

BOARD MEETING PACKAGE



BOARD MEETING AGENDA ITEMS

For the JEA Board of Directors Meeting

Tuesday, November 27, 2018

12:00 PM

19th Floor, JEA Tower

Melissa Charleroy
Executive Assistant to the
CEO & Board of Directors
charmm@jea.com
904-665-7313 (O)
904-616-4219 (C)

Madricka Jones
Executive Assistant
mockcw@jea.com
904-665-7784 (O)

JEA BOARD MEETING AGENDA

November 27, 2018 • 12:00 p.m.

21 W. Church Street, 19th Floor



I.	WELCOME		
	A.	Call to Order	
	B.	Time of Reflection	
	C.	Pledge to Flag	
	D.	Adoption of the Agenda – Action	
	E.	Safety Briefing – Aaron Zahn, Interim Managing Director/CEO	
	F.	Sunshine Law/Public Records Statement – Jody Brooks, Vice President & 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
III.	OPERATIONS (DISCUSSION / ACTION)		
	Definition: The “Operations” section of the Board Meeting is for business matters requiring Board discussion and action.		
	Item(s)		Speaker/Title
			Discussion Action/Information
	A.	Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed in previous public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.	
			Consent Agenda Reference Material (Provided in Appendices)
	Appendix A:	Board Meeting Minutes October 16, 2018	Action
	Appendix B:	Fiscal Year 2018 Pay For Performance Program	Information
	Appendix C:	Fiscal Year 2018 Operating Budget Line Item Transfers	Action
	Appendix D:	St. Johns Power Park Regulatory Accounting	Action
	Appendix E:	Monthly Financial and Operations Dashboard	Information
Appendix F:	Monthly Financial Statements	Information	
Appendix G:	Monthly FY18 Communications & Engagement Calendar and Plan Update	Information	
IV.	STRATEGY (DISCUSSION ONLY)		
	Definition: The “Strategy” section of the Board Meeting is <u>only</u> for discussion & feedback to management on strategic initiatives of and for JEA.		
	A.	N/A	N/A

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 3 rd 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.	CEO SEARCH AND SELECTION		
	Item(s)		Discussion/Action/Information
	A.	Search Committee Report on Actions To Date	Husein Cumber, Committee Chair
	1.	Approval of Minutes – July 16, 2018	Action
	B.	CEO Interviews – Presentation Followed by Board Question and Answer Session - <i>Candidates will be randomly selected at the Board Meeting to determine presentation order.</i>	Alan Howard, Board Chair
	1.	Cris Eugster	Information
	2.	Pamela Hill	Information
	3.	Aaron Zahn	Information
	C.	CEO Selection	Alan Howard, Board Chair
			Action
VII.	OTHER BUSINESS		
	Item(s)		Speaker/Title
	A.	Old Business	
	B.	Other New Business	
	C.	Open Discussion	
	D.	Chair’s Report	Alan Howard, Board Chair
VIII.	CLOSING CONSIDERATIONS		
	Item(s)		
	A.	Announcements – Next Board Meeting December 11, 2018	
	B.	Adjournment	

Board Calendar

Board Meetings: 12:00 p.m. – December 11, 2018

Committees: Finance & Audit Committee: March 18, 2019

Compensation Committee: TBD

Government Affairs Committee: TBD

Nominating Committee: TBD

I. F.

Sunshine Law/Public Records Statement

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Agenda](#)

I. F.
11/27/2018

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

This meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011, Florida Statutes, and shall be open to the public at all times. Official acts of the JEA Board may be conducted at this meeting that will be considered binding on the JEA. Reasonable notice has been provided and minutes of this meeting shall be taken and promptly recorded.

VI. A. 1.

CEO Search Committee Meeting
Minutes – July 16, 2018

JEA
CEO Search Committee Minutes
July 16, 2018

JEA's CEO Search Committee met in a noticed meeting on Monday, July 16, 2018 in the 8th Floor Conference Room, 21 W. Church Street, Jacksonville, Florida 32202. Present were Committee Chair Husein Cumber, Board Chair Alan Howard and April Green. Also in attendance were Jody Brooks, Vice President & Chief Legal Officer and Angie Hiers, Vice President and Chief Human Resources Officer.

Mr. Cumber called the meeting to order at 12:03 PM and reviewed the items to be covered at today's meeting including: Managing Director/Chief Executive Officer Position Specification, CEO search timeline and salary.

Mr. Cumber turned the meeting over to Kay Fuhrman, Partner, Heidrick & Struggles and noted Ms. Fuhrman previously conducted one-on-one calls with Committee Members. Ms. Fuhrman reviewed the draft CEO Position Specification. Committee Members reviewed and provided feedback on each section of the Position Specification. At the request of Committee Chair Cumber, Ms. Fuhrman will make a notation of each call with Committee and Board Members as a matter of public record.

Ms. Fuhrman and Sean O'Neal, Engagement Manager at Heidrick & Struggles reviewed salary information with the Committee. Committee Members held discussions regarding the interview processes including: assessments, background checks, review of education credentials, and character reviews from previous employers and Board Members.

The CEO Search Committee reviewed and discussed a proposed timeline that will be presented for action at the July 30, 2018 Board meeting. The "JEA CEO Search Timeline" is attached and made a part of these minutes.

Mr. Cumber thanked Ms. Fuhrman and Mr. O'Neal for their work. As a follow-up item, Ms. Fuhrman will provide an updated version of the Position Specification to Ms. Hiers for inclusion in the July 30, 2018 JEA Board Meeting package. Melissa Charleroy, Executive Assistant, will be reaching out to Committee Members to begin placing a hold on calendars in the beginning to mid-October to conduct the first round of interviews.

With no further business claiming the attention of this Committee, the meeting was adjourned at 1:09 PM.

APPROVED BY:

Husein Cumber
CEO Search Committee Chair

DATE: _____

Recorded by:

Melissa Charleroy
Executive Assistant

CEO Search Timeline

Date	Action
July 30	Board Approve Position Specification
August 1 – September 15	Position Specification is publicly published
September 15	H&S Interviews – Search Committee to work with H&S to create a qualified candidate list
October 1 – Mid October (Note: Will Need 3 Days Minimum)	Present Long List to the Committee – Interviews take place after list is narrowed – Melissa Charleroy to hold calendars for the Search Committee for full days for interview dates (1-on-1 interviews). 3 Members + 1 TBD (sending email on 7/27/18)
Mid - End of October	Narrow down list of candidates - Melissa Charleroy to hold calendars for the CEO Search Committee discussion to narrow the list (sending email on 7/27/18)
Beginning of November	Narrowed list interviewed by all 7 Board Members in 1-on-1 interviews
November Board Meeting	Full Board Meeting Interview – Public
November Board Meeting or Early December in a special Board Meeting	Board to make final decision to appoint MD/CEO

VI. B. 1.

CEO Interviews

Cris Eugster

Cris Eugster, PhD

203 Belvidere Drive San Antonio, TX 78212 | 832-689-2100 | eugster2@gmail.com |

Forward-thinking utility industry executive grounded in science, with experience in both the private and public sectors, and a track record of improving financial/operational performance and core business transformation through the integration of clean energy solutions and new, sustainable technologies. Strengths include the ability to bring a high-tech culture to the utilities sector and drive change; outstanding communication and analytics-based/pragmatic decision-making skills; uncompromised personal integrity; thought leadership, and Board experience. Seeking to lead a utility on a path of transformation and innovation to fundamentally improve the community and the environment it serves. Utilities can and should be a positive force.

Work History

CPS Energy, San Antonio, TX

May 2009 – Present

Largest municipally-owned electric and gas utility in the US with over 820,000 electric customers and 340,000 gas customers. Revenue of \$2.4 billion, \$11 billion in assets, AA+ credit rating, and 3200 employees. Over the past 7 years, instrumental in leading the transformation of CPS Energy from a fossil-fuel focused, traditional utility into a leading, cutting edge “utility of the future” while maintaining among the lowest rates in the top 20 largest US cities. CPS has deployed 500MW+ of solar, 1000MW+ of wind, 200MW of demand response while standing up a New Energy Economy with 600+ new jobs and \$100M+ in capital invested by partner companies, leading to \$1B+ of annual economic impact for the community it serves.

Chief Operating Officer

Aug 2016 – Present

Responsible for operations and strategy across the company with oversight of Power Generation, Electric Delivery, Gas Delivery, Trading Operations, Corporate Strategy, New Products and Services, Technology and Innovation, Environmental & Climate Action. Oversee ~\$1.6B budget including O&M, Capital, Fuels and 2000 employees.

- Key areas of focus
 - Striving for excellence in Safety, Reliability, and Environmental leadership
 - Grid of the Future roll-out with benefit realization for customer and utility
 - New products and services including innovative roof-top solar, community solar, electric vehicles, resiliency services, energy efficiency and demand response
 - Driving the transition to a low carbon future for our community

Group Executive Vice President, Chief Generation & Strategy Officer

Aug 2013 – Aug 2016

Responsible for 7500MW of generation assets including nuclear, natural gas, coal, renewables (\$500M+ annual budget, 820 employees, 8 executive direct reports). Oversee power generation, trading operations, corporate strategy, the gas business, and environmental, nuclear, and regulatory policy.

- Successfully led group to achieve strong performance including
 - Record safety achievement (recordable injury rate reduced from 1.67 to 0.19)
 - Record wholesale margin (\$140M+ achieved in soft ERCOT market)
 - Leaning of nuclear asset (achieved significant cost savings, maintained safety/reliability standards)
 - Rebalanced generation mix to low-carbon (retiring 2 coal units 15 years early, replacing with gas and renewables)
 - Deployment of AMI network, bringing 21st century distribution grid to San Antonio
 - New innovative products including roof-top solar, battery storage, home energy management services.

Executive Vice President, Chief Strategy & Technology Officer

Sep 2012 – Jul 2013

Responsible for overall corporate strategy and technology development. Oversaw strategic energy plan, new programs and services, business development and partnerships, and new technology deployment and integration.

- Led development and execution of largest solar deal for 400MW with significant economic development component that has brought multiple companies and jobs to San Antonio
- Developed innovative, new products and services including residential and commercial demand response programs with 100,000 participating customers.

Executive Vice President, Chief Sustainability Officer

May 2009 – Aug 2012

Developed CPS Energy's overall strategy to transform it into a sustainable, clean energy utility focused on creating and delivering value to customers.

- Strategy included establishing Vision 2020 goals to have 1500MW or 20% of capacity from renewables, a comprehensive energy efficiency program saving 771MW equivalent to not having to build a power plant, and a goal of 65% low carbon generation
- Vision 2020 served as the launch pad to transition utility from fossil fuel focus and position it as a major player in solar, wind, energy efficiency, and demand response.

City of Houston, Houston, TX

Feb 2007 – Apr 2009

Chief Officer for Sustainable Growth, Mayor's Office

Appointed by Mayor Bill White to newly-created position, led energy policy and sustainability initiatives.

- Working closely with General Services, Public Works, Solid Waste departments and others, stood up innovative programs:
 - Renewable energy purchases that supported city facilities (EPA ranked City #1 in renewables)
 - Performance based contracts for large scale energy efficiency retrofits at city facilities
 - Weatherization program for low-income neighborhoods (5000+ homes weatherized)
 - Single stream recycling (successful early pilots have resulted in city-wide service)
 - Clean air initiatives (voluntary Benzene reduction program for Houston Ship Channel participants)
- Received DOE Solar America City designation (solar deployed at the convention center, code enforcement building, City Hall Annex).

Entrepreneur and Investor, Houston, TX

Dec 2002 – Jan 2007

Parlayed newly-learned investment skills acquired at Koch into starting own investment consulting company.

Investor in/executive for several high tech early stage companies with technologies that included algorithmic optimization for workforce deployment (based on skill set, preferences, and demand profiles); and internet-based architecture for remote monitoring of field assets. Actively managed investments in equity, debt, and real estate with successful multi-year portfolio returns.

Koch Industries, Houston, TX

Jul 2002 – Nov 2002

Second-largest US private company and also a conglomerate.

Vice President of Koch Capital Markets

Recruited to be part of newly formed billion dollar internal investment group. Brought into sharper focus Company's risk tolerance.

McKinsey and Company, Houston, TX

Jul 1993 – Jun 2002

\$10B leading management consulting firm with 20,000 employees in 105 offices, 55 countries, providing strategic and operational counsel to top management of diverse global corporations and institutions.

Partner

Dec 1998 – Jun 2002

Senior counselor to CEOs and other C-level executives at Fortune 100 companies in the high tech, energy and waste management industries. Helped build clients into dominant companies in the marketplace by creating significant shareholder value through growth and innovation.

- Established financial trading and risk management capabilities for utilities (start of power trading)
- Provided comprehensive organizational, strategy, M&A and LOB services, growing with clients and eventually becoming part of the client leadership team.
 - Established new products/lines of business for small computing company that became a major industry player, resulting in multiple billion dollar businesses. Company was acquired for \$25B in 1999.
 - Transitioned waste management company into major recycling line of business (largest in the country)
- Part of leadership team:
 - For recruiting/developing talent for TX Office talent (Firm is often cited as best future CEO leadership pipeline)
 - In the Technology and Telecom industry practices.

Associate

Jul 1993 – Dec 1998

- Helped build the Texas office into the largest technology practice within the Firm.
- Provided counsel to senior executives for Fortune 100 in technology, telecom and financial services sectors.
- Worked with a dynamic high tech company to grow it into one of the world's largest computing companies.

Education

- **Massachusetts Institute of Technology**
 - PhD in Electrical Engineering with Minor in Finance, May 1993.
 - Thesis work studied quantum effects of electron transport in semiconductor nanostructures. Received patent for first quantum semiconductor transistor. Published 15+ papers in refereed journals, presented at 20+ international conferences, including several invited talks.
 - MS in Electrical Engineering
 - Thesis work studied a novel x-ray imaging device using quantum well structures in semiconductors. Received patent for x-ray imaging device.
- **Texas A&M University**, BS in Electrical Engineering, *Magna cum Laude*, Sep 1983 – May 1987.

