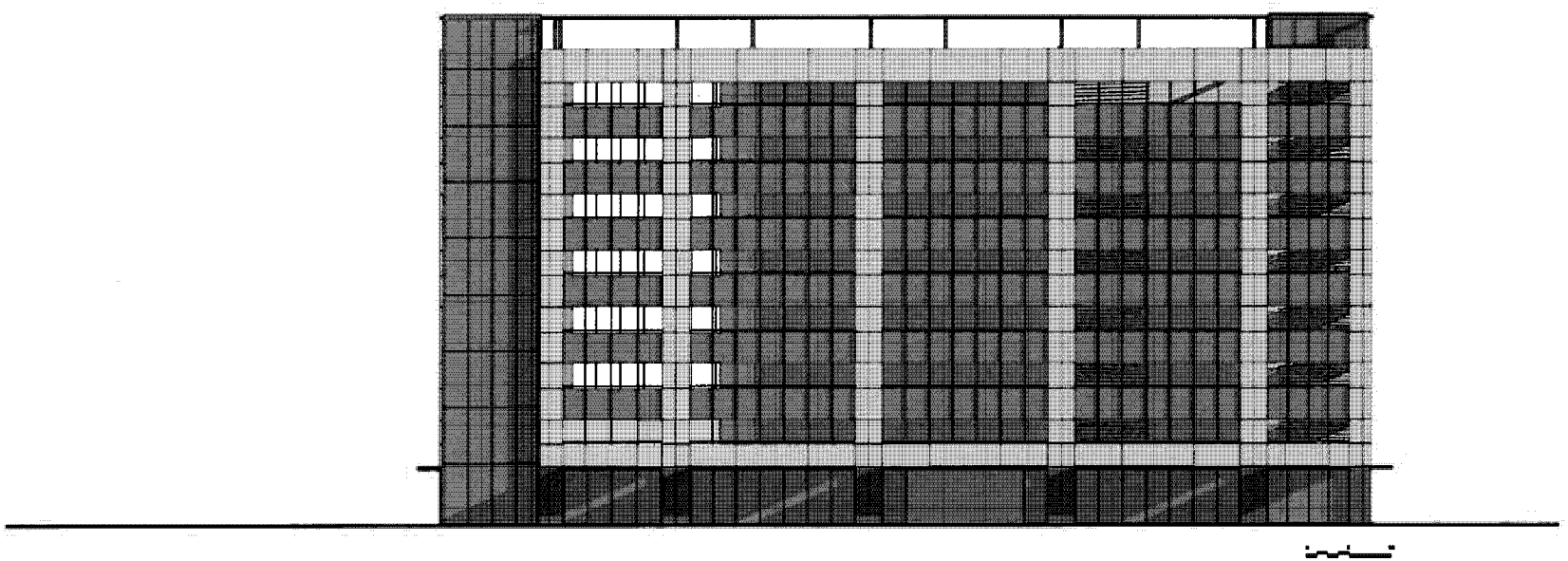
JEA Headquarters
Axonometric Views
Scale 1"=30'

2.1.2019

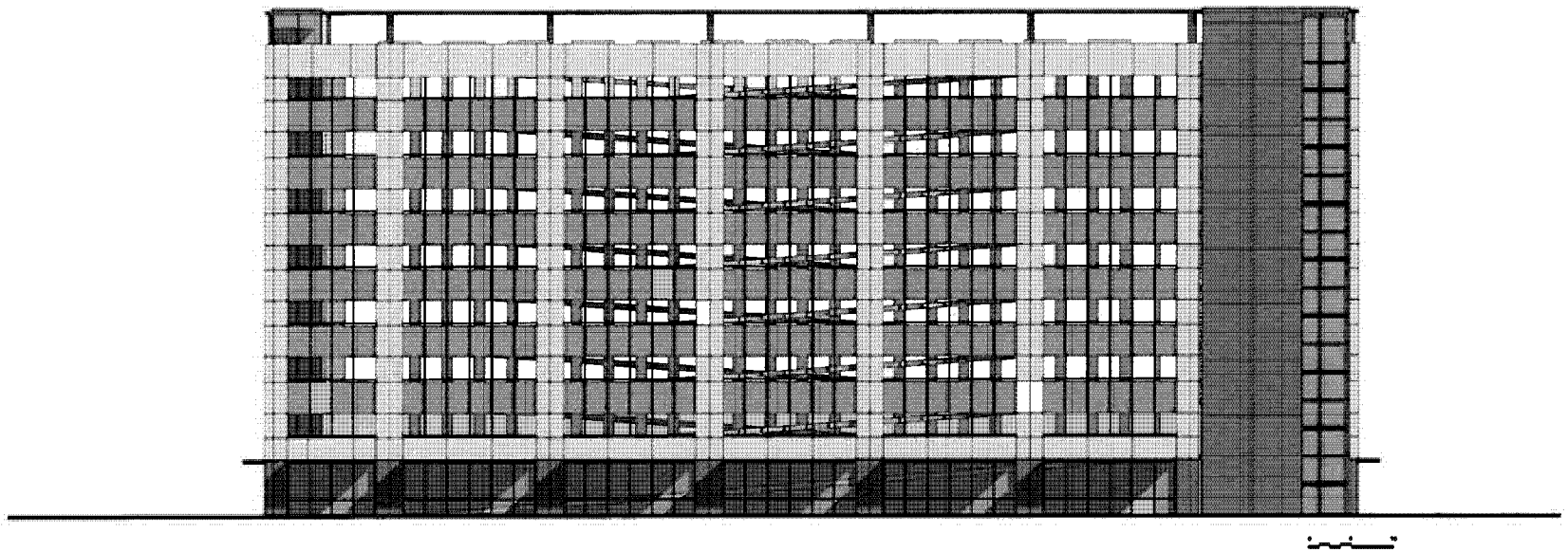
CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO



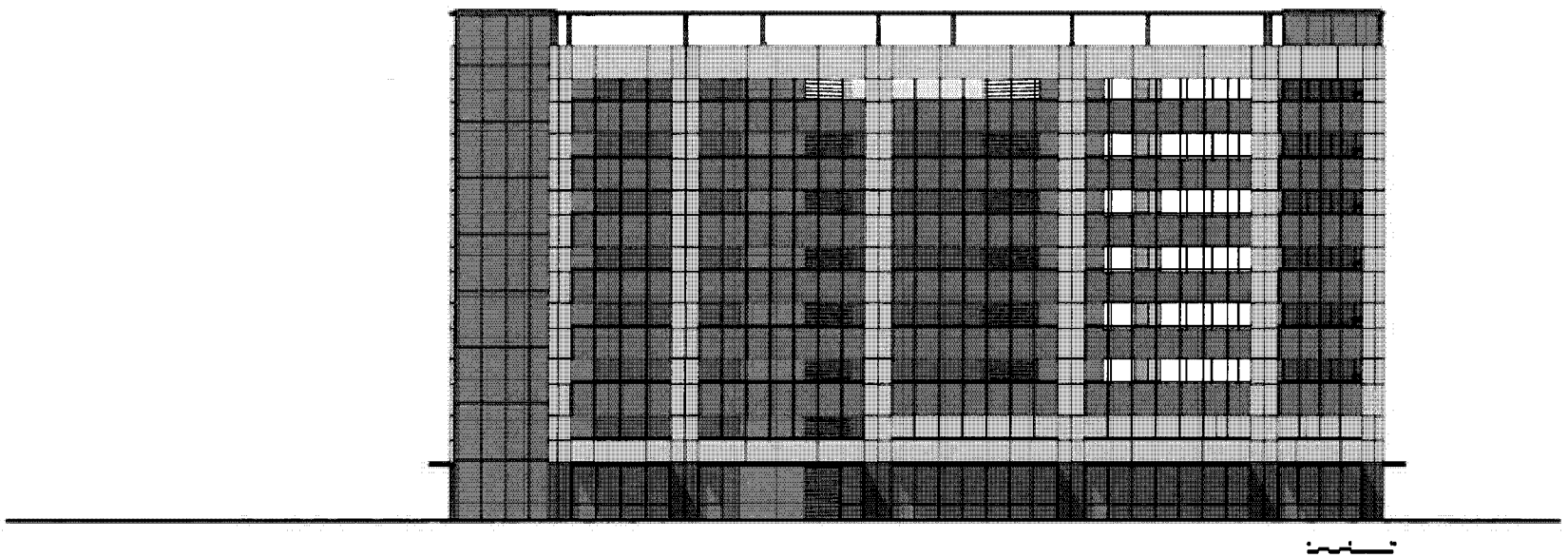
JEA Headquarters
East Elevation - Parking Garage
Scale 1"=8'



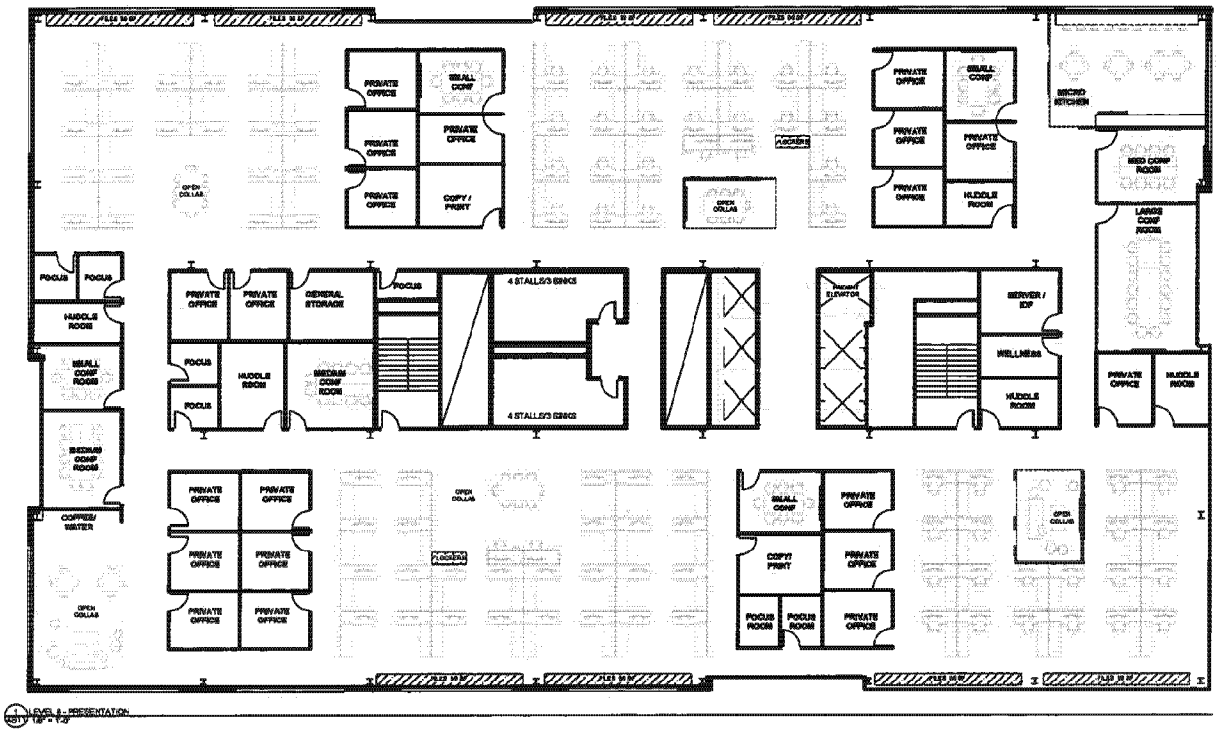
JEA Headquarters
North Elevation - Parking Garage
Scale 1"=8'



JEA Headquarters
West Elevation - Parking Garage
Scale 1"=8'



JEA Headquarters
South Elevation - Parking Garage
Scale 1"=8'



AB11

01.02.2019

JEA Headquarters
Sites 2 & 3

ITN PRICING SET

RYAN
RYAN Art, Inc.
50 South Tenth Street, Suite 300
Minneapolis, MN 55402-3012
612-492-4000 tel
612-492-3000 fax
WWW.RYANCOMPANIES.COM