Boards and Professional Organizations

Current Boards

Smart Electric Power Association SEPA (Chairman of the Board) | Puerto Rico Transformation Advisory Council (Co-Chair) | EPICenter Innovation Center (Chairman of the Board) | South Texas Nuclear Project Owners Committee (Chairman) | United Way of San Antonio (Board Member) | Association of Edison Illuminating Companies | Trinity University Business School Advisory Council (Executive Committee)

Past Boards

Texas Renewable Energy Industry Association | Solar San Antonio | Build San Antonio Green | DOE Energy Advisory Board | EPRI Research Advisory Council | Mission Verde Alliance | NREL EE Advisory Board | AIA Houston Chapter

Task Force

Selected to be on the Southern States Energy Board (SSEB) Blue Ribbon Task Force in partnership with the DOE to advise on the evaluation of energy public policy and the regulatory framework to transform the energy system in Puerto Rico.

VI. B. 2.

CEO Interviews

Pamela Hill

Pamela Hill
919 N. Market Street, Suite 950
Wilmington, DE 19801
Cell: 404-735-3025 Email: PamHill.PA@gmail.com

SUMMARY

Pam Hill has worked for more than twenty years in the energy industry, in both competitive energy and utility markets in the U.S., United Kingdom, Latin America and the Caribbean. She has a track record of organizational transformation, and has significant experience in the finance, sales, marketing, regulatory and operations arenas.

EMPLOYMENT

POWERSECURE (subsidiary of Southern Company)
Senior Vice President, PowerSecure International

May 2016- Present

- Lead market research, due diligence and business case development of energy services and integrated utility opportunities internationally.
- Led operational plan and deployment of 200-person crew to assess and restore Florida Power and Light's transmission and distribution system post Hurricane Irma.

Chief Executive Officer: Bahamas Power and Light (under a contract PowerSecure had with the Government of the Bahamas to operate and manage the utility)

CEO of Bahamas Power and Light (BPL), an \$800 million, 1,000 employee, 400MW, integrated electric utility serving 100,000 customers across 16 islands. Key results include:

- Significantly increased cash flow through rightsizing \$400 million in debt, cutting past due receivables in half and improving vendor management.
- Improved fleet and grid performance, resiliency and cost-effectiveness through implementation of an integrated procurement, inventory and benchmarking program.
- Quick and effective restoration of power following the devastating impact of Hurricane Matthew, a Category 4 hurricane striking Nassau and development of a comprehensive disaster recovery and media communication plan.
- Developed and successfully worked with the unions on a comprehensive, metric-based operational improvement plan.
- Led development and implementation of a solar strategy.

EXELON

2008 - 2016

CONSTELLATION

2013 - 2016

Vice President: Retail Sales and Services; Wholesale Business Operations and Systems

Led department of 200 employees in implementation of strategic, process and system enhancements to drive retail and wholesale customer retention and growth. Key results include:

- Increased customer retention and stickiness by partnering with Analytics to create customized energy reports based on load profile, forward curve and industry data.
- Improved market positioning by developing and implementing a program to mine compliance data for trends, insights and recommendations.
- Significantly optimized spend, tightened variances and improved the robustness of the \$100 million Wholesale budget by revamping the planning and reporting processes.

EXELON GENERATION- POWERTEAM (Constellation predecessor)

2010-2013

Chief of Staff to President

Advised President and senior leadership team on strategic initiatives. Key results:

- Evolved the Retail and Wholesale organization as well as the sales and trading departments toward a more nimble, cohesive team, as part of leading the employee integration component of the Exelon-Constellation merger.
- Developed and led implementation of an integrated retail/wholesale competitive market strategy, as part of the value accretion component of the merger.
- Developed and led Board presentation of the annual Wholesale budget and monthly reports.

Director, Structured Transactions for C&I Sales

2009 - 2010

Led structuring of 100+ complex long-term energy transactions and investment opportunities encompassing varying pricing and opportunity types. Key results:

- Improved profitability, strengthened transaction analysis and structured load-following, indexed and derivative-linked wholesale and retail transactions in ERCOT, MISO, PJM, NYISO, ISO-NE.
- Set the foundation for Exelon's creation of a transmission subsidiary through analysis and development of a merchant transmission strategy.
- Ramped up employee engagement and inclusion through implementation of a commercially-focused speaker series, and expansion of educational seminars on competitive markets.

Director, Financial Evaluation- Capital Projects

2007 –2009

Led financial modeling/analysis of 30+ new-build and capital optimization opportunities in excess of \$2 billion. Key results:

- Developed financial model and financing structure and led bank/Department of Energy discussions on Exelon's nuclear new-build program.
- Led financial analysis and received Board approval on Exelon's low-emissions strategy.
- Led financial modeling, analysis and challenge of 20+ merchant generation and capital optimization projects.

INDEPENDENT CONSULTANT

2006 –2007

- Worked with an Atlanta business development company and Andretti Green Racing Inc. to develop an IndyCar Series street circuit event in Atlanta.
- Advised CEO of *Cable & Wireless Jamaica* on company's financial operations and improved the company's cash forecasting model, customer collection policies and financial reports.

SOUTHERN COMPANY and MIRANT (former Southern subsidiary)

1993 - 2006

Chief Financial Officer: Jamaica Public Service Company (JPS)

2003-2006

CFO of Mirant subsidiary, JPS, an integrated utility serving Jamaica. Reporting departments: Treasury, Accounting, Budgeting and Planning, Risk Controls. Responsible for annual revenues totaling \$700 million. Prepared JPS materials for Mirant financial reporting, and roadshow materials supporting Mirant's emergence from bankruptcy. Key results:

- Improved JPS's profitability from -\$2 million to +\$30million.
- Developed and implemented the company's first Sarbanes-Oxley compliance program.
- Improved the company's working capital position through enhanced financing terms and implementation of a rolling 27-week cash forecast to manage cash at a granular level.
- Led company's first rate case in Jamaica. Outcomes included:
 - Obtained tariff that recovered \$150 million in generation and T&D spend and provided for capital investment expansion.
 - Negotiated a pass-through mechanism for fuel cost, exchange rate and purchased power changes (a risk that the Company had previously borne).
 - Established a reserve fund for hurricane restoration costs.

Manager: Rate Design & Marketing Strategy: Georgia Power Company 2001-2003

Led market research on Southern Company's 3 million residential and small commercial customers, and led design and implementation of innovative rate solutions for Georgia Power's residential customers. Key accomplishments:

- Strengthened the company's customer segmentation methodology.
- Improved profitability of Georgia Power's 'flatbill' tariff product for residential customers.
- Developed company's first-ever renewable energy tariff. Testified and received PSC approval for tariff, and shaped marketing strategy of tariff to residential customers.

Director: Regulatory Strategy: Mirant 1998-2001

Led development, implementation and communication of Mirant's policy stance on electric regulatory issues in the U.S. Key results include:

- Increased Mirant's policy development role and profile in energy lobbying associations.
- Improved cohesion between Mirant's regulatory and commercial objectives.

Manager: C&I Sales: Georgia Power 1996-1998

Managed department responsible for winning competitive load for Georgia Power. During tenure, increased Georgia Power's market share from 60% to 75% and tripled profit margins.

Project Finance Manager: Latin America, Mirant 1993-1996

Led team of financial analysts and investment advisors in evaluating, structuring, securing project financing and winning bids for transactions in Brazil and Chile. Also led deal and project finance analysis for projects in Bolivia, Jamaica, Mexico and Peru.

U.S. FEDERAL GOVERNMENT 1989-1993

Finance Officer: Overseas Private Investment Corporation (OPIC)

Evaluated project opportunities and structuring financing for projects in Asia and Europe.

Fellow: The U.S. Presidential Management Fellowship Program (PMF)

The PMF program is a highly selective government rotational program. Rotations were at U.S. Agency for International Development (Pakistan and DC office- focus: privatizations), the World Bank (China and DC office- focus: foreign investment), and OPIC.

EDUCATION

Harvard University, John F. Kennedy School of Government 1989

Masters in Public Policy. Concentration: International Finance and Development.

Johns Hopkins-Nanjing Institute of Sino-American Studies 1987

Fluency in Mandarin required as papers, exams and lectures were in Chinese. Core subjects: U.S.-China foreign trade, Chinese economy, Chinese politics, Chinese history.

Dartmouth College 1986

B.A. Sociology/Political science. Language studies in Mandarin Chinese.

BOARD MEMBERSHIPS / COMMUNITY OUTREACH

- Clinton Foundation, Women in Renewable Energy, Chair of the Advisory Council
- Center for Urban Families; Baltimore, MD: Board member
- United Way, Constellation: Chair
- 'Leadership Baltimore'- Leadership class 2013
- Chester County, PA: Chamber of Commerce: Board member & Fundraising Chair
- The Atlanta's Inn for Children. Board member and Fundraising Chair

VI. B. 3.

CEO Interviews

Aaron Zahn

MANAGING DIRECTOR - CHIEF EXECUTIVE OFFICER

Strategic and visionary senior executive with consistent track record delivering operational and financial results through strategic planning and a focus on execution. Diverse leadership experience within public, private and government organizations.

- **Operational Experience:** Start-ups, High-Growth, Mature Companies, Joint Ventures and Business Turnarounds
- **Industry Experience:** Energy, Water, Telecommunications, Real Estate, Finance, Infrastructure, Government
- **Investment & Capital Markets Experience:** Venture / Growth Equity Capital, Mid and Large Cap Equity and Credit, Infrastructure and Asset Backed Securities, Derivatives
- **Areas of Expertise:** Corporate Strategy Development & Execution, Business Development, Public Policy, Talent Recruitment & Team Development, Sales Management, Theory of Constraints (TOC), Investment Analysis & Management, Platform Speaker, Merger & Acquisitions Execution and Integration, R&D Management, Strategic Partnership Development

PROFESSIONAL EXPERIENCE

JEA, Jacksonville, FL

2018 - Present

Power, water and wastewater utility for Jacksonville and Northeast Florida. JEA is the eighth largest public power company in the US and one of the Top 20 water and wastewater companies in the US. As one of the largest utilities in the United States, JEA proudly serves an estimated ~475,000 electric, ~350,000 water and ~275,000 sewer customers.

Interim Managing Director and Chief Executive Officer

Primary Responsibilities:

General Business: Board, City Council and Mayoral Alignment; Strategic Business Planning and Execution; Performance Management; Strategic Partnerships

Financial: Strategic Financial Planning; Enterprise Value Improvement; Rating Agency Relationship Management; Revenue Enhancement; Profitability Improvement

Operational: Management Transition; Organizational & Culture Change; Business Process Engineering; Productivity Enhancement; Change Management Programs

Significant Accomplishments:

- Designed and executed an organizationally and situationally complex CEO transition with key external and internal stakeholders while maintaining exceptional utility operating performance.
- Established alignment around corporate direction and valuation methods for JEA with Board of Directors, City Council, Mayor, Executive Team as well as other internal and external stakeholders within 4 months.
- Established and coordinated JEA's commercial, political, public relations and legal approach to managing financial and operational risks associated with Plant Vogtle nuclear project.
- Designed Board meeting structure to establish transparency and empower Board to discuss strategic and sensitive corporate initiatives with public oversight.
- Initiated, led and built consensus around strategic plan foundation for Vision, Mission, Key Metrics, Cultural Values and Core Competencies to drive corporate strategy and focus to a customer, profitability and value-based model.
- Established corporate innovation process to evaluate, plan and launch corporate growth initiatives including: (1) JEA telecom and dark fiber; (2) integrated distributed energy resources; (3) electrification programs (e.g. electric vehicles, demand response, etc.); (4) non-core real estate asset monetization; and (5) an innovation hub for evaluating new systems and tools to drive value in JEA's core electric and water business.
- Launched "Management Listening Tour" with employee feedback tools to enable cultural change / improvements, as well as to set foundation for JEA's next strategic planning process.
- Implemented operational and financial reporting and forecasting standards (Dashboard and consolidated FASB financial reporting) to enable executive management to make data driven decisions around profitability, as well as to clearly communicate JEA's performance and direction to Board, employees and key stakeholders.
- Initiated new integrated fuel strategy including gas pre-pays, hedging and 250MW fixed price 20+ year solar PPA.
- Designed and implemented a corporate performance and objectives management system with key metrics / results aligned from top to bottom of organization to ensure clarity of purpose for the Board and all employees.
- Drove ~\$8M in annualized operating cost savings within 1 month of assuming role.
- Closed \$18.8M divestiture of non-core real estate asset to generate proceeds for water and wastewater expansion.
- Negotiated City contribution agreement extension to provide stable capital policy for JEA through 2023.
- Established JEA as regional thought leader in solving City of Jacksonville's \$2.5B septic tank problem.

BCR Environmental Corporation, Jacksonville, FL

2009 – 2017

U.S. based clean-technology company focused on the water, wastewater and waste markets. BCR develops, patents and deploys industry-revolutionizing solutions that treat the primary output streams from water and wastewater plants into reusable products.

Chairman and Chief Executive Officer

Primary Responsibilities:

General Business: Strategic Business Planning and Execution; Executive Team Development and Recruitment; New Business Development and Sales; Strategic Partnerships; Emerging & Advanced Technologies Development and Commercialization; Corporate Development

Financial: Strategic Financial Planning; Equity and Debt Capital Markets Management; Banking Relationship Management; Revenue Enhancement; Capital Profitability Improvement; Mergers and Acquisitions

Operational: Organizational Change; Infrastructure Development; Business Process Reengineering; Productivity Enhancement; Cost Control Programs; Change Management Programs; Project Management; Quality Control Management

Significant Accomplishments:

- Grew business from pre-revenue to ~\$18M in annual sales within 5 years.
- Expanded company from 1 installation in Clay County, FL to >40 technology installations throughout United States.
- Implemented corporate strategy to obtain long-term recurring revenue contracts with 3 x industry standard durations and built contracted revenue backlog from \$0 to >\$150M.
- Drove gross profit margins to 2 x industry standards by deploying technology advantage in a solution sale model.
- Attracted >\$20M of private equity capital to fund corporate growth.
- Developed owned waste recycling facilities in Florida with annual capacity of 200,000+ tons / year.
- Successfully implemented ~\$200M of public-private-partnerships.
- Led efforts to become only company in the world to ever achieve nationwide approval from U.S. Environmental Protection Agency for 2 new technologies for treatment of human waste to recycled materials.
- Led research and development around global patent portfolio and trade secrets while commercializing 4 separate product lines.
- Executed 2 technology licenses to deploy BCR technology in tangential and international markets.
- Recruited, trained and managed Board of Directors, Science Advisory Board and executive team, including a replacement Chairman and replacement CEO in 2017 when company pivoted from utility operations platform to a technology and equipment supply firm.