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

SCHEDULE 5
Pro Forma Budget

ANTICIPATED COST REPORT - SHELL — 6/17/2019

Proj. Description: JEA - Shell/Core
Location: Jacksonville, FL

Gross SF: 207,810
Rentable SF: 195,426

JEA CBRE RYAN

Budget Category	Budget Line Description	Budget Information Original	Adjustments	Current
		3/11/2019		6/17/2019
1.00	REAL ESTATE COSTS	$ 3,174,000	$ -	$ 3,174,000
1.01	DEVELOPMENT COSTS	$ 9,978,738	$ -	$ 9,978,738
1.02	FEES	$ 3,019,592	$ -	$ 3,019,592
2.01	EARLY PROCUREMENT	$ 43,470	$ -	$ 43,470
2.02	DISPOSAL COSTS	$ -	$ -	$ -
2.03	CONSTRUCTION - SHELL/CORE	$ 40,221,657	$ -	$ 40,221,657
2.04	CONSTRUCTION - GARAGE	$ 15,545,739	$ -	$ 15,545,739
3.01	SHARED IT INFRASTRUCTURE	$ -	$ -	$ -
3.02	DEDICATED IT	$ -	$ -	$ -
3.03	OFFICE IT HARDWARE	$ -	$ -	$ -
3.04	SECURITY COSTS	$ 25,875	$ -	$ 25,875
3.05	AUDIO / VISUAL	$ -	$ -	$ -
3.06	CONTROLS	$ -	$ -	$ -
4.01	FURNITURE COSTS	$ -	$ -	$ -
4.02	OFFICE EQUIPMENT COSTS	$ -	$ -	$ -
4.03	ARTWORK & PLANTING COSTS	$ -	$ -	$ -
4.04	SIGNAGE	$ 170,775	$ -	$ 170,775
5.01	MOVING COSTS	$ -	$ -	$ -
6.01	MISCELLANEOUS	$ -	$ -	$ -
7.01	CONTINGENCY (contingency is imbedded in the numbers above)	$ -	$ -	$ -
	GRAND TOTALS:	**$ 72,179,846**	**$ -**	**$ 72,179,846**

3/11/2019

ATTACHMENT 7
ITN COST/SCOPE BREAKDOWN FORM
ITN # 010 - 19

Project Shell Cost Breakdown:

A	Base Building Shell Soft Costs not including TI's	$ 5,871,056	A = 1 - 3	
		1	$ 2,917,480	Design & Engineering
		2	$ 42,000	Due Diligence Costs
		3	$ 2,911,576	All other Costs & Contingencies
B	Base Building Shell Hard Costs not including TI's	$ 53,156,052	B = a - f	
		a	$ 1,122,232	CMAR Project General Conditions
		b	$ 1,020,482	CMAR Project General Requirements
		c	$ 1,996,086	CMAR Fee
		d	$ 209,272	CMAR Builders Risk
		e	$ 995,728	CMAR Insurance-SubGuard or P&P
		f	$ 47,812,252	Work Breakdown Submitted
C	Base Building Development Costs not including TI's	$ 9,978,738	All costs outside Hard, Soft & Raw Land	
D	Base Building Real Estate Costs	$ 3,174,000	Do not include anything but Raw Land costs	
E	Confirm no Remediation Costs are included	$ -	Per ITN Requirements this cell should = $0.00.	
F	Base Building Other Costs	$ -	Further Explanation and breakdown is required.	
G	Total Base Building Costs not including TI's	$ 72,179,846	G = A - F	
H	Separate P&P Bond as an "Add On"		$ -	
I	Total Rentable Square Footage	195,426	Confirm	
J	Total Gross Square Footage	207,810	Confirm	
K	Resultant Load Factor	1.0634	Confirm	
L	Confirm Property Flood Zone(s)	Zone X	Confirm	
M	Confirm # of Dedicated Parking Spaces	870	Confirm	

CONSTRUCTION ADDENDUM

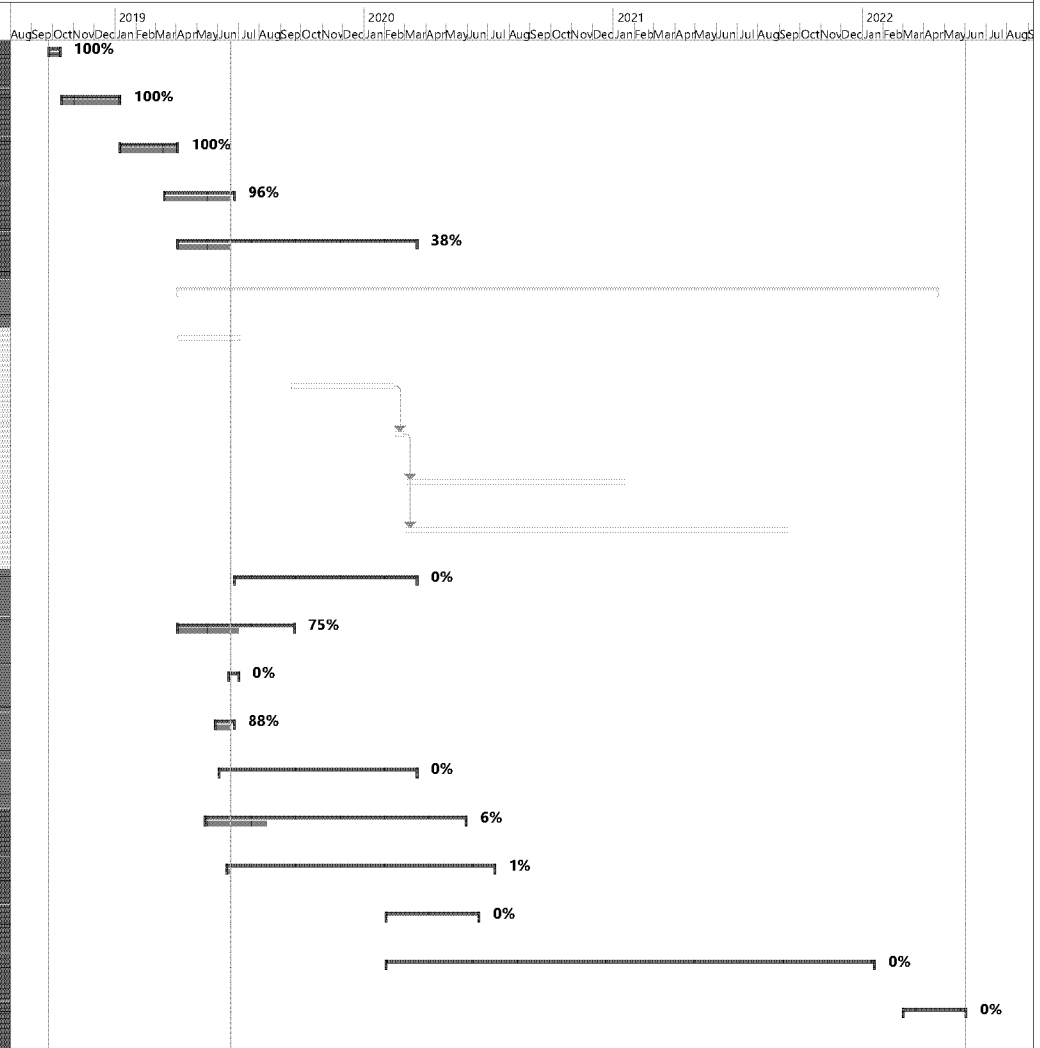
SCHEDULE 6

PROJECT SCHEDULE

(on following page)

Lease Schedule Draft 6-20-19 - B.mpp

ID	Task Name	Duration	Start	Finish
1	Solicitation to Ranking	13 days	Wed 9/26/18	Fri 10/12/18
5	Solicitation	62 days	Mon 10/15/18	Tue 1/8/19
20	Ranking & Recommendations	60 days	Wed 1/9/19	Tue 4/2/19
39	Development Initiation	72 days	Fri 3/15/19	Mon 6/24/19
45	Land Control	251 days	Wed 4/3/19	Wed 3/18/20
46	Lease Milestone Deadlines	797 days	Wed 4/3/19	Thu 4/21/22
47	"Land Control" Deadline	12.85 wks	Wed 4/3/19	Tue 7/2/19
48	Sitework Commencement	109 days	Tue 9/17/19	Fri 2/14/20
49	Vertical Construction Commencement	2 wks	Mon 2/17/20	Fri 2/28/20
50	Tenant Start	46.4 wks	Mon 3/2/20	Tue 1/19/21
51	Shell Substantial Completion	80.12 wks	Mon 3/2/20	Mon 9/13/21
52	Lease Activities	192 days	Tue 6/25/19	Wed 3/18/20
59	DDRB/DIA	123 days	Wed 4/3/19	Fri 9/20/19
70	COJ	11 days	Mon 6/17/19	Mon 7/1/19
77	Due Diligence	20 days	Tue 5/28/19	Mon 6/24/19
82	Close	208 days	Mon 6/3/19	Wed 3/18/20
92	Shell Design Milestones	275 days	Mon 5/13/19	Fri 5/29/20
105	TI Design Milestones	281 days	Fri 6/14/19	Fri 7/10/20
119	Preconstruction Services	98 days	Mon 2/3/20	Wed 6/17/20
126	Construction Services	512 days	Mon 2/3/20	Tue 1/18/22
136	Project Close	66 days	Tue 3/1/22	Wed 6/1/22



CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

CONSTRUCTION ADDENDUM

SCHEDULE 7

Landlord has right to qualify, not to be unreasonably withheld, the Tenant Improvement Contractor and has the right to review and reasonably approve the conditions for the working terms of the Tenant Improvement Contractor's contract. Prior to November 1, 2019, Landlord will provide any "Rules & Regulations" documents that will facilitate the coordination of the Tenant Improvements Work and access to the Building for such work, which Rules & Regulations shall be generally in accordance with industry standards and provide reasonable access and conditions for the performance of the Tenant Improvements Work.

EXHIBIT B-1

Description of Land

Fee Simple Parcel:

Lots 1, 2, 3, 4, 5 and 6, Hart's Map of Jacksonville, according to plat thereof as recorded in the Former Public Records of Duval County, Florida.

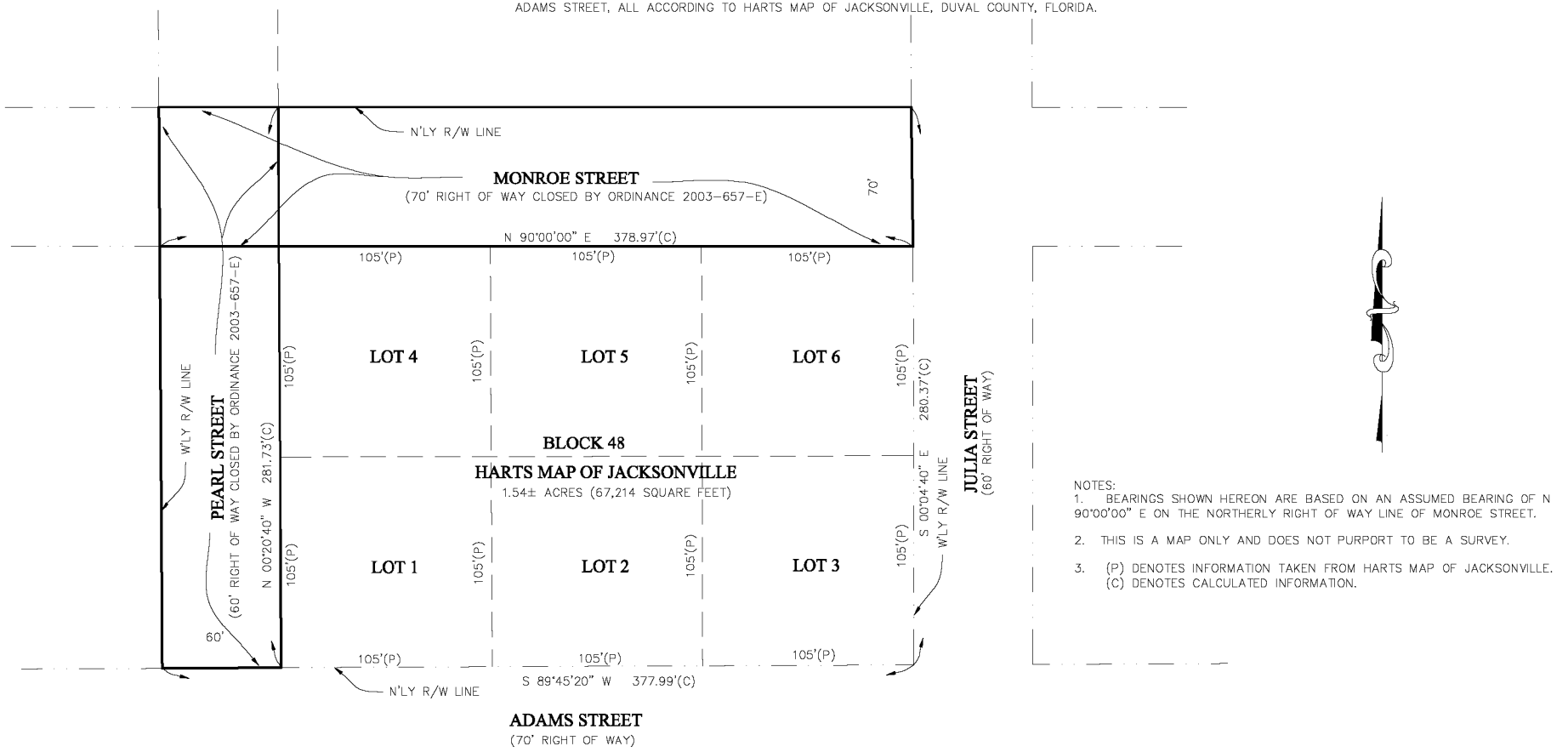
Access Easement Parcel:

As shown on the attached sketch prepared by Degrove Surveyors, Inc. dated June 6, 2019.