Garrison Investment Group, LP, New York, NY

2007 – 2008

Credit opportunity investment fund focused on middle market corporate, real estate and structured finance investments.

Vice President

Primary Responsibilities: Investment Analysis & Execution; Underwriting & Due Diligence; Documentation & Structuring;

Investment Monitoring & Management; Investment Origination

Significant Accomplishments:

- Negotiated and structured acquisition of a \$50M middle market consumer finance company.
- Negotiated and structured a \$150M revolving and term corporate credit facility for a transaction processing company.
- Negotiated and executed primary and secondary market transactions for middle market corporate credit facilities.

Sandelman Partners, LP, New York, NY

2005 – 2007

Multi-strategy investment management firm with \$4.0B+ of equity under management. Member of the Private Finance team since the inception of the fund in 2005 and developed initial strategy for corporate credit and real estate portfolio at inception.

Portfolio Manager – Private Finance

Primary Responsibilities: Portfolio Management; Investment Analysis & Execution; Underwriting & Due Diligence;

Documentation & Structuring; Investment Monitoring & Management; Investment Origination

Significant Accomplishments:

- Managed >\$1.8B portfolio of 100+ corporate and real estate debt and equity investments.
- Significant contributor to fund performance with a managed portfolio generating high-teens annual returns with low single digit volatility and low S&P 500 correlation.

- Negotiated and provided initial seed capital investment in 3rd party collateral manager that grew to manage >\$2B of assets. Managed a 144A offering for the collateral manager to establish permanent investment capital for the platform and monetize the initial investment.
- Managed amendment and restructuring process for distressed credits.
- Negotiated, marketed and closed an array of financing vehicles to optimize fund leverage.
- Developed and expanded trading platform for corporate and real estate credit. Identified and recruited front and middle office staff.

General Growth Properties, Chicago, IL

2003 – 2005

General Growth Properties, Inc. was a publicly traded Real Estate Investment Trust (REIT), and listed on the NYSE under the ticker symbol GGP.

Senior Manager – Capital Markets

Primary Responsibilities: Equity and Debt Capital Markets; Investor Relations; Mergers and Acquisitions; Commercial Real Estate Development; Risk Management

Significant Accomplishments:

- Member of team responsible for executing The Rouse Company acquisition (approximately \$13.6B and, at the time, one of the largest real estate corporate transaction in history)
- Managed >\$3B in Bridge, Acquisition, First Lien Mortgage, and Mezzanine Loan Transactions.
- Participant on a team that closed >\$10B of debt and equity transactions over 2-year period. Managed restructuring >\$1B corporate debt obligations. Coordinated and negotiated with Rating Agencies, Trustee, Servicer, and Lenders.
- Led a team of 10 Financial Analysts who performed development and leasing analysis.
- Developed foreign currency hedging strategies on equity investments in Europe and Central America.
- Managed financial projections and feasibility analyses of >\$200M in regional mall re-developments.

Baring Asset Management / Babson (BAM), Charlotte, NC

2000 – 2003

Global financial services firm with \$288B+ of assets under management and 600+ investment professionals.

Associate Director – Portfolio Management

Primary Responsibilities: Equity and Debt Capital Markets; Portfolio Management; Investment Analysis & Execution

Significant Accomplishments:

- Part of initial 20-person team to grow assets under management from >\$1B to >\$6.4B.

PUBLIC POLICY & BOARD EXPERIENCE

University of Florida, Gainesville, Florida

2015 - Present

Member, Board of Advisors for Bob Graham Center for Public Service

Bob Graham Center for Public Service is a community of students, scholars and citizens who share a commitment to training the next generation of public and private sector leaders for Florida, the United States and the international community.

Young Presidents Organization (YPO)

2014 - Present

Member and Board Member of YPO Florida Chapter

YPO is the world's premier peer network of chief executives and business leaders. Founded in 1950, YPO connects 22,000 business leaders in more than 125 countries around a shared mission: Better Leaders Through Education and Idea Exchange.

Essentia

2016 - 2017

Member of Board of Directors

Essentia is an advanced telecommunications development company focused on small cell and fiberoptic solutions.

City of Jacksonville Mayor Lenny Curry Transition Team, Jacksonville, Florida

2015

Member, Committee for Economic Development

Committee for Economic Development with specific focus on economic expansion and a specific focus to: 1) Establish an "accountability matrix" for recipients of public funding to grow jobs or expand businesses, 2) Process map the relationships

between city agencies and independent authorities, JAXPORT, JAX Chamber, Visit Jacksonville and the Jacksonville Sports Council to eliminate redundancies and evaluate priorities of agency initiatives, and 3) Evaluate necessary human resources to ensure appropriate staffing levels and expertise exist throughout the impacted agencies.

Connect Florida Statewide Leadership Institute, Florida

2013 – 2014

Member, Class IV

Leadership Florida is an organization that takes a statewide view of the conditions and challenges that face our great state. Leadership Florida offers a leadership continuum that expands the impact of community leaders across the state. Leadership Florida builds a sense of statewide community by identifying and training individuals.

Florida Governor Rick Scott Transition Team, Florida

2010

Member, Committee for Economic Development

Committee for Economic Development of the State of Florida with focus on economic expansion around: 1) emerging technologies, 2) infrastructure (water / energy), 3) capital markets, 4) higher market-based education, and 5) R&D.

EDUCATION

Bachelor of Arts (B.A.), Philosophy and Psychology, focus in Philosophy of Law, Yale University, New Haven, CT, 2001

AWARDS

2016 Florida Governor's Business Ambassador Award - Award given to individuals for their efforts in creating jobs and opportunities for Florida families.

2016 Jacksonville 40 Under 40 - Jacksonville Business Journal honors 40 of the city's up-and-coming leaders under the age of 40.

2015 University of Florida Bob Graham Center Young Floridian Award – Award presented to an individual that has used their professional expertise and leadership to help improve the quality of life in State of Florida

2015 Environmental Excellence Award - Award honoring the 1 company in Florida leading in the following categories: 1) innovation of environmental technologies to address current and future headline issues facing the State's environmental and water resources, 2) regulatory compliance and practices, and 3) positive impact on the State's environmental resources.

2013 Biosolids Excellence Program Award – Florida Water Association's Biosolids / Residuals Program Excellence Award recognizes excellence in all areas of biosolids management including programs with sound management, effective communication to stakeholders and community-friendly practices.

VI. C

CEO Selection

This item was
added after the
distribution of the
Board package.

Compensation Committee Members

Kelly Flanagan (Chair)
Alan Howard
Husein Cumber
April Green

CEO Search Committee Members:

Husein Cumber (Chair)
Alan Howard
April Green
John Campion

Date	Action
April 17, 2018 (Board Meeting)	At the direction of the Board, Compensation Committee Chair Flanagan was requested to begin the request for proposal process to select an executive search firm.
May 14, 2018 (Compensation Committee)	<i>This meeting was open to the public, but was not streamed. Committee Meetings historically are not streamed.</i> Compensation Committee met for the purpose of reviewing the selection of an executive search firm for the recruitment of the permanent MD/CEO.
May 15, 2018 (Board Meeting)	At the Board Meeting, Compensation Committee Chair Flanagan reviewed the May 14 th Compensation Committee Meeting, and stated upon receipt of the proposals she narrowed the list down and conducted interviews with Heidrick & Struggles, Russell Reynolds, and ZRG. She identified two important criteria including the firm's benchmarking and success statistics of hiring at the President/CEO, Board of Directors and senior management level, with the second criteria being fee structure. Committee Chair Flanagan stated that based on their experience at hiring at the President/CEO level, she recommends Heidrick & Struggles to conduct the search for the permanent position of the Managing Director/CEO. In transparency, she noted H&S has the highest fee structure of the three firms with 33% of the total compensation, Russell Reynolds at 30% with \$120K minimum, and ZRG at 29% with an \$89K maximum. Based on this structure, and for the purposes of understanding the materiality of the contract, Heidrick & Struggles could cost \$132K based on a \$400K salary for the Managing Director/CEO. Committee Chair Flanagan noted that Heidrick & Struggles' experience outweighs the cost differential and noted Heidrick & Struggles is the recommendation as approved by the Compensation Committee at the May 14, 2018 meeting. Committee Chair Flanagan shared with the Board the final scoring for each firm: Heidrick & Struggles – 72 points, Russell Reynolds – 62 points, and ZRG – 65 points. Board Chair Howard called for a Board Workshop prior to the June Board Meeting to develop a process and timeline for the permanent CEO position. Board Members held discussions regarding the selection of the CEO search firm. Upon motion by Committee Chair Flanagan and second by Mr. Cumber, to engage Heidrick & Struggles as the executive search firm, the Chair requested a roll call vote: Cumber – Yes,

	<p>Flanagan – Yes, Green – No, Newbill – Yes and Chair Howard – Yes. The motion passed and direction was provided to Ms. Hiers to begin working with Heidrick & Struggles to provide a contract to Ms. Brooks.</p> <p>Chair Howard requested staff to schedule a workshop with the purpose to formulate a process and timeline for the permanent MD/CEO position.</p>
<p>June 19, 2018 Board Workshop</p>	<p>The purpose of the workshop is to discuss the search process for the permanent CEO position. Kay Fuhrman and Sean O’Neal with the executive search firm Heidrick & Struggles (H&S) were in attendance. Angie Hiers reviewed the Request for Proposal process to select the executive search firm. Kay Fuhrman and Sean O’Neal provided an overview of their firm and the process. Additionally, the committee worked to calibrate the profile for the ideal candidate, and to establish a target process timeline for the search activities. Ms. Fuhrman provided a more in-depth review of the phases during a general Managing Director/CEO search including: Developing Key Criteria; Identifying and Reviewing; Interviewing and Presenting; Selection and Presentation of Offer; and Closure, Transition and Follow-up. To calibrate the success profile of the CEO candidate, Ms. Fuhrman presented questions and requested Board Member’s individual feedback. The questions included:</p> <ol style="list-style-type: none"> 1. Describe the key priorities you expect the CEO will have when they step into the role. 2. Is operational utility experience required or preferred? 3. Board Members held discussions related to the Chief Operations Officer’s (COO) role. Ms. Fuhrman highlighted the importance of understanding the COO role as it may be used to assist in clarifying the role of the Managing Director/CEO. 4. Would the Board expect the candidate to step in with prior CEO experience, holding full profit and loss accountability for a large team and a large scale of complexity? 5. Is there a targeted timeframe that the Board is expecting or prefers to move from the interim structure to the permanent CEO position? 6. What are the positive selling points of a candidate joining JEA as the Managing Director/CEO? <p>Chair Howard stated the next step will include H&S collaborating with the CEO Search Committee to formulate a job description to be proposed for the Board’s consideration at the July Board Meeting.</p> <p>Council Member Schellenberg was in attendance.</p>
<p>July 30, 2018 (Board Meeting)</p>	<p>A. CEO Search Committee Chair Husein Cumber Committee Chair Cumber provided the timeline for the CEO search process concluding with having a permanent Managing Director/CEO in position on January 1, 2019. Mr. Cumber provided information on the various assessments and background checks candidates will need to go through.</p> <p>B. Managing Director/Position Specification was included in the Board package and required approval prior to Heidrick & Struggles posting the position specification. Committee Chair noted the CEO Search Committee made revisions to the original draft during the July 16, 2018 meeting. On</p>

	motion by Ms. Johnson and second by Committee Chair Cumber, Board Members held discussions and unanimously approved the position specification.
August 1 – 21, 2018	Position Specification to be publicly published
August 21, 2018 (Board Meeting)	CEO Search Committee Chair Cumber provided an update on the CEO Search Committee, stating interviews have been scheduled for the week of October 7, 2018 with a follow-up meeting on October 17, 2018
September 15 – October 1, 2018	Search Committee worked with H&S to create a qualified candidate list
Sept. 18, 2018 (Board Meeting)	Board Vice Chair and CEO Search Committee Chair Cumber provided an update on the CEO Search process stating Committee Members will individually conduct interviews on October 9-11, 2018. The Committee will then meet on October 17, 2018 to narrow the list of candidates. Prior to the interviews, Committee Members will receive a list of questions to assist in guiding the interview process. Following the October 17, 2018 Committee Meeting, Board Members will then individually conduct phone interviews with the narrowed list of candidates. The November 27, 2018 JEA Board Meeting will consist of public interviews of the remaining candidates with an abbreviated Board agenda.
Prior to October 9, 2018	Candidate dropped from the process.
Oct. 9 – 11, 2018 In-person interviews	<p><i>These interviews were not publicly noticed because Board Members met with candidates individually.</i></p> <p>Short list of candidates were interviewed by CEO Search Committee at the DoubleTree Hotel.</p> <p>Candidates included: Cris Eugster, PhD, Pamela Hill, Frankie McDermott, Aaron Zahn, Michael Deggendorf, Gordon Gillette, Mark Ianni, Terrance Naulty, Andrew Serri</p> <p>Due to a family emergency Board Chair Howard interviewed candidates in-person on October 9th, but conducted the interviews scheduled on October 10-11th at a later date via video conference.</p> <p>Due to a flight cancellation due to weather, Cris Eugster conducted all interviews via video conference</p> <p><i>The October 17, 2018 CEO Search Committee was rescheduled for October 31, 2018 to allow Chair Howard additional time to conduct interviews.</i></p>
October 12, 2018	Currents sent to employees providing the names and resumes of the candidates including: Aaron Zahn, Andrew M. Serri, Terrance Naulty, Frankie McDermott, Mark Ianni, Pamela Hill, Gordon Gillette, Cris Eugster, Michael L Deggendorf
October 24, 2019	Gordon Gillette removed himself from the process.
October 25, 2018	Currents went out to employees providing the October 31 st CEO Search Committee meeting agenda and minutes from the July 16, 2018 committee, as well as the timeline for the CEO search.
October 31, 2018 CEO Search Committee	<p><i>This meeting was open to the public, but was not streamed. Committee Meetings historically are not streamed.</i></p> <p>Each Committee Member provided comments on the quality of the candidates. Committee Chair Cumber called upon each Committee Member to provide individual comments regarding each candidate including: Michael L. Deggendorf,</p>

	<p>Cris Eugster, Pamela Hill, Mark Ianni, Frankie McDermott, Terrance P. Naulty, Andrew M. Serri and Aaron F. Zahn.</p> <p>Committee Chair Cumber noted candidate numbers 3 and 9 dropped from the interview process. Board Members held additional discussions about the process going forward and noted November 13, 2018 will be held for individual Board Member meetings with the candidates and November 27, 2018 will include interviews with the finalists. Committee Members discussed each candidate individually. On motion by Mr. Howard, seconded by Ms. Green, the Committee voted to recommend to the Board the short list of Cris Eugster, Pamela Hill, Frankie McDermott and Aaron Zahn.</p>
November 13, 2018	<p>Cris Eugster, Pamela Hill, Frankie McDermott and Aaron Zahn met individually with Alan Howard, Husein Cumber, Frederick Newbill, John Campion, April Green, Kelly Flanagan. Due to a business scheduling conflict, Camille Johnson met with the candidate via video conference (also on November 13th).</p>
November 20, 2018	<p>CEO Candidate Frankie McDermott withdrew.</p>
November 27, 2018 (Board Meeting)	<p>Cris Eugster, Pamela Hill, Frankie McDermott and Aaron Zahn will draw lots before the Board Meeting to determine the order of interviews. At the Board meeting, they will appear individually before the Board, give a short presentation, then be publicly interviewed by the Board. Board Members will have time for Q&A. Board Members will narrow the candidates down to two via ballot and then have an open discussion on the final two candidates. This item will be for action for the Board to select the permanent MD/CEO. The Board does have the option to defer a decision to the regularly scheduled December 11, 2018 JEA Board Meeting.</p>

III. A.

Appendix A

Board Meeting Minutes October 16, 2018

The JEA Board met in regular session on Tuesday, October 16, 2018, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Alan Howard, Husein Cumber, Frederick Newbill, Kelly Flanagan, April Green, Camille Johnson and John Campion.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 12:01 PM by Chair Howard.
- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Chair Howard.
- D. **Adoption of Agenda** – The amended agenda was approved on **motion** by Secretary Newbill and second by Vice Chair Cumber.
- E. The **Safety Briefing** was given by Aaron Zahn, Interim Managing Director/Chief Executive Officer.
- F. **Sunshine Law/Public Records Statement** – Jody Brooks, 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 – Presentations and Comments

- A. **Comments from the Public** – Mr. David Bruderly addressed the Board regarding the CEO search process.
- B. **Council Liaison's Comments** – The Honorable Matt Schellenberg thanked Mr. Zahn for the invitation to the Innovation Summit and provided comments related to the Rating Agency reports.

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 Ms. Green and second by Secretary Newbill, Appendix A was unanimously approved and Appendix B through E were received for information.

Appendix A: Board Workshop Minutes September 18, 2018 – approved

Appendix B: Sole Source & Emergency Procurement Report – received for information

Appendix C: Monthly Financial Statements – received for information

Appendix D: Monthly Financial and Operational Detail – received for information

Appendix E: Monthly FY18 Communications & Engagement Calendar and Plan Update – received for information

- B. **Monthly Financial and Operations Dashboard** – Melissa Dykes, President/Chief Operations Officer, presented the revised supplemental dashboard, which was provided at the Board Member's seat. Ms. Dykes reviewed the fiscal year 2018 year end results for financial and operational performance results in electric systems and

water/wastewater systems. Ms. Dykes reviewed the metrics are grouped based on the corporate values including: customer value, financial value, community impact value and environmental value. Ms. Dykes highlighted additional metrics as they relate to the Pay for Performance program. Chair Howard and Mr. Zahn commended the finance team, as well as the Senior Leadership Team on their work. This presentation was received for information.

- C. Contribution Agreement Extension** – Aaron Zahn, Interim Managing Director/CEO presented on June 12, 2018, the Board received a letter outlining an area of consideration for the usage of proceeds from the sale of the Southside Generating Station. The topic was discussed at the July 30, 2018 Board Meeting and at the September 18, 2018 Board Meeting, the Board unanimously approved a resolution authorizing the Interim Managing Director/CEO to negotiate final terms with the City of Jacksonville (COJ). Mr. Zahn stated the current COJ contribution agreement expires in 2021. An extension of the agreement would preserve the same terms and conditions as the existing agreement, while changing the expiration date to 2023. An amendment to the Interagency Agreement with COJ will provide for an additional one-time contribution of \$15,155,000 to COJ for the purposes of septic tank phase out and improvement of COJ infrastructure. Mr. Zahn stated the proposed use of proceeds will benefit the COJ by solving a long-standing problem around water and wastewater for underserved citizens of COJ. Mr. Zahn added this action could provide benefits to the COJ and JEA for septic tank phase-out and more stability around the contribution agreement. On **motion** by Secretary Newbill and second by Vice Chair Cumber, Board Members held discussions. Chair Howard called upon Paul Steinbrecher, Vice President & Chief Environmental Services Officer to discuss water quality trading credits. Council Liaison Schellenberg provided comments and thanked JEA for their assistance with the water quality credits. Chair Howard added this proposed action also demonstrates JEA's new bold initiatives to help find solutions for complex public problems. At the conclusion of discussions, the Board unanimously approved the draft documents; subject to final authorization by the COJ.
- D. Approval of Resolution: FY2019 Budgetary Transfers** – Ryan Wannemacher, Chief Financial Officer, presented this is an administrative item that is brought before the Board each year. Consistent with past practices and Board delegation of authority, the Managing Director is authorized to approve FY2019 budget transfers up to \$5.0 million. Mr. Wannemacher added there is an occasional need to make transfers during the fiscal year between budget line items. On **motion** by Vice Chair Cumber and second by Mr. Champion, and the Board unanimously approved Resolution 2018-11, which allows the Managing Director to process budget transfers within JEA budget for FY2019. This authorization is limited to \$5.0 million per transfer, except in the event of an emergency or year-end adjustments, where transfers over \$5.0 million will be brought to the Board for ratification.
- E. Revolving Credit Facility for Operational/Capital Purposes and Liquidity** – Ryan Wannemacher, Chief Financial Officer, presented JEA currently has a revolving credit agreement of \$300 million with JPMorgan Chase Bank. Mr. Wannemacher added that JPMorgan Chase Bank received credit approval and provided a commitment to increase JEA's current revolving credit facilities from \$300 million to \$500 million, in the aggregate, and to amend the existing revolver with JPMorgan Chase Bank, National Association to increase borrowing capacity to \$500 million with the same terms and conditions. Mr. Wannemacher highlighted this action demonstrates the confidence from the lender in our ability and our willingness to pay our obligations. Mr. Wannemacher

recognized Mr. Mark Widener and Ms. Heather Talbott with JPMorgan Chase Bank. Mr. Widener stated that JPMorgan appreciates the opportunity to support JEA in a meaningful way. In support of the longstanding relationship, JPMorgan has agreed to an increase in the capital commitment to JEA on the same terms. We place great confidence in JEA. On **motion** by Vice Chair Cumber and second by Secretary Newbill, Board Members held discussions and unanimously approved and adopted Resolution 2018-14 to execute one or more revolver(s) subject to the \$500 million limit. This resolution also delegates to the Managing Director/CEO, or his designee to extend, amend, renew or substitute such new credit agreement(s) with the incumbent bank(s) or other bank(s) or financial institution(s).

Agenda Item IV – Strategy (Discussion Only)

- A. 2018/2019 Corporate Goals** – Melissa Dykes, President/Chief Operations Officer, provided Board Members with a revised dashboard which includes the draft goals as set by the Senior Leadership Team for FY2019. Ms. Dykes stated the goals are consistent with the Strategic Framework that was approved by the Board at the August 21, 2018 JEA Board Meeting. Ms. Dykes reviewed the process stating at the Executive Leadership Team workshop on October 1, 2018, these goals were cascaded to all JEA Directors, who each set their own goals aligned both vertically and horizontally to drive corporate performance. At a separate workshop on October 17, 2018, the process was repeated with managers, ensuring alignment throughout the organization for the next fiscal year. Ms. Dykes highlighted the goals are to increase the value of JEA now and in the future by increasing customer value, financial value, community impact value and environmental value. Ms. Dykes provided a review of the goals and highlighted that the goals have been set below budget, permit compliance requirements and staff continues to set aggressive goals for operations. Board Members provided feedback and direction on JEA's proposed FY2019 corporate goals. This presentation was provided for information only.
- B. Fuel Strategy – Gas Prepay Parameters & Solar Purchase Power Agreements**
- Ryan Wannemacher, Chief Financial Officer and Steve McNall, Director, Electric Production Resource Planning, presented this as a follow-up to the Fuel Strategy presentation at the September 18, 2018 JEA Board Meeting. Mr. McNall presented that JEA is currently implementing natural gas hedge strategies for 2020 and 2021 targeting up to 50% of average annual expected volume, with plans to execute in 2019 when economic. Mr. McNall also noted the strategy includes targeting gas prices at or below the basis for the current Fuel Charge. Mr. Wannemacher reviewed gas prepayments and noted they are the best tools that municipal utilities have to lower the cost of natural gas and allow utilities to use tax-exempt financing to lock-in a long-term energy supply at below market pricing. Staff believes these transactions can save JEA more than \$5 million annually. Mr. Wannemacher stated staff is investigating gas prepay arrangements, which allow municipal utilities to contract for long-term supplies of natural gas and could offer potential savings. Mr. Wannemacher provided an overview of gas prepayments, municipal natural gas prepayments from 2003 to present and tax-exempt prepayment transaction timeline. Mr. Wannemacher noted that savings are based on market conditions and are driven by five key variables including: tax-exempt funding rate, supplier discount rate, gas prices, overall interest rates and the terms of the contract. Mr. Wannemacher stated many utilities are taking the portfolio approach to gas prepayments and is contemplating asking the Board for a delegated resolution to allow for gas prepayments under certain parameters, including: issuer vs. participant role,

varying supplier counterparties and funding structures, threshold for minimum savings, maximum individual supplier exposure and maximum prepaid volumes. Mr. Wannemacher offered to meet individually with Board Members to offer additional information. Mr. McInall reviewed the solar purchase power agreements under negotiation. Staff has secured, or contracted for, property to host the five solar facilities at Cecil Commerce Solar Center, Beaver Street Solar Center, Deep Creek Solar Center, Westlake Solar Center and Forest Trail Solar Center. Mr. McInall reviewed the procurement process and noted EDF Renewables North America won the award. This presentation was provided for information. When complete, the contracts will be brought to the Board for approval.

- C. Corporate Headquarters – Downtown Campus Update** – Nancy Kilgo, Director, Government Relations, provided Board Members with a handout and gave a brief update on the corporate headquarters stating on October 15, 2018, CBRE issued a solicitation to the development and real estate community. The pre-bid meeting will be held on November 7, 2018; interested parties may send in questions by December 14, 2018 and responses to the solicitation are due to JEA and CBRE by January 8, 2019. Responses will be evaluated by JEA and CBRE against the criteria developed by the Board. JEA and CBRE will provide a thorough quantitative and qualitative analysis of the solutions submitted and the expectation was that a short list of the top ranked respondents would be presented at the January 22, 2019 JEA Board Meeting. Board Members held discussions and called upon Michael Harrell and Stewart Green, CBRE regarding timelines. Upon discussion, the Board decided to extend the presentation of the shortlist to the February 26, 2019 JEA Board Meeting or consider a special board meeting in February. This presentation was provided for information.
- D. Transition Update and Draft Guiding Principles** – Aaron Zahn, Interim Managing Director/CEO, presented a follow-up on the transition plan and stated the plan is complete, three months earlier than anticipated. Mr. Zahn highlighted two open items including: identify a liaison to provide governance of strategic planning process and the hiring of a permanent CEO. Mr. Zahn reviewed the Guiding Principles document is intended to be a starting point for the Strategic Planning process to start in December 2018. Mr. Zahn added building upon the Board's Strategic Framework document, the Senior Leadership Team (SLT) and approximately 400 Directors and Managers have built a consensus on the draft Guiding Principles document. Mr. Zahn thanked the Board for their guidance, as well as the SLT, Directors and Managers for their support over the last six months. This presentation was received for information.

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

- A. Electrification – An Emerging Market** – Kerri Stewart, Vice President & Chief Customer Officer, presented the purpose to today's presentation is to provide Board Members with an understanding of electrification and what it means for today, highlight JEA's existing program and to highlight the ability to scale the opportunities for JEA and its customers. Ms. Stewart provided Board Members with a review of electrification, why electrification is important to JEA, and JEA's strategy to date for the on-road and off-road electrification programs. Ms. Stewart introduced Mr. David Pickles, Senior Vice President – Commercial Energy with ICF. Mr. Pickles provided an introduction to ICF including their services provided and current utility and non-utility clients. Mr. Pickles reviewed the business drivers of Beneficial Electrification (BE), the power of improving system utilization (load factor) by increasing off-peak sales, JEA

system loadshape, possible expanded approaches to BE, considerations in electrification short-term opportunities and next steps. This presentation was received for information.

Agenda Item VI – Committee Report

- A. CEO Search Committee Report** – Committee Chair Cumber thanked the Committee Members for their time investment, as well as Ms. Flanagan for her work with the assistance of selecting Heidrick & Struggles to conduct the executive search. Committee Chair Cumber provided an update to the CEO search timeline highlighting the following events:

- Committee Members interviewed candidates on October 9-11, 2018.
- The Committee revised the initial timeline and will now meet on October 31, 2018 to discuss and narrow the list of candidates.
- The remaining Board Members will individually interview the finalists on November 13, 2018.
- The finalist will then come back to interview publicly before the full Board at the regularly scheduled Board Meeting on November 27, 2018.

Agenda Item VII – Other Business

- A. Old Business** – Chair Howard stated Paul McElroy's transitions service agreement carried the terms of the agreement to September 30, 2018. Chair Howard stated he received from Mr. McElroy, a written notification of resignation effective September 29, 2018, which is one day prior to the contract end date. Chair Howard noted there is a financial benefit to Mr. McElroy resigning one day early in the amount of approximately \$8,000 pension value, with additional value rolling forward. Chair Howard noted he was advised by legal counsel that to accept the resignation would require a Board vote. On **motion** by Vice Chair Cumber and second by Secretary Newbill, the Board unanimously approved Mr. McElroy's resignation date of September 29, 2018.