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003327

MAP OF:

ALL OF MONROE STREET (A 70 FOOT RIGHT OF WAY, CLOSED BY ORDINANCE 2003-657) FROM THE WESTERLY RIGHT OF WAY LINE OF PEARL STREET TO THE WESTERLY RIGHT OF WAY LINE OF JULIA STREET, TOGETHER WITH ALL OF PEARL STREET (A 60 FOOT RIGHT OF WAY, CLOSED BY ORDINANCE 2003-657) FROM THE NORTHERLY RIGHT OF WAY LINE OF MONROE STREET TO THE NORTHERLY RIGHT OF WAY OF ADAMS STREET, ALL ACCORDING TO HARTS MAP OF JACKSONVILLE, DUVAL COUNTY, FLORIDA.



NOTES:

1. BEARINGS SHOWN HEREON ARE BASED ON AN ASSUMED BEARING OF N 90°00'00" E ON THE NORTHERLY RIGHT OF WAY LINE OF MONROE STREET.
2. THIS IS A MAP ONLY AND DOES NOT PURPORT TO BE A SURVEY.
3. (P) DENOTES INFORMATION TAKEN FROM HARTS MAP OF JACKSONVILLE.
   (C) DENOTES CALCULATED INFORMATION.

SURVEY DATE: N/A	DRAWING DATE: JUNE 6, 2019
FIELD BOOK_____, PAGE(S)_____	DRAWING SCALE: 1" = 50'
DRAFTED BY: BDC	REVISION DATE:
CHECKED BY: BDC	
COMPUTER FILE: 2019075.DWG	
JOB FILE No. 2019075	

2131 CORPORATE SQUARE BOULEVARD,
JACKSONVILLE, FL 32216
904-722-0400
FAX 904-722-0402
DEGROVE@DEGROVE.COM
LICENSED BUSINESS NUMBER L.B.4603

DEGROVE Surveyors, Inc.

THIS MAP MEETS THE STANDARDS OF PRACTICE FOR PROFESSIONAL AND MAPPERS IN THE STATE OF FLORIDA PURSUANT TO CHAPTER 5J-17.051 & 5J-17.052, F.A.C.

BRENDA D. CATONE, P.S.M., FLORIDA CERTIFICATION NO. 5447

NOTICE:
NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

CERTIFIED TO:

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

EXHIBIT B-2

Permitted Exceptions

1. Taxes and assessments for the year 2019 and subsequent years, which are not yet due and payable.

2. Revocable Permit and Indemnification Agreement recorded in Official Records Book 18164, Page 2485, Public Records of Duval County, Florida.

3. Reservation of an undivided three-fourths interest in, and title in and to an undivided three-fourths interest in, all the phosphate, minerals, and metals that are or may be in, on, or under the said land and an undivided one-half interest in all the petroleum that is or may be in, on, or under said land with the privilege to mine and develop the same in accordance with Section 270.11(1), Florida Statutes in favor of the City of Jacksonville.

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO JPM_SIC_00003329

EXHIBIT C

Operating Expense

"Operating Expenses" shall mean the reasonable, actual and necessary, out-of-pocket expenses (except Landlord may use its normal accrual method of accounting), obtained at competitive prices, and that are directly attributable to the operation, maintenance, management, and repair of the Building and shall include, but not be limited to:

(a) the cost of building supplies, tools, equipment, and materials;

(b) costs incurred in connection with janitorial services;

(c) general maintenance and repair of the Building including, but not limited to, the heating and air conditioning systems and structural components of the Building;

(d) landscaping, maintenance, repair and striping of all parking areas used by tenants of the Building;

(e) insurance, including comprehensive general liability insurance and any rental insurance and special form (all risk) insurance;

(f) labor costs incurred in the operation and maintenance of the Building, including wages and other payments for all administrative, engineering and management level positions directly providing services to the Property, as allocated in proportion to the services provided to the Property versus other properties or endeavors;

(g) costs to Landlord for Workmen's Compensation and disability insurance;

(h) payroll taxes and welfare fringe benefits, including building management fees, legal, accounting, inspection, training, uniform fees, mileage reimbursements, and consultation fees incurred in connection with the Building (but in no event shall fees for the management of the Building exceed 2.5% of the Annual Rent for the Building or include any leasing commissions or compensations);

(i) costs incurred by Landlord for any capital improvements or capital repairs to the Building required by any change in the laws, ordinances, rules, regulations or otherwise which were not in effect on the Term Commencement Date required by any governmental or quasi-governmental authority having jurisdiction over the Building, or any improvements or repairs required to continue to maintain LEED or EnergyStar status after achieving such status in accordance with the Lease as of the Term Commencement Date (collectively, the "***Compliance Capital Improvements***"), which costs shall be amortized in equal increments over the useful life of such improvements or repairs (regardless of whether or not the useful life extends beyond the expiration of the Term of this Lease);

(j) and any costs incurred by Landlord in making capital improvements or other modification to the Building or any part thereof which reduce or are intended to reduce the Operating Expenses ("***Cost Reduction Capital Improvements***"), which costs shall be amortized in equal increments over the useful life of such improvements or modifications (regardless of whether or not the useful life extends beyond the expiration of the Term of this Lease), but such costs shall be withdrawn from Operating Expenses to the extent it is subsequently determined that Operating Expenses were not reduced by the Cost Reduction Capital Improvements.

Operating Expenses shall be "net" only, and for that purpose shall be reduced by the amounts of any reimbursement, refund or credit received or receivable by Landlord (net of the reasonable costs and expenses of obtaining the same, if any) with respect to any item of cost that is included in Operating Expenses; provided that Landlord shall have no obligation to seek or obtain any such reimbursement, refund or credit unless specifically requested by Tenant. In the

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event any such reimbursement, refund or credit is received or receivable by Landlord in a later year, it shall be applied against the Operating Expenses for such later year; provided, however, that if the Term of this Lease has then expired, such reimbursement, refund or credit shall promptly be refunded by Landlord to Tenant.