- B. Other New Business** – Ms. Brooks recognized her colleague, Gayle Petrie, Office of General Counsel who passed away the week prior. Ms. Brooks stated Mr. Petrie worked on many projects for JEA and that he will be missed.

Secretary Newbill commended the senior management, especially Mr. Zahn and Ms. Dykes, on their transition from April to date. Secretary Newbill commended management on their bold initiatives.

- C. Open Discussion** – Chair Howard stated a report on the Request for Proposal for the new JEA Headquarters will be provided at the October 16, 2018 meeting.
- D. Interim Managing Director/CEO's Report** – Mr. Zahn, Interim Managing Director/CEO Mr. Zahn thanked Chair Howard for his partnership, the entire Board for their collaboration and professional input and to the entire JEA management team who has performed at high levels in their day-to-day jobs, while driving corporate change over the last six months. Mr. Zahn highlighted JEA's accomplishments over the last six months including: Designed and executed on an organizational and situationally complex transition, while continuing to maintain an exceptionally run operation, worked together to debate, deliberate and unify around a strategic framework, Guiding Principles document which creates significant alignment for JEA, management team, Board of Directors, City Council, Mayor, and internal and external stakeholders

on how we measure performance, faced head on significant issues without blame concerning significant issues related to Plant Vogtle, privatization and corporate culture. Mr. Zahn added we established the corporate innovation process around telecom and dark fiber, integrated distributed energy resources, electrification, non-core real estate assets, innovation hubs, becoming a water and wastewater leader by solving a decades old problem of septic tank phase out, launched management listening tours in June 2018 meeting and cataloged and prioritized JEA employee ideas. The management team has undertaken a comprehensive fuel strategy, and managing risks around the single largest expense item, JEA new headquarters, concept of negotiation contribution agreement, to address septic tank phaseout and providing 5 years of stability for JEA should not be overlooked. Mr. Zahn added as a team we have implemented corporate controls in increasing transparency for the public, city council and the city administration, as well as customers, focused on a results-based approach by driving value and profitability. As a profitability and value driven organization, it is logical for JEA to optimize its balance sheet and restructure. Mr. Zahn invited Mr. Wannemacher, Chief Financial Officer to the table, and stated upon reviewing JEA's balance sheet has compiled a corporate efficiency and risk management plan that looks at the next four years.

Mr. Wannemacher stated JEA is an \$8 billion utility, comprised of approximately 2000 employees and serves over a million people in four counties, generates approximately \$800 million per year in net free cash flow from operations. Since 2010, JEA has paid off over \$2.5 billion in debt and invested nearly \$2.4 billion in capital projects in our community. Mr. Wannemacher reviewed that today, the Board approved to extend the proposed contribution agreement with the City of Jacksonville by an additional 2 years. The extension provides JEA a 5-year window of certainty on city contributions, while demonstrating JEA's thought leadership relative to septic tank phaseout. Mr. Wannemacher stated JEA recently obtained a commitment to increase the capacity of the revolving credit facility by \$200 million with the same terms, which demonstrates the confidence by a key lender and our ability and willingness to pay our obligations. The next step is to optimize the utilization of JEA's assets and reducing debt. Mr. Wannemacher presented a proposed plan and highlighted the following:

- JEA will repay over \$600 million in debt in 2019 and over \$1 billion by 2020.
- Continue to invest \$1.6 billion in the system over the next 4 years with no new debt and no base rate increases.
- Under this plan, operating free cash flow will increase by \$100 million per year.
- JEA will maintain strong financial metrics of liquidity and coverage.
- Will demonstrate JEA's financial strength, commitment to value and a focus on profitability.
- Demonstrates that an entire management team is dedicated to increasing the operational efficiency and reducing corporate risk.
- With this plan, JEA will have paid off over half of its debt since hitting an all-time high in 2010.

Mr. Wannemacher reviewed the electric debt and revenue history and proposal, and noted by the end of 2022, JEA's electric debt will be the lowest it has been in nearly 40 years, since 1983. Mr. Wannemacher reviewed the electric debt ratio, current versus proposed and added that this plan will continue to fund JEA's capital investments and

drive lower leverage ratios. Mr. Wannemacher highlighted the electric restructuring impacts and noted this plan increases the operating free cash flow by over \$260 million over the next 4 years. Mr. Wannemacher also covered the water debt and revenue history and proposal, water debt ratio current vs. proposed and the capital improvement plan and noted no base rate increase is needed to execute on the water plan. Mr. Wannemacher also covered the water restructuring impacts and stated JEA will experience an increase in operating cash flow by over \$140 million over the next four years, which will be reinvested into capital projects. Mr. Wannemacher concluded that these actions demonstrate JEA's credit and our willingness to pay. Board Members held discussions and Chair Howard suggested Board Members reach out to staff to obtain further information. This presentation was provided for information. Staff will bring this item back to the Board a future meeting for action.

- E. Chair's Report** – Chair Howard stated JEA sent approximately 150 team members to restore electric, water and wastewater services in the Tallahassee area in response to Hurricane Michael. Chair Howard thanked Mr. Zahn, Ms. Gina Kyle and staff for leading the Innovation Summit. Chair Howard stated staff did a great job in connection with the Jacksonville Chamber of Commerce and the Jacksonville Transportation Authority. Chair Howard thanked the members of the CEO Search Committee for their investment of time in interviewing the candidates. Mr. Howard added this national search has attracted some of the most attractive candidates. Chair Howard provided comments related to the Moody's action.

Agenda Item VIII – Closing Considerations

- A. Announcements** – Next Board Meeting – November 27, 2018
- B. Adjournment**

With no further business claiming the attention of the Board, Chair Howard adjourned the meeting at 2:21 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Melissa M. Charleroy
Executive Assistant

III. A.

Appendix B

Fiscal Year 2018 Pay for Performance
Program

October 24, 2018

SUBJECT:	FISCAL YEAR 2018 PAY FOR PERFORMANCE PROGRAM
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The JEA Pay for Performance program focuses employees and managers on key corporate measures and objectives and fosters a continuous improvement culture at JEA. The FY18 program results were reviewed at the October Board meeting and the incentive is scheduled to be paid on Friday, November 30, 2018. On December 12, 2017, the JEA Board of Directors approved a resolution that affirmed the Chief Executive Officer's authority to establish total compensation for JEA, in accordance with JEA Board Policy 2.7.3, including a performance pay program.

Significance: The JEA Pay for Performance Program was introduced in 1990. JEA's program is modeled to combine both company and individual performance metrics that incent and recognize a highly engaged, high performing workforce.

Effect: The entire JEA workforce is eligible for this program.

Cost or Benefit: JEA's program delivers an incentive when goals are achieved and O&M cost savings are realized to pay for the program. This program is designed to incent employees to achieve and exceed established goals, as well as to focus on being good stewards of resources, which in turn maximizes value to customers. The FY2018 estimated O&M cost savings were \$16.9M. The earned incentive for FY2018 is \$3.6m, or 2.3% of FY2018 salaries.

Recommended Board action: No action required. Results shared for information only.

For additional information, contact: Angie Hiers, 665-4747

Submitted by: ARH/AFZ



Commitments to Action

- 1** Earn Customer Loyalty
- 2** Deliver Business Excellence
- 3** Develop an Unbeatable Team

MEMORANDUM

October 24, 2018

SUBJECT: FISCAL YEAR 2018 PAY FOR PERFORMANCE PROGRAM

FROM: Aaron Zahn, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

Pay for Performance Programs were introduced at JEA in 1990¹. The program has successfully served to focus employees and managers on key corporate measures and objectives, as well as foster a continuous improvement culture with resulting operational excellence.

OVERVIEW:

On December 12, 2017, the JEA Board of Directors approved a resolution that affirmed the Chief Executive Officer's authority to establish total compensation for JEA, in accordance with JEA Board Policy 2.7.3, including a performance pay program.

The fiscal year 2017-2018 JEA Pay for Performance Program was communicated and administered per Procedure HUMR JEA Pay for Performance Program.

JEA 2018 performance results have been audited and confirmed. The following is a review of 2018 performance goals and results as previously communicated to the Board in prior board meetings.

➤ **Customer Satisfaction**

JEA measures customer satisfaction using the J.D. Power survey. JEA has continued its company-wide focus on customer satisfaction, which has been a strategic goal since 2012. In 2012, JEA's customer satisfaction scores were among the lowest in the nation and JEA has consistently had the highest year-over-year improvements in customer satisfaction scores since 2012. For the commercial segment, JEA received a score of 808 on the J.D. Power Commercial Customer Satisfaction survey, thus placing JEA fourth nationally and first in the South Midsize region. The commercial results exceeded the corporate target set for FY2018. For the residential segment, JEA's score fell 10 points to an index score of 737, which placed JEA 44th nationally out of 138 utilities and 5th in the South Midsize segment out of 19 brands. The residential satisfaction score was extremely strong, but the residential results did not meet the corporate goals set forth for FY2018 (i.e. the 1st quartile).

➤ **Safety**

JEA believes that our employees are our greatest asset. We emphasize safety as a part of everything we do. This continued focus on safety has resulted in JEA maintaining an OSHA recordable incident rate (RIR) for FY2018 well below the average for Public Sector Utilities of 5.3 injuries per 100 employees. However, in setting corporate goals for the fiscal year – and most especially in the area of safety – “good” is not good enough. We set a best-in-class safety goal

¹ Due to the economic downturn and subsequent austerity measures taken, JEA's performance pay program was suspended in 2007 until 2012 when it was reinstated.

with a baseline of 1.4 RIR and a 1.2 RIR rate as an excellent ranking for the fiscal year. JEA achieved a final RIR for FY2018 of 1.48 RIR, which does not meet the corporate safety goal for the fiscal year. Despite not meeting our goal, the safety metric achieved does put JEA as a leader in the industry.

➤ **Cost Control**

JEA is committed to holding firm on costs as the cornerstone of our ability to provide affordable service to our community. Cost control goals require each and every employee to manage our customers' money wisely, working more effectively and efficiently and using materials prudently. JEA staff worked diligently throughout the year to deliver excellence to our customers and community. For electric, actual FY2018 costs were \$55.34 per MWh, which is the level of "Exceeds". For water, the actual FY2018 cost per Kgal of \$4.65 was not low enough to meet the corporate target of \$4.40 per Kgal. In addition, the actual FY2018 wastewater cost of \$10.07 per Kgal did not meet the target of \$9.85.

Overall, JEA total O&M savings for FY2018 compared to budget was \$16.9 million.

Based on the performance described above, the actual payout to employees is \$3,680,001.32 or 2.30% of base salaries as of October 1, 2018. This will be paid to employees on November 30, 2018.

ARH/AZ

Aaron Zahn, Interim Managing Director/CEO



FY 2018 Performance Program Summary

Summary of Corporate Performance Factors

Safety

OSHA Recordable Incident Rate (RIR)

FY12 Results: 1.48 RIR

FY13 Results: 1.78 RIR

FY14 Results: 2.4 RIR

FY15 Results: 1.56 RIR

FY16 Results: 1.82 RIR

FY17 Results: 2.01 RIR

FY18 Results: 1.48 RIR

RIR		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
RIR > 1.4	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
RIR < 1.4	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
RIR < 1.2	Exceeds	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Customer Satisfaction

JD Power Residential Electric Industry Customer Satisfaction Survey: Total Industry

Customer Satisfaction - Residential Electric

FY12 Results: No Metric for Customer Satisfaction

FY13 Results: Top of the Third Quartile

FY14 Results: Top 25% of the Third Quartile

FY15 Results: First Quartile; Score of 692; Position 30

FY16 Results: Top 25% of Second Quartile; Score of 703; Position 37

FY17 Results: 1st Quartile Nationally; Position 21

FY18 Results: 2nd Quartile Nationally; Score 737; Position 44

SURVEY RANKING		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		CS CBUs	Grade E - G	Grade H	Grade I	Grade J	Grade K
	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
1st Quartile Nationally	Meets	\$150	\$300	\$425	\$500	\$690	\$815
1st Quartile Nationally & 10 Positions or Better than 2015 Performance	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Customer Satisfaction - Commercial Electric

FY17 Results: #12

FY18 Results: #4 Nationally; #1 South Midsize

SURVEY RANKING		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		All CBUs	Grade E - G	Grade H	Grade I	Grade J	Grade K
Below Top Decile Nationally	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Top Decile Nationally	Meets	\$150	\$300	\$425	\$500	\$690	\$815
# 3 Nationally or #1 South Midsize	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Cost Control: Electric Mwh

Cost per Mwh

FY12 Baseline: \$54.73

FY13 Results: \$53.92

FY14 Results: \$49.81

FY15 Results: \$49.44

FY16 Results: \$48.35

FY17 Results: \$52.50

FY18 Results: \$55.34

COST/Mwh		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$56.88	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Cost ≤ \$56.88	Meets	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Cost ≤ \$55.60	Exceeds	\$500	\$1,000	\$1,410	\$1,700	\$2,290	\$2,705

Cost Control: Water Kgal

Cost per Kgal

FY12 Baseline: \$4.47

FY13 Results: \$4.49

FY14 Results: \$4.07

FY15 Results: \$3.98

FY16 Results: \$4.08

FY17 Results: \$4.57

FY18 Results: \$4.65

COST/KGL		Non-Appointed	Incentive Opportunity				
			Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$4.40	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Cost ≤ \$4.40	Meets	\$150	\$300	\$425	\$500	\$690	\$815
Cost < \$4.30	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Cost Control: Wastewater Kgal**Cost per Kgal**

FY12 Baseline: \$7.96

FY13 Results: \$7.53

FY14 Results: \$7.34

FY15 Results: \$7.26

FY16 Results: \$7.12

FY17 Results: \$9.20

FY18 Results: \$10.07

COST/KGL		Incentive Opportunity					
		Non-Appointed	Appointed / Managerial				
		All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Cost > \$9.85	Does Not Meet	\$0	\$0	\$0	\$0	\$0	\$0
Cost ≤ \$9.85	Meets	\$150	\$300	\$425	\$500	\$690	\$815
Cost ≤ \$9.47	Exceeds	\$250	\$500	\$705	\$835	\$1,150	\$1,355

Example Overall Payout Opportunity at Meets**Example of FY18 Payout: Company Performance Meets**

JEA Actual Payout	All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Safety	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Customer Satisfaction - Residential Electric	\$150	\$300	\$425	\$500	\$690	\$815
Customer Satisfaction Commercial Electric	\$150	\$300	\$425	\$500	\$690	\$815
Cost Control: Electric	\$300	\$600	\$850	\$1,000	\$1,375	\$1,625
Cost Control: Water	\$150	\$300	\$425	\$500	\$690	\$815
Cost Control: Wastewater	\$150	\$300	\$425	\$500	\$690	\$815
Total Estimated Payout for Corporate Results	\$1,200	\$2,400	\$3,400	\$4,000	\$5,510	\$6,510

Appointed / Managerial:**Example of FY18 Appointed / Managerial Individual Performance Opportunity²**

Employee Performance	All CBU	Grade E-G	Grade H	Grade I	Grade J	Grade K
Does Not Meet	N/A	\$0	\$0	\$0	\$0	\$0
Meets	N/A	\$2,400	\$3,400	\$4,000	\$5,510	\$6,510
Exceeds	N/A	\$4,000	\$5,640	\$6,740	\$9,180	\$10,830

²Individual Performance Results for Appointed / Managerial employees comprises 50% of overall incentive opportunity**Total Estimated Cost for FY 2018 Pay for Performance Program**

Corporate Results	No. Emp.	Amount
SLT	11	\$59,652.89
Appointed	385	\$868,588.22
Non-Appointed	1558	\$1,135,876.25
TOTAL	1954	\$2,064,117.36

Individual Performance Results	No. Emp.	Amount
SLT	11	\$145,932.30
Appointed	385	\$1,468,951.67
TOTAL	396	\$1,614,883.96

Total FY18 Pay for Performance

Estimated Payout	No. Emp.	Amount
SLT	11	\$205,585.19
Appointed	385	\$2,337,539.88
Non-Appointed	1558	\$1,135,876.25
TOTAL	1954	\$3,679,001.32

The total amount represents 2.30% of salaries

III. A.

Appendix C

Fiscal Year 2018 Operating Budget Line Item Transfers

November 14, 2018

SUBJECT:	FISCAL YEAR 2018 OPERATING BUDGET LINE ITEM TRANSFERS
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Purpose: ☐ Information Only ☒ Action Required ☐ Advice/Direction

Issue: JEA is required to have a balanced budget and ensure at year-end actual individual expenditure line items do not exceed their respective budgeted line item amounts. The Managing Director/CEO is authorized to make transfers up to \$5.0 million per transfer and has the authority to approve budget transfers exceeding \$5.0 million.

Significance: High. Transfer required to comply with city ordinance to have a balanced budget.

Effect: The transfers will provide balanced budgets in FY2018 for the Electric System and Water and Sewer Systems, as required by city ordinance.

Cost or Benefit: N/A

Recommended Board action: Staff recommends that the Board ratify the FY2018 year-end budget line item transfers of:

Electric System

- \$40 million to Rate Stabilization – Non-Fuel Purchased Power (NFPP); \$13 million to SJRPP Operating and Maintenance; \$2 million to Scherer Renewal and Replacement; \$0.8 million to Debt Service – Principal; and \$0.4 million to SJRPP Debt Service Investment Credits from Operating Capital Outlay; Operations and Maintenance; and Emergency Reserve

Water and Sewer System

- \$8 million to Rate Stabilization – Environmental; \$7 million to Capacity Fees expense; and \$0.3 million to Interlocal Agreements from Operating Capital Outlay – Environmental; Operating & Maintenance; and Debt Service – Interest

For additional information, contact: Ryan Wannemacher

Submitted by: AFZ/RFW/ KMQ



Commitments to Action

- 1 Earn Customer Loyalty
- 2 Deliver Business Excellence
- 3 Develop an Unbeatable Team



INTER-OFFICE MEMORANDUM

November 14, 2018

SUBJECT: FISCAL YEAR 2018 OPERATING BUDGET LINE ITEM TRANSFERS

FROM: Aaron F. Zahn, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND

Last month the Board of Directors approved the agenda item for FY19 Budgetary Transfers authorizing the Managing Director/CEO to make certain transfers within the budget. This authorization allows the Managing Director/CEO to make transfers up to \$5.0 million during a budget year. Transfers in excess of \$5.0 million during the fiscal year and/or to close the books at the end of the fiscal year are brought to the Board of Directors for authorization after the fact. This agenda item requests authorization from the Board of Directors for FY18 transfers needed to close the books and are now brought back to the Board of Directors for ratification. The transfers are summarized in the tables below.

JEA provides the Council Auditor a final end-of-year revised budget by November 30th of each year. The revised budget includes budget transfers necessary to ensure JEA maintains a balanced budget and that line item expenditures do not exceed their respective budget.

DISCUSSION

Opportunities existed in FY2018 to transfer funds to budget line items to support JEA's financial objectives, to reduce debt outstanding and to reduce the need for additional debt by funding current year capital requirements with current year revenues on both the Electric and Water and Sewer Systems.

Electric System

Lower than budgeted expenses for Operating Capital Outlay and Operations & Maintenance coupled with an unused Emergency Reserve generated the ability to deposit an additional \$40.0 million to the Rate Stabilization – Non-Fuel Purchased Power; \$12.8 million to SJRPP Operating & Maintenance; \$2.4 million to Scherer Renewal & Replacement; \$0.8 million to Debt Service Principal; and \$0.4 million to SJRPP Debt Service Investment Credits.

During FY2018, \$40.0 million was deposited in the Rate Stabilization – NFPP, which is set up for the purpose of funding expenses related to Plant Vogtle prior to commercial operation. This stabilization fund is an important component of our credit analysis by the rating agencies. It demonstrates that Plant Vogtle does not represent a financial hardship for our customers prior to commercial operation. The following end-of-year budget line item transfers for FY2018 support JEA's financial objectives and maintains a balanced budget.

Electric System			
<u>Transfer From</u>		<u>Transfer To</u>	
Operating Capital Outlay	\$ 34.0	Rate Stabilization - NFPP	\$ 40.0
Operations & Maintenance	17.4	SJRPP Operating & Maintenance	12.8
Emergency Reserve	5.0	Scherer Renewal & Replacement	2.4
		Debt Service Principal	0.8
		SJRPP Debt Service Investment Credits	0.4
	<u>\$ 56.4</u>		<u>\$ 56.4</u>

Water and Sewer System

Lower than budgeted expenses for Operating Capital Outlay and Operations & Maintenance, coupled with an unused Emergency Reserve generated the ability to deposit an additional \$7.7 million into the Rate Stabilization – Environmental; an additional \$7.0 million into Capacity Fees; and \$0.3 million into Interlocal Agreements.

The FY2018 Water and Sewer System budget for Capacity Fees was \$21.0 million. However, Capacity Fee revenue was \$28.0 million, which required additional funds be transferred to the Capacity Fee budget line item.

Water and Sewer System			
<u>Transfer From</u>		<u>Transfer To</u>	
Operating Capital Outlay – Environmental	\$ 7.7	Rate Stabilization - Environmental	\$ 7.7
Operations & Maintenance	7.0	Capacity Fees	7.0
Debt Service - Interest	0.3	Interlocal Agreements	0.3
	<u>\$ 15.0</u>		<u>\$ 15.0</u>

RECOMMENDATION

Staff recommends that the Board ratify the FY2018 year-end budget line item transfers of:

Electric System

- \$40 million to Rate Stabilization – Non-Fuel Purchased Power; \$13 million to SJRPP Operating and Maintenance; \$2 million to Scherer Renewal and Replacement; \$0.8 million to Debt Service – Principal; and \$0.4 million to SJRPP Debt Service Investment Credits from Operating Capital Outlay; Operations; and Maintenance and Emergency Reserve

Water and Sewer System

- \$8 million to Rate Stabilization – Environmental; \$7 million to Capacity Fees expense; and \$0.3 million to Interlocal Agreements from Operating Capital Outlay – Environmental; Operating & Maintenance; and Debt Service – Interest

Aaron F. Zahn, Interim Managing Director/CEO

AFZ/RFW/KMQ

Electric System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
021-Z0000-2001	Operating & Maintenance (Non-DSM/Environmental)	\$ 17,399,041.74
021-Z0000-3001	Emergency Reserve	\$ 5,000,000.00
021-Z0000-5501	Operating Capital Outlay	\$ 34,000,000.00
Total		\$ 56,399,041.74

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
021-Z0000-5101	Debt Service - Principal	\$ 795,000.00
021-Z0000-4410	SJRPP Operating & Maintenance Costs	\$ 12,800,981.38
021-Z0000-4413	SJRPP Debt Service Investment Credits	\$ 400,000.00
021-Z0000-4425	Scherer Renewal and Replacement	\$ 2,354,245.02
021-Z0000-4431	Rate Stabilization - Non-Fuel Purchased Power	\$ 40,048,815.34
Total		\$ 56,399,041.74

JUSTIFICATION:

Year-end budget adjustments transferring savings from Operating & Maintenance, Emergency Reserve, and Operating Capital Outlay to contribute towards Debt Service - Principal, SJRPP O&M, SJRPP Debt Service Investment Credits, Scherer R&R, and Rate Stabilization for Non-Fuel Purchased Power.

APPROVALS:

APPROVED: _____

Director, Financial Planning and Analysis

DATE

APPROVED: _____

Chief Financial Officer

DATE

APPROVED: _____

Interim Managing Director/CEO

DATE

Forwarded to Council Auditor: Date: _____

JEA
FY 17/18 FUNDS TRANSFER

District Energy System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
091-Z0000-2001	Operating & Maintenance	\$ 269,588
Total		\$ 269,588

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
091-Z0000-5501	Operating Capital Outlay	\$ 269,588
Total		\$ 269,588

JUSTIFICATION:	Adjustment of operating expense budget due to savings in Operating & Maintenance. These savings will offset increases in Operating Capital Outlay.
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APPROVALS:

APPROVED: _____	_____ <i>Director, Financial Planning and Analysis</i>	_____ DATE
APPROVED: _____	_____ <i>Chief Financial Officer</i>	_____ DATE
APPROVED: _____	_____ <i>Interim Managing Director/CEO</i>	_____ DATE

Forwarded to Council Auditor: Date: _____

JEA
FY 18/19 FUNDS TRANSFER

Electric System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
021-Z0000-5201	Renewal and Replacement	\$ 1,052,300
	Total	\$ 1,052,300

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
021-Z0000-5501	Operating Capital Outlay	\$ 1,052,300
	Total	\$ 1,052,300

JUSTIFICATION: Adjustment of Renewal and Replacement deposit based on FY18 actual revenues.

APPROVALS:

APPROVED: _____
Director, Financial Planning and Analysis DATE

APPROVED: _____
Chief Financial Officer DATE

APPROVED: _____
Interim Managing Director/CEO DATE

Forwarded to Council Auditor: Date: _____

JEA
FY 18/19 FUNDS TRANSFER

Water and Sewer System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
071-Z0000-5201	Renewal and Replacement	\$ 1,352,260
	Total	\$ 1,352,260

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
071-Z0000-5501	Operating Capital Outlay	\$ 1,352,260
	Total	\$ 1,352,260

JUSTIFICATION: Adjustment of Renewal and Replacement deposit based on FY18 actual revenues.

APPROVALS:

APPROVED: _____
Director, Financial Planning and Analysis DATE

APPROVED: _____
Chief Financial Officer DATE

APPROVED: _____
Interim Managing Director/CEO DATE

Forwarded to Council Auditor: Date: _____

JEA
FY 17/18 FUNDS TRANSFER

Water and Sewer System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
071-Z0000-5511	Operating Capital Outlay - Environmental	\$ 7,701,048
071-Z0000-2001	Operating & Maintenance (Non-DSM/Environmental)	\$ 5,878,559
071-10002-2001	Operating & Maintenance (DSM)	\$ 860,203
071-Z0000-5102	Debt Service - Interest	\$ 341,348
071-20450-2001	Operating & Maintenance (Environmental)	\$ 155,142
071-40310-2001	Operating & Maintenance (Environmental)	\$ 110,037
071-30130-2001	Operating & Maintenance (Environmental)	\$ 44,400
Total		<u>\$ 15,090,737</u>

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
071-Z0000-5605	Rate Stabilization - Environmental	\$ 7,701,048
071-Z0000-5503	Capacity Fees	\$ 7,042,962
071-Z0000-5615	Interlocal Agreements	\$ 346,727
Total		<u>\$ 15,090,737</u>

JUSTIFICATION:	Adjustment of operating expense budget due to savings in Operating & Maintenance, Debt Service Interest, and Operating Capital Outlay - Environmental. These savings will offset increases in Capacity Fees, Interlocal Agreements, and the Environmental Rate Stabilization Fund.
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APPROVALS:

APPROVED: _____
Director, Financial Planning and Analysis DATE

APPROVED: _____
Chief Financial Officer DATE

APPROVED: _____
Interim Managing Director/CEO DATE

Forwarded to Council Auditor: Date: _____

JEA
FY 18/19 FUNDS TRANSFER

District Energy System
Operating Budget

TRANSFER FROM ACCOUNT	DESCRIPTION	AMOUNT
Credit		
091-Z0000-5201	Renewal and Replacement	\$ 167
	Total	\$ 167

TRANSFER TO ACCOUNT	DESCRIPTION	AMOUNT
Debit		
091-Z0000-5501	Operating Capital Outlay	\$ 167
	Total	\$ 167

JUSTIFICATION: Adjustment of Renewal and Replacement deposit based on FY18 actual revenues.

APPROVALS:

APPROVED: _____
Director, Financial Planning and Analysis DATE

APPROVED: _____
Chief Financial Officer DATE

APPROVED: _____
Interim Managing Director/CEO DATE

Forwarded to Council Auditor: Date: _____

III. A.

Appendix D

St. Johns Power Park Regulatory Accounting

November 2, 2018

SUBJECT:	ST. JOHNS POWER PARK REGULATORY ACCOUNTING
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: As JEA's regulator, the Board regularly approves costs to be recovered in future periods. These costs are recorded on JEA's balance sheet as an asset. From time to time, changes in the business change the costs that need to be recovered.

Significance: High

Effect: The shutdown of SJRPP is a change to the business that has impacted these cost to be recovered. The net benefit to JEA was \$250 million net present value over 10 years.

Cost or Benefit: With the shutdown of SJRPP, certain costs will no longer be incurred and/or have already been collected through the settlement payment from FPL.