Notwithstanding any contrary provision contained herein, Operating Expenses shall expressly exclude the following:

(a) the cost of any work or service performed for Tenant or any other tenant at Tenant's or such other tenant's direct cost;

(b) the cost of correcting defects in the design or construction of the Building, but excluding ordinary wear and tear to the Building;

(c) salaries of officers and executives of Landlord;

(d) the cost of any items for which Landlord is reimbursed by insurance or otherwise;

(e) the cost of any improvements, additions or alterations to the Building, except to the extent expressly permitted above with respect to Compliance Capital Improvements or Cost Reduction Capital Improvements;

(f) the cost of any repairs, alterations, additions, changes, replacements and other items which under generally accepted accounting principles are properly classified as capital expenditures, except to the extent expressly permitted above with respect to Compliance Capital Improvements or Cost Reduction Capital Improvements;

(g) expenses for repairs or maintenance related to the Building which have been reimbursed to Landlord pursuant to warranties or service contracts;

(h) repairs or other work needed because of fire, windstorm, or other casualty or cause insured against by Landlord or to the extent Landlord's insurance required under Section 5.12 would have provided insurance, whichever is the greater coverage;

(i) insurance premiums to the extent Landlord may be reimbursed therefor;

(j) interest on debt or amortization payments on any mortgage and rental under any ground lease or other underlying lease or depreciation on the Building;

(k) principal payments on indebtedness secured by liens against the Building, or costs of refinancing such indebtedness;

(l) compensation paid to clerks, attendants, or other persons in commercial concessions operated by Landlord;

(m) any real estate brokerage commissions;

(n) any advertising expenses;

(o) any costs included in Operating Expense representing an amount paid to an entity or person related to Landlord to the extent such amount is in excess of the amount which would have been paid in the absence of such relationship;

(p) any costs of painting or decorating of any tenanted part of the Building;

(q) lease payments for rented equipment, the cost of which equipment (i) would constitute a capital expenditure if the equipment were purchased, and (ii) would not qualify as a Compliance Capital Improvement or a Cost Reduction Capital Improvement;

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(r) any expenses for repairs or maintenance which are covered by warranties and service contracts;

(s) costs incurred because Landlord or another tenant violated the terms of any lease;

(t) any fines or penalties incurred because Landlord violated any Applicable Laws;

(u) costs incurred to test, survey, cleanup, contain, abate, remove or otherwise remedy any Hazardous Materials for which Landlord is responsible pursuant to the Lease, including, but not limited to, the remediation cost of the Known Environmental Conditions;

(v) accounting fees for accounting and preparation of tax returns related to the Building;

(w) any costs incurred to acquire, operate, repair or maintain any real property not a part of the Land or the Building as of the Effective Date;

(x) any expenses specifically excluded from Operating Expenses by the other provisions of this Lease;

(y) other expenses that under generally accepted accounting principles consistently applied would not be considered normal maintenance, repair, management, or operation expenses; and

(z) non-recurring costs incurred to remedy structural defects in original construction materials or installations for the Building, Building Systems and Building Facilities.

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EXHIBIT D

Janitorial Services
CLEANING SPECIFICATIONS

ENTRANCE LOBBIES/BUILDING CORRIDORS

Daily Service: Five (5) days per week:

a. Empty all waste containers and remove trash from building. Replace liners when torn or soiled.
b. Damp wipe exterior or waste containers to maintain clean appearance.
c. Vacuum carpeted areas.
d. Spot clean carpets.
e. Sweep with chemically treated dust mop and spot mop hard surface floors.
f. Sweep and wet mop heavily used areas.
g. Dust horizontal surfaces within reach.
h. Empty, clean and replace all ash trays and cigarette urns.
i. Clean and polish drinking fountains.
j. Spot clean walls and doors as needed.
k. Wash entrance door glass.
l. Clean walk-off mats as needed.
m. Maintain janitor closets in a neat and orderly fashion.
n. Observe building security and lighting procedures.

Weekly Service:

a. Perform high/low dusting
b. Clean metal doorframes and thresholds.
c. Police high/low edges, corners, doorjambs, window ledges and sills. Remove cobwebs and debris.
d. Vacuum carpeted areas

Monthly Service:

a. Edge vacuum all carpets and wipe down baseboards.
b. Vacuum or brush upholstered furniture.
c. Dust leather or vinyl covered furniture.
d. Perform high/low dusting.

Quarterly Service:

a. Machine strip hard surface floors and refinish per manufacturers specifications.

STAIRWAYS AND LANDINGS

Daily Service: Five (5) days per week:

a. Police areas to remove refuse and debris.
b. Damp mop to remove spillage.
c. Broom sweep as needed.

Weekly Service:

a. Dust handrails.
b. Damp mop to remove spillage.

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c. Broom sweep as needed.

OFFICE AREAS

Daily Service: Five (5) days per week:

a. Empty all waste containers and remove trash from building.
b. Damp wipe exterior of waste containers to maintain clean appearance.
c. Vacuum high traffic carpeted areas.
d. Spot vacuum hard to reach places and under desks as needed.
e. Spot clean carpets.
f. Sweep with chemically treated dust mop and spot mop hard surface floors.
g. Dust horizontal surfaces within reach, including telephone equipment.
h. Clean and polish drinking fountains.
i. Spot clean walls and doors as needed.
j. Spot clean glass partitions.
k. Observe building security and lighting procedures.

Weekly Service:

a. Perform high/low dusting
b. Vacuum hard to reach places and under desks.
c. Clean door frames and thresholds.
d. Disinfect telephone equipment.

Monthly Service:

a. Dust leather or vinyl covered furniture.
b. Edge carpets and damp wipe baseboards.
c. Vacuum or brush upholstered furniture
d. Dust window blinds.
e. Clean all ceiling vents.

Quarterly Service:

a. Machine strip hard surface floors and refinish per manufacturers specification

ELEVATORS

Daily Service: Five (5) days per week:

a. Sweep and mop floors.
b. Clean door facings.
c. Clean interior of cab (fingerprints, graffiti, etc.)
d. Clean and polish bright work.
e. Clean dirt and debris from door tracks.

RESTROOMS

Daily Service: Five (5) days per week:

a. Sanitize and disinfect toilets, toilet seats and urinals with a germicidal cleaner.
b. Clean wash basins, mirrors and other restroom equipment.
c. Empty all waste containers and replace lingers.
d. Sweep, wet mop and sanitize floors.
e. Clean and polish bright work.

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f. Spot clean walls and partitions.
g. Refill towel, tissue and soap dispensers.
h. Report malfunctioning equipment.

Weekly Service:

a. Clean/dust partition walls.

Monthly Service:

a. Machine scrub hard surface floors, where applicable.
b. Dust air supply and exhaust diffusers.
c. Perform high dusting

Quarterly Service:

a. Machine strip hard surface floors and refinish per manufacturers specification.

EXTERIOR ENTRY WAYS AND PATIOS

Daily Service: Five (5) days per week

a. Clean glass coverings or monitors to building directories.
b. Empty trash receptacles. Wipe and/or polish exterior surfaces. Replace liners when needed.
c. Police for and remove cigarette butts from planters.
d. Thoroughly sweep accumulations of dirt, papers, and leaves in patio or exterior sitting areas.
e. Sweep all cobwebs from entrances, corners, light fixtures, etc.
f. Remove trash to designated trash areas.