Recommended Board action: Staff recommends authorizing the cost to be recovered be established at \$259.2 million.

For additional information, contact: Janice Nelson, 665-6442.

Submitted by: AFZ/RFW/JRN



Commitments to Action

- 1 Earn Customer Loyalty**
- 2 Deliver Business Excellence**
- 3 Develop an Unbeatable Team**



INTER-OFFICE MEMORANDUM

November 2, 2018

SUBJECT: ST. JOHNS POWER PARK REGULATORY ACCOUNTING

FROM: Aaron F. Zahn, Interim Managing Director/CEO

TO: JEA Board of Directors

BACKGROUND:

As JEA's regulator, the Board regularly approves costs to be recovered in future periods. These costs are recorded on JEA's balance sheet as an asset. From time to time, changes in the business change the costs that need to be recovered. The shutdown of SJRPP is a change to the business that has impacted these costs to be recovered. The net benefit of the shutdown to JEA was \$250 million net present value over 10 years.

DISCUSSION:

As a result of the shutdown in January 2018, the benefit outlined above is expected to remain consistent but certain regulatory accounting entries are required to reflect changes in the business. The appropriate accounting treatment would establish cost to be recovered at \$259.2 million, which consists primarily of remaining debt obligations to be recovered from customers.

RECOMMENDATION:

Staff recommends authorizing the cost to be recovered be established at \$259.2 million.

Aaron F. Zahn, Interim Managing Director/CEO

AFZ/RFW/JRN

**St. Johns River Power Park
Regulatory Schedule - Costs to be Recovered**

Fiscal Year	Capital Asset Depreciation	Amortization			Debt Service Reserve Releases	Bond Principal Payments	Recognition of Deferred Costs	Regulatory Balance Remaining
		Original Issue (Premium) Discount	Cost of Refundings	Bond Issue Costs				
2018								259,165,082
2019	409,878	(1,040,533)	211,520	138,153	-	13,780,000	(14,060,982)	245,104,100
2020	409,878	(650,137)	211,520	138,153	-	13,340,000	(13,230,586)	231,873,514
2021	409,878	(451,683)	211,520	138,153	-	14,175,000	(13,867,132)	218,006,382
2022	409,878	(289,052)	211,520	138,153	-	15,285,000	(14,814,501)	203,191,881
2023	409,878	(157,299)	211,519	138,153	-	15,865,000	(15,262,749)	187,929,132
2024	409,878	(57,522)	211,520	138,153	-	16,445,000	(15,742,971)	172,186,161
2025	409,878	58,383	211,519	138,153	-	17,105,000	(16,287,067)	155,899,094
2026	409,878	40,720	211,520	138,153	-	17,565,000	(16,764,729)	139,134,365
2027	204,936	23,054	211,519	138,153	-	18,060,000	(17,482,338)	121,652,027
2028	-	9,242	211,520	138,153	-	18,580,000	(18,221,085)	103,430,942
2029	-	17,629	211,519	120,723	-	15,725,000	(15,375,129)	88,055,813
2030	-	14,003	211,520	120,723	-	16,245,000	(15,898,754)	72,157,059
2031	-	13,245	211,519	120,723	-	16,815,000	(16,469,513)	55,687,546
2032	-	7,554	211,520	120,722	-	10,280,000	(9,940,204)	45,747,342
2033	-	1,127	211,519	72,776	-	9,035,000	(8,749,578)	36,997,764
2034	-	(7,986)	211,520	32,545	-	10,100,000	(9,863,921)	27,133,843
2035	-	(6,349)	211,519	32,545	-	10,495,000	(10,257,285)	16,876,558
2036	-	(3,132)	211,520	32,545	-	10,900,000	(10,659,067)	6,217,491
2037	-	105	211,519	32,545	-	11,530,000	(11,285,831)	(5,068,340)
2038	-	3,372	82,935	22,201	-	3,705,000	(3,596,492)	(8,664,832)
2039	-	1,685	82,935	22,201	12,413,011	3,855,000	8,664,832	-
TOTAL	3,483,960	(2,473,574)	4,184,742	2,111,779	12,413,011	278,885,000	(259,165,082)	

III. A.

Appendix E

Monthly Financial and Operations Dashboard



Corporate Metrics Dashboard

As of October 31, 2018

Metrics for FY19 Goals	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
Customer Value							
JDP Customer Satisfaction Index - Residential	4th Quartile	3rd Quartile	3rd Quartile	1st Quartile	2nd Quartile	1st Quartile	2nd Quartile
JDP Customer Satisfaction Index - Business	4th Quartile	4th Quartile	1st Quartile	1st Quartile	1st Quartile	1st Quartile	1st Decile
Customer Response Time (min.): W/WW System	70	69	67	69	67	68	76
Overall First Contact Resolution Index	N/A	N/A	0.79	0.81	0.79	0.79	0.79
Estimated Time of Restoration Accuracy	-	-	88%	85%	89%	82%	80%
Grid Performance: Frequency (outages/year)	2.4	1.7	1.7	1.7	1.4	1.6	1.4
Grid Performance: Outage Duration (minutes/year)	84	68	71	99	71	99.5	67
Grid Performance: CEM15 (% cust. > 5 outages/year)	n/a	n/a	2.34	2.10	1.40	1.07	0.40
Water Unplanned Outages (% cust.)	2%	1%	1%	2%	4%	1%	5%
Water Distribution System Pressure (avg min < 30 psi)	34.9	20.0	2.1	2.8	2.1	3.7	1.8
Financial Value							
Net Write-Offs	0.19%	0.15%	0.15%	0.16%	0.14%	0.14%	0.13%
Generation Fleet Reliability (forced outages rate)	0.7%	1.6%	3.0%	1.8%	2.0%	2.2%	2.1%
Percent of Net O&M Budget	92%	90%	88%	93%	93%	93%	93%
Cost Reduction Metric (\$000)	n/a	n/a	n/a	n/a	\$25,156	\$10,087	\$10,495
Community Impact Value							
Capital Invested (\$000)	\$273,774	\$234,718	\$158,392	\$204,708	\$298,045	\$307,918	\$374,456
Safety (RIR)	1.48	1.84	2.38	1.65	1.82	2.10	1.48
JEA Volunteers	237 Activities	465 Activities	670 Activities	753 Activities	985 Activities	913 Activities	760 Activities
JSEB Spend (\$000)	\$9,168	\$10,121	\$7,302	\$9,318	\$9,983	\$13,365	\$15,760
Environmental Value							
Electric System Environmental Compliance (permit exceedances)	5	4	3	2	4	6	2
Consumptive Use Permit Compliance	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Nitrogen to the River (tons)	650	767	579	556	524	556	552
Sanitary Sewer Overflows (SSO's) (per 100 miles of pipe)	0.58	0.55	0.68	0.52	0.61	1.07	0.63

Metrics We Watch	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
Financial Value							
Change in Net Position (\$000)	\$182,642	\$79,975	\$156,269	\$323,008	\$210,016	\$254,620	\$156,556
Debt to Capitalization	75%	73%	70%	69%	66%	63%	59%
City Contribution (\$000)	\$104,188	\$106,687	\$109,188	\$111,688	\$129,187	\$115,823	\$116,620
Electric sales (000's MWh)	13,855	11,930	12,172	12,434	12,561	12,050	12,364
Water Sales (000's kgal)	35,345	33,088	32,468	34,558	36,358	37,245	36,187
Sewer Sales (000's kgal)	24,490	23,624	23,527	24,922	25,818	26,713	26,340
Reclaim Sales (000's kgal)	1,330	1,110	1,301	1,784	2,644	3,290	3,120
Community Impact Value							
Utility Scale Solar Energy (000's MWh)	21	21	20	21	21	26	55
New Partnerships and Student Programs	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Voluntary Attrition	46	36	44	32	33	35	35
Diverse Slate of Candidates (% of recruitments)	N/A	N/A	N/A	97.6%	98.6%	100%	100%
Economic Development Program Participants	N/A	0	0	1	0	0	4
Environmental Value							
Reclaimed Water Customer Growth*	35%	40%	43%	31%	27%	25%	22%

Strategic Metrics - Long Term Influence	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual
Customer Value							
Residential Electric Bill in FL (% of State Median)	101%	101%	99%	99.5%	101%	100%	98%
Residential Water/Sewer Bill in FL (% of State Median)	110%	104%	102%	100%	96%	94%	92%
Financial Value							
Consolidated Return on Equity	13%	8%	10%	12%	13%	13%	9%
Return on Net Assets	3%	1%	2%	5%	3%	4%	3%
Unlevered Free Cash Flow: EBITDA less CAPEX (\$000)	\$606,131	\$532,872	\$632,212	\$591,925	\$547,897	\$573,259	\$351,976
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	\$2,740,279
City Contribution NPV	-	-	-	-	-	-	\$1,998,311
Electric Credit Ratings	Aa2/AA-/AA-	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/AA-/AA	Aa2/A+/AA
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
Community Impact Value							
Employee engagement (survey)	-	71%	-	74%	72%	79%	81%
Environmental Value							
CO ₂ Emissions (lbs/MWh), net basis	1,381	1,498	1,642	1,475	1,558	1,358	1,474
Aquifer Withdrawal Limit	104	100	103	107	112	114	112
Residential Water Use Efficiency (gal. per capita per day)	88	80	75	79	81	82	75

*May contain reclaimed customers temporarily supplied with potable water

2019 YTD	2019 Goal	Variance
2nd Quartile	Top Decile or Trophy	-
NA- Data in Jan	Top Five or Trophy	-
71	65	9%
0.83	0.80	4%
81%	80%	1%
1.2	1.6	-25%
57	75	-24%
0.80	1.00	-20%
0.1%	2%	-94%
1.0	2.0	-48%
0.1%	0.2%	-33%
0.3%	2.0%	-85%
93%	95%	-2%
\$52	\$9,100	TBD
\$15,494	\$437,774 – \$574,578	TBD
1.14	1.40	-19%
359 Hours	4,800 Hours	TBD
\$1,343	\$13,000	TBD
0	4	TBD
Yes	Yes	Yes
29	616	TBD
0.07	0.58	TBD

MANAGEMENT DISCUSSION

Financial

Electric Enterprise:

- FY19 sales down 4.4% compared to Oct FY18
- Sales per customer are down 6.2% compared to Oct FY18
- Degree days are down 10.3% compared to Oct FY18
- Total customers are up 1.9% compared to Oct FY18
- Revenues decreased \$12m vs. FY18 driven by SJRPP decreases.
- Expenses decreased \$4m vs. FY18 with decreases in fuel and depreciation, being partially offset by the increases in Scherer R&R, purchased power volume, and stabilization.
- Fuel and purchased power down \$5m due to lower costs, partially offset by higher net volume.

Water and Sewer:

- Water sales are up 2.2% compared to Oct FY18
- Sewer sales are up 2.6% compared to OctFY18
- Reclaimed sales are up 23.5% compared to Oct FY18
- Sales per customer are up 6.2%
- Rain days are up 25%(2 days) compared to Oct FY18, irrigation up 10.2% versus Oct FY18
- Total customers are up 2.7% compared to Oct FY18
- Revenues increased by \$4m vs. FY18 due to higher sales.
- Expenses increased \$3m vs. FY18 driven by an increase in overhead and compensation.

DES

- Stable, minimal change from FY18

FEMA reimbursement:

- Matthew - \$2.2m of \$11m received
- Irma - \$0m of \$19m received

Operations

Two (2) OSHA recordables safety incident for JEA in the month of October.

Electric:

- JEA launched a new program last year aimed at reducing outage duration.
- The JEA fleet Forced Outage Rate has been running in line with prior 7-year performance and performed slightly better than the target.
- A number of planned outages are currently underway this fall.
- High unit reliability contributes to lower fuel and non-fuel expenses.

Water/Sewer:

- Unplanned Water Main Outages: 409 customers experienced an outage in the month of October
- CUP: Average daily flow of 113 MGD was 16% below CY limit of 135 MGD; reclaimed usage at 17 MGD
- Nitrogen to River: FY19 Forecast is 557 tons this includes 45 additional tons possible during the aeration basin project at Buckman. JEA has a limit of 683 tons per year and provides the COJ with 37 tons.
- SSO's Impacting Waters of the US: 4, root cause analysis is performed on each SSO

III. A.

Appendix F

Monthly Financial Statements

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11/27/2018



Monthly Financial Statements

October 2018

Monthly Financial Statements

October 2018

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Statements of Net Position**(in thousands - unaudited) October 2018 and 2017**

	2018	2017 restated*
Assets		
Current assets:		
Cash and cash equivalents	\$ 240,156	\$ 273,799
Investments	299,316	256,348
Customer accounts receivable, net of allowance (\$1,897 in 2018 and \$2,007 in 2017 restated*)	207,476	205,245
Miscellaneous accounts receivable	10,145	17,275
Interest receivable	3,111	2,113
Inventories:		
Fuel inventory - Electric System	26,891	67,360
Fuel inventory - Plant Scherer	5,332	4,119
Materials and supplies - Water and Sewer	55,100	49,837
Materials and supplies - Electric System	663	19,297
Materials and supplies - Plant Scherer	2,180	2,112
Total current assets	850,370	897,505
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	103,144	41,285
Investments	501,715	721,688
Accounts and interest receivable	76	931
Total restricted assets	604,935	763,904
Costs to be recovered from future revenues	806,070	540,140
Investment in The Energy Authority	7,135	6,307
Other assets	15,241	16,656
Total noncurrent assets	1,433,381	1,327,007
Capital assets:		
Land and easements	194,552	194,580
Plant in service	11,392,845	11,167,041
Less accumulated depreciation	(6,547,294)	(5,765,101)
Plant in service, net	5,040,103	5,596,520
Construction work in progress	329,615	212,215
Net capital assets	5,369,718	5,808,735
Total assets	7,653,469	8,033,247
Deferred outflows of resources		
Unrealized pension contributions and losses	171,367	173,578
Unamortized deferred losses on refundings	142,813	132,228
Accumulated decrease in fair value of hedging derivatives	89,064	125,269
Unrealized asset retirement obligation	27,606	-
Unrealized OPEB contributions and losses	4,078	5,240
Total deferred outflows of resources	434,928	436,315
Total assets and deferred outflows of resources	\$ 8,088,397	\$ 8,469,562

*Restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Statements of Net Position**(in thousands - unaudited) October 2018 and 2017**