DAY SERVICES - Day Porter

1. Two (2) times during the day:
   a. Check men's washrooms and replace supplies as necessary
   b. Wipe down and clean all lavatory tops and fixtures as needed
   c. Police rest room to prevent paper/trash on floor
2. Two (2) times during the day:
   a. Check ladies washrooms and replace supplies as necessary
   b. Wipe down and clean all lavatory tops and fixtures
   c. Police rest room to prevent paper/trash on floor
3. Vacuuming of elevator cabs will be performed at least two (2) times per day. With dry cloth (no chemicals) remove smudges, fingerprints from metal surfaces when vacuuming is done. All trash is also to be removed.
4. There will be a constant surveillance of public areas, interior and exterior, to ensure cleanliness, which includes removal of gum or stains. All cigarette receptacles will be cleaned at least one time during the day. Vacuum all public corridors and elevator lobbies as needed. Damp mop where necessary all spills/water. Dust mop all public areas where stone and/or tile floors are present. Police areas for trash.
5. Perform special cleaning needs of individual tenants as authorized by Property Management.
6. One time per day wipe down common area doors to include stairwells and bathrooms to remove any marks.

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EXHIBIT E

Environmental Site Assessments

1. Phase I Environmental Site Assessment, Proposed Downtown Courthouse Site, Block 48, Jacksonville Harts Area dated June 20, 2001 and prepared by Ellis and Associates, Inc.

2. Groundwater Assessment Report dated March 1, 2005 and prepared by Aerostar Environmental Services, Inc.

3. Site Assessment Report Block 48, Jacksonville Harts Area dated February 5, 2018 and prepared by CDM Smith

4. Groundwater Monitoring Report dated November 30, 2018 and prepared by CDM Smith

5. Supplemental Site Assessment, Block 48, Jacksonville Harts Area dated April 5, 2019 and prepared by CDM Smith

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EXHIBIT F

Termination Reimbursement Agreement

The Landlord's team is committed to providing the highest level of service to Tenant throughout this project.

Tenant is in strategic discussions with its Board concerning its path forward and developing a 10 year strategic plan. Tenant is presenting a series of strategic scenarios to its Board of Directors in order to receive direction on the future state of Tenant.

Tenant desires to continue planning and forward progress on the Building pursuant to this Lease. This termination reimbursement agreement (this "Reimbursement Agreement") requires the Tenant to reimburse Landlord for certain costs in the event Tenant terminates this Lease in accordance with Section 27.13 of this Lease.

Landlord will continue to plan for the project including site due diligence, core and shell architectural design and approvals, development rights and construction preliminary planning. Tenant will continue to work with Landlord on design elements, engage third party programming for building size, efficiencies and adjacencies to finalize programming to coordinate with core and shell design and garage design. This Reimbursement Agreement will expire October 1, 2019, in the event that Tenant has issued (or has been deemed to have issued) the Notice to Proceed to Landlord on or before September 30, 2019, in accordance with Section 27.13 of this Lease. Tenant may terminate this Lease at any time on or before September 30, 2019 as provided in Section 27.13 of the Lease, in which event it shall reimburse Landlord for costs incurred up to the date of termination in accordance with the conditions and limitations contained in this Exhibit F, and the Tenant's reimbursement obligations shall survive the termination of the Lease. Upon such notice of termination from Tenant, Landlord will cease incurring expenses with respect to the project, and all expenses incurred after the effective date of such notice of termination (which day shall be no sooner than actual receipt by Landlord of such termination notice) will be the responsibility of Landlord.

More specifically:

Landlord will continue to move forward in earnest on the Building and site design and assumes the programming will start July 15, 2019 and will be completed by a 3rd party, however Landlord A+E will be involved in the programming exercise to ensure a seamless transition to schematic design. This will involve continuing architectural design engagement as well as hiring and engaging several other design team members as outlined in the Tenant Interim Agreement Cash Flow Projection, attached as Exhibit A to this Reimbursement Agreement.

Landlord will continue to move forward with the site acquisition due diligence process.

Landlord will continue to move forward with the governmental approval process.

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Landlord will track and support all costs incurred since April 2, 2019, both internal and external (out-of-pocket) in performing this work.

Tenant will continue to work with Landlord on programming and design approvals.

Tenant agrees to reimburse Landlord for 100% of all costs incurred from April 2, 2019 to the date of termination, with a not to exceed amount of $2,903,403 based on tracked and supported costs in accordance with Appendix A.

Should Tenant provide the notice of termination to Landlord, Landlord will invoice for all actual expenses through the effective date of termination. The invoice will be payable within twenty (20) days of receipt. Landlord shall provide reasonable support documentation with such invoice, and Tenant shall have the ability to audit such expenses with Landlord providing such information as reasonably requested by Tenant. Tenant's reimbursement obligations survive the termination of the Lease as provided herein and under any other clause in the Lease.

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EXHIBIT F
APPENDIX A

JEA Corporate Headquarters

Description	Costs Thru 4/30/2019	Costs Thru 5/31/2019	Costs Thru 6/14/2019	Week Of 17-Jun	Week of 24-Jun	Week of 1-Jul	Week of 8-Jul	Week of 15-Jul	Week of 22-Jul	Week of 29-Jul	Week of 5-Aug	Week of 12-Aug	Week of 19-Aug	Week of 26-Aug	Week of 2-Sep	Week of 9-Sep	Week of 16-Sep	Week of 23-Sep	Week of 30-Sep	TOTAL
Projected Project Costs																				
Due Diligence																				
Geotechnical Engineer				$ 13,000	$ 10,000		$ 4,645													$ 27,645
GPR				$ 2,700																$ 2,700
Boundary/ALTA Survey				$ 6,500	$ 6,500															$ 13,000
Topo and Misc. Easements				$ 6,500	$ 6,500															$ 13,000
Legal Fees (Financing & Agreements)(External)		$ 40,000.00	$ 20,000.00	$ 10,000	$ 10,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 145,000
Legal Fees (Internal)																				$ -
Audra Williams - Attorney	$ 6,070.00	$ 5,205.00	$ -	$ 3,500	$ 3,500	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 1,750	$ 42,775
Michelle Felt - Paralegal	$ 2,200.00	$ 2,000.00	$ -	$ 1,500	$ 1,500	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 750	$ 17,700
Environmental Investigation				$ 4,000	$ 1,000	$ 8,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 14,000.00	$ 1,000						$ 34,000
Appraisal - Land	$ 3,000.00																			$ 3,000
Appraisal - Loan													$ 15,000.00							$ 15,000
																				$ -
																				$ -
Design Fees																				$ -
Traffic Study				$ 3,000	$ 3,000	$ 3,000	$ 4,000	$ 3,000	$ 3,000	$ 3,000										$ 22,000
Civil Engineer's Consultant				$ 8,625	$ 8,625	$ 8,625	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 8,625	$ 8,625	$ 8,625	$ 8,625	$ 8,625	1000	$ 8,833.33	$ 8,833.33	$ 8,833.33	$ 100,500
Architect's Consultant				$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 31,961	$ 511,372
Structural Engineer's Consultant												$ 17,931	$ 17,931	$ 17,931	$ 17,931	$ 17,931	$ 17,931	$ 17,931	$ 17,931	$ 143,450
Parking Consultant								$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 6,948	$ 83,372
HVAC Consultant								$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 3,654	$ 43,843
Plumbing Consultant								$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 2,082	$ 24,978
Elect Consultant								$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 6,115	$ 73,382
Ryan Project Management																				$ -
Max Bosso - Director of Development				$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 16,000
Brad Hill - Division Manager				$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 1,225	$ 19,600
Robert Miller - Estimator				$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 20,000
Daniel LoDuca/Tyler Lohmiller - Sr. PM's				$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 81,600
John Bentley - Field Coordinator				$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 9,600
Mike Harryman - Project Executive				$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 2,750	$ 44,000
Aerial Woodson - Marketing Manager				$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 950	$ 15,200
Project Travel - DEV/Const.	$ 2,185.00	$ 4,548.00	$ 350.00	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 39,083
Project Marketing Costs - ADG						$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 1,155	$ 16,166
Ryan Marketing Costs				$ 500	$ 500	$ 500	$ 500	$ 2,500	$ 500	$ 500	$ 2,500	$ 5,000	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 16,500
Printing/Postage/Misc				$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 150	$ 2,400
Client/Public Relations				$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 8,000
PM Cell Phone	$ 125	$ 125	$ -	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 75	$ 1,450
Insurance	$ 177	$ 848	$ 193	$ 1,020	$ 938	$ 716	$ 630	$ 774	$ 755	$ 755	$ 828	$ 1,022	$ 1,245	$ 979	$ 970	$ 897	$ 972	$ 972	$ 972	$ 15,663
Fee (3.5%)	$ 481	$ 1,845	$ 719	$ 3,794	$ 3,497	$ 2,662	$ 2,345	$ 2,880	$ 2,809	$ 2,809	$ 3,079	$ 3,801	$ 4,631	$ 3,642	$ 3,606	$ 3,337	$ 3,614	$ 3,614	$ 3,614	$ 56,769
CBRE Brokerage Fee (Payable 10/1)																			$ 903,403	$ 903,403
Weekly Total	**$ 14,238**	**$ 54,571**	**$ 21,262**	**$ 112,200**	**$ 103,110**	**$ 78,718**	**$ 69,336**	**$ 85,168**	**$ 83,078**	**$ 83,078**	**$ 91,045**	**$ 112,392**	**$ 136,946**	**$ 107,691**	**$ 106,646**	**$ 98,679**	**$ 106,863**	**$ 106,863**	**$ 1,010,266**	**$ 2,582,152**
Running Total	**$ 14,238**	**$ 68,809**	**$ 90,072**	**$ 202,272**	**$ 305,382**	**$ 384,100**	**$ 453,436**	**$ 538,604**	**$ 621,682**	**$ 704,760**	**$ 795,805**	**$ 908,198**	**$ 1,045,144**	**$ 1,152,834**	**$ 1,259,480**	**$ 1,358,159**	**$ 1,465,022**	**$ 1,571,886**	**$ 2,582,152**	

CONFIDENTIAL TREATMENT REQUESTED BY JPMORGAN CHASE & CO

RESOLUTION 2019-05

A RESOLUTION APPROVING THE LEASE AGREEMENT BETWEEN RYAN COMPANIES US, INC. AND JEA; AUTHORIZING THE CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR, OR HIS DESIGNEE, TO EXECUTE THE LEASE AGREEMENT AND ANY AND ALL OTHER NECESSARY DOCUMENTS IN CONNECTION WITH THE LEASE AGREEMENT; AUTHORIZING THE CHIEF EXECUTIVE OFFICE AND MANAGING DIRECTOR TO MAKE TECHNICAL AMENDMENTS TO THE LEASE AGREEMENT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in accordance with the terms and conditions of JEA Resolution 2019-03 and Invitation to Negotiate No. 010-19 issued on October 15, 2018, the JEA staff, as the designee of the CEO and Managing Director, negotiated a final lease agreement with the highest ranked respondent, Ryan Companies US, Inc., a Minnesota corporation;

WHEREAS, the a copy of the negotiated lease agreement is attached hereto is **Exhibit A** (the "Lease Agreement");

WHEREAS, JEA Board desires to approve the Lease Agreement and authorize the Chief Executive Officer and Managing Director, or his designee, to execute the Lease Agreement and any and all documents in connection with the Lease Agreement necessary to consummate the lease transaction contemplated therein; with the ability of the CEO and Managing Director to make technical amendments, as defined below, now, therefore

BE IT RESOLVED, by JEA that:

1. The Board hereby approves the Lease Agreement between Ryan Companies US, Inc., a Minnesota corporation and JEA in substantially the form attached hereto as **Exhibit A** (the "Lease");

2. The Board authorizes the Chief Executive Officer and Managing Director or his designee to execute the Lease Agreement and any and all documents in connection with the Lease Agreement necessary to consummate the lease transaction contemplated therein, including, but not limited to, the Memorandum of Lease and Lease Supplement, as defined in or pursuant to the Lease Agreement;

3. The Board authorizes the Chief Executive Officer and Managing Director, in consultation with the Office of General Counsel, to negotiate and enter into technical amendments to the Lease Agreement. For purposes of this Resolution, technical amendments shall be defined as amendments that include but are not limited to adjustments to final square

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footage, interior space elements, design drawings, construction drawings, guaranteed maximum price, and other clerical and technical details and the addition of provisions in the Lease Agreement, all of which do not increase the financial obligations or liability of JEA under the Lease Agreement.

4. This Resolution shall be effective immediately upon its adoption.

Dated this 25th day of June, 2019.

JEA

By: _____
April Green, Chair

_____
Secretary

Form Approved:

By: _____
Office of General Counsel

VOTE: In Favor: ___ Opposed: __ Abstained: __

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