	2018	2017 restated*
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 110,361	\$ 98,071
Customer deposits	60,016	57,414
City of Jacksonville payable	9,809	9,759
Utility taxes and fees payable	10,018	9,473
Compensated absences due within one year	2,659	2,221
Total current liabilities	192,863	176,938
Current liabilities payable from restricted assets:		
Debt due within one year	192,555	223,990
Renewal and replacement reserve	53,844	82,772
Interest payable	13,386	14,586
Construction contracts and accounts payable	22,622	29,059
Total current liabilities payable from restricted assets	282,407	350,407
Noncurrent liabilities:		
Net pension liability	544,203	554,337
Asset retirement obligation	20,204	-
Compensated absences due after one year	27,211	31,146
Net OPEB liability	19,160	39,848
Environmental liabilities	16,818	17,672
Other liabilities	5,413	4,056
Total noncurrent liabilities	633,009	647,059
Long-term debt:		
Bonds payable and commercial paper payable, less current portion	3,621,125	3,948,170
Unamortized premium, net	150,832	110,429
Fair value of debt management strategy instruments	86,356	125,269
Total long-term debt	3,858,313	4,183,868
Total liabilities	4,966,592	5,358,272
Deferred inflows of resources		
Revenues to be used for future costs	283,825	441,770
Unrealized pension gains	50,124	11,960
Unrealized OPEB gains	8,712	659
Total deferred inflows of resources	342,661	454,389
Net position		
Net investment in capital assets	2,028,508	1,884,741
Restricted	395,505	371,609
Unrestricted	355,131	400,551
Total net position	2,779,144	2,656,901
Total liabilities, deferred inflows of resources, and net position	\$ 8,088,397	\$ 8,469,562

*Restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Combining Statement of Net Position
(in thousands - unaudited) October 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	\$ 142,968	\$ 66,289	\$ -	\$ 209,257	27,212	\$ 3,687	\$ 240,156
Investments	241,098	2,096	-	243,194	56,122	-	299,316
Customer accounts receivable, net of allowance (\$1,897)	154,694	-	-	154,694	51,949	833	207,476
Miscellaneous accounts receivable	8,828	1,044	(2,006)	7,866	2,279	-	10,145
Interest receivable	1,934	16	-	1,950	1,161	-	3,111
Inventories:							
Fuel inventory - Electric System	26,160	731	-	26,891	-	-	26,891
Fuel inventory - Plant Scherer	5,332	-	-	5,332	-	-	5,332
Materials and supplies - Water and Sewer	-	-	-	-	55,100	-	55,100
Materials and supplies - Electric System	-	663	-	663	-	-	663
Materials and supplies - Plant Scherer	2,180	-	-	2,180	-	-	2,180
Total current assets	583,194	70,839	(2,006)	652,027	193,823	4,520	850,370
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	203	68,454	-	68,657	33,333	1,154	103,144
Investments	261,783	23,277	-	285,060	216,655	-	501,715
Accounts and interest receivable	7	61	-	68	8	-	76
Total restricted assets	261,993	91,792	-	353,785	249,996	1,154	604,935
Costs to be recovered from future revenues	301,685	260,094	-	561,779	244,264	27	806,070
Investment in The Energy Authority	7,135	-	-	7,135	-	-	7,135
Other assets	10,954	-	-	10,954	4,250	37	15,241
Total noncurrent assets	581,767	351,886	-	933,653	498,510	1,218	1,433,381
Capital assets:							
Land and easements	123,626	6,660	-	130,286	61,215	3,051	194,552
Plant in service	5,507,391	1,316,043	-	6,823,434	4,513,036	56,375	11,392,845
Less accumulated depreciation	(3,089,695)	(1,312,593)	-	(4,402,288)	(2,119,249)	(25,757)	(6,547,294)
Plant in service, net	2,541,322	10,110	-	2,551,432	2,455,002	33,669	5,040,103
Construction work in progress	105,870	-	-	105,870	222,584	1,161	329,615
Net capital assets	2,647,192	10,110	-	2,657,302	2,677,586	34,830	5,369,718
Total assets	3,812,153	432,835	(2,006)	4,242,982	3,369,919	40,568	7,653,469
Deferred outflows of resources							
Unrealized pension contributions and losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	84,505	4,167	-	88,672	53,948	193	142,813
Accumulated decrease in fair value of hedging derivatives	72,811	-	-	72,811	16,253	-	89,064
Unrealized asset retirement obligation	-	27,606	-	27,606	-	-	27,606
Unrealized OPEB contributions and losses	2,488	-	-	2,488	1,590	-	4,078
Total deferred outflows of resources	243,453	66,011	-	309,464	125,271	193	434,928
Total assets and deferred outflows of resources	\$ 4,055,606	\$ 498,846	\$ (2,006)	\$ 4,552,446	\$ 3,495,190	\$ 40,761	\$ 8,088,397

Combining Statement of Net Position
(in thousands - unaudited) October 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	\$ 86,019	\$ 8,599	\$ (838)	\$ 93,780	\$ 16,448	\$ 133	\$ 110,361
Customer deposits	44,350	-	-	44,350	15,666	-	60,016
City of Jacksonville payable	7,746	-	-	7,746	2,063	-	9,809
Utility taxes and fees payable	10,018	-	-	10,018	-	-	10,018
Compensated absences due within one year	1,622	-	-	1,622	1,014	23	2,659
Total current liabilities	149,755	8,599	(838)	157,516	35,191	156	192,863
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	-	53,844	-	53,844	-	-	53,844
Interest payable	7,155	928	-	8,083	5,192	111	13,386
Construction contracts and accounts payable	3,113	2,949	(1,168)	4,894	17,676	52	22,622
Total current liabilities payable from restricted assets	132,648	71,501	(1,168)	202,981	77,573	1,853	282,407
Noncurrent liabilities:							
Net pension liability	321,885	16,523	-	338,408	205,795	-	544,203
Asset retirement obligation	-	20,204	-	20,204	-	-	20,204
Compensated absences due after one year	19,579	-	-	19,579	7,616	16	27,211
Net OPEB liability	11,681	-	-	11,681	7,479	-	19,160
Environmental liabilities	16,818	-	-	16,818	-	-	16,818
Other liabilities	5,112	-	-	5,112	301	-	5,413
Total noncurrent liabilities	375,075	36,727	-	411,802	221,191	16	633,009
Long-term debt:							
Bonds payable and commercial paper payable, less current portion	1,896,970	265,105	-	2,162,075	1,425,915	33,135	3,621,125
Unamortized premium (discount), net	75,668	2,387	-	78,055	72,810	(33)	150,832
Fair value of debt management strategy instruments	70,103	-	-	70,103	16,253	-	86,356
Total long-term debt	2,042,741	267,492	-	2,310,233	1,514,978	33,102	3,858,313
Total liabilities	2,700,219	384,319	(2,006)	3,082,532	1,848,933	35,127	4,966,592
Deferred inflows of resources							
Revenues to be used for future costs	244,868	10,624	-	255,492	28,333	-	283,825
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	276,432	17,715	-	294,147	48,514	-	342,661
Net position							
Net investment in capital assets	670,139	1,517	-	671,656	1,356,673	179	2,028,508
Restricted	189,405	25,652	1,168	216,225	178,236	1,044	395,505
Unrestricted	219,411	69,643	(1,168)	287,886	62,834	4,411	355,131
Total net position	1,078,955	96,812	-	1,175,767	1,597,743	5,634	2,779,144
Total liabilities, deferred inflows of resources, and net position	\$ 4,055,606	\$ 498,846	\$ (2,006)	\$ 4,552,446	\$ 3,495,190	\$ 40,761	\$ 8,088,397

JEA
Combining Statement of Net Position
(in thousands - unaudited) October 2017 restated*

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	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	\$ 143,300	\$ 47,918	\$ -	\$ 191,218	\$ 78,413	\$ 4,168	\$ 273,799
Investments	225,071	4,493	-	229,564	26,784	-	256,348
Customer accounts receivable, net of allowance (\$2,007)	155,309	-	-	155,309	49,617	319	205,245
Miscellaneous accounts receivable	24,294	8,442	(16,984)	15,752	1,523	-	17,275
Interest receivable	1,094	11	-	1,105	1,008	-	2,113
Inventories:							
Fuel inventory - Electric System	32,539	34,821	-	67,360	-	-	67,360
Fuel inventory - Plant Scherer	4,119	-	-	4,119	-	-	4,119
Materials and supplies - Water and Sewer	-	-	-	-	49,837	-	49,837
Materials and supplies - Electric System	-	19,297	-	19,297	-	-	19,297
Materials and supplies - Plant Scherer	2,112	-	-	2,112	-	-	2,112
Total current assets	587,838	114,982	(16,984)	685,836	207,182	4,487	897,505
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	40,087	-	40,087	15	1,183	41,285
Investments	269,932	182,877	-	452,809	268,879	-	721,688
Accounts and interest receivable	20	899	-	919	12	-	931
Total restricted assets	269,952	223,863	-	493,815	268,906	1,183	763,904
Costs to be recovered from future revenues	297,106	4,009	-	301,115	238,998	27	540,140
Investment in The Energy Authority	6,307	-	-	6,307	-	-	6,307
Other assets	10,463	-	-	10,463	6,178	15	16,656
Total noncurrent assets	583,828	227,872	-	811,700	514,082	1,225	1,327,007
Capital assets:							
Land and easements	123,611	6,660	-	130,271	61,258	3,051	194,580
Plant in service	5,396,616	1,316,279	-	6,712,895	4,398,381	55,765	11,167,041
Less accumulated depreciation	(2,884,917)	(854,334)	-	(3,739,251)	(2,001,560)	(24,290)	(5,765,101)
Plant in service, net	2,635,310	468,605	-	3,103,915	2,458,079	34,526	5,596,520
Construction work in progress	61,062	1,881	-	62,943	147,809	1,463	212,215
Capital assets, net	2,696,372	470,486	-	3,166,858	2,605,888	35,989	5,808,735
Total assets	3,868,038	813,340	(16,984)	4,664,394	3,327,152	41,701	8,033,247
Deferred outflows of resources							
Unrealized pension contributions and losses	95,814	16,505	-	112,319	61,259	-	173,578
Unamortized deferred losses on refundings	77,873	10,519	-	88,392	43,633	203	132,228
Accumulated decrease in fair value of hedging derivatives	101,350	-	-	101,350	23,919	-	125,269
Unrealized OPEB contributions and losses	3,197	-	-	3,197	2,043	-	5,240
Total deferred outflows of resources	278,234	27,024	-	305,258	130,854	203	436,315
Total assets and deferred outflows of resources	\$ 4,146,272	\$ 840,364	\$ (16,984)	\$ 4,969,652	\$ 3,458,006	\$ 41,904	\$ 8,469,562

*Restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

JEA
Combining Statement of Net Position
(in thousands - unaudited) October 2017 restated*

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	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	\$ 68,403	\$ 16,781	\$ (3,782)	\$ 81,402	\$ 16,589	\$ 80	\$ 98,071
Customer deposits	42,265	-	-	42,265	15,149	-	57,414
City of Jacksonville payable	7,623	-	-	7,623	2,136	-	9,759
Utility taxes and fees payable	9,473	-	-	9,473	-	-	9,473
Compensated absences due within one year	1,115	798	-	1,913	304	4	2,221
Total current liabilities	128,879	17,579	(3,782)	142,676	34,178	84	176,938
Current liabilities payable from restricted assets:							
Debt due within one year	129,895	40,715	-	170,610	51,720	1,660	223,990
Renewal and replacement reserve	-	82,772	-	82,772	-	-	82,772
Interest payable	7,630	1,438	-	9,068	5,405	113	14,586
Construction contracts and accounts payable	6,317	13,623	(13,202)	6,738	22,207	114	29,059
Total current liabilities payable from restricted assets	143,842	138,548	(13,202)	269,188	79,332	1,887	350,407
Noncurrent liabilities:							
Net pension liability	330,025	13,312	-	343,337	211,000	-	554,337
Compensated absences due after one year	21,024	1,346	-	22,370	8,734	42	31,146
Net OPEB liability	24,311	-	-	24,311	15,537	-	39,848
Environmental liabilities	17,672	-	-	17,672	-	-	17,672
Other liabilities	2,929	-	-	2,929	1,127	-	4,056
Total noncurrent liabilities	395,961	14,658	-	410,619	236,398	42	647,059
Long-term debt:							
Bonds payable and commercial paper payable, less current portion	2,041,410	368,170	-	2,409,580	1,503,765	34,825	3,948,170
Unamortized premium (discount), net	54,479	10,794	-	65,273	45,194	(38)	110,429
Fair value of debt management strategy instruments	101,350	-	-	101,350	23,919	-	125,269
Total long-term debt	2,197,239	378,964	-	2,576,203	1,572,878	34,787	4,183,868
Total liabilities	2,865,921	549,749	(16,984)	3,398,686	1,922,786	36,800	5,358,272
Deferred inflows of resources							
Revenues to be used for future costs	274,299	146,732	-	421,031	20,739	-	441,770
Unrealized pension gains	4,867	3,981	-	8,848	3,112	-	11,960
Unrealized OPEB gains	402	-	-	402	257	-	659
Total deferred inflows of resources	279,568	150,713	-	430,281	24,108	-	454,389
Net position							
Net investment in capital assets	579,810	45,550	-	625,360	1,259,750	(369)	1,884,741
Restricted	196,889	(1,706)	13,202	208,385	162,154	1,070	371,609
Unrestricted	224,084	96,058	(13,202)	306,940	89,208	4,403	400,551
Total net position	1,000,783	139,902	-	1,140,685	1,511,112	5,104	2,656,901
Total liabilities, deferred inflows of resources, and net position	\$ 4,146,272	\$ 840,364	\$ (16,984)	\$ 4,969,652	\$ 3,458,006	\$ 41,904	\$ 8,469,562

*Restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

JEA
Schedule of Cash and Investments
(in thousands - unaudited) October 2018

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	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	\$ 102,740	\$ 49,891	\$ 152,631	\$ 39,335	\$ 950	\$ 192,916
Rate stabilization:						
Fuel	70,761	-	70,761	-	-	70,761
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	42,783	-	42,783	14,124	-	56,907
Purchased Power	52,499	-	52,499	-	-	52,499
DSM/Conservation	4,001	-	4,001	-	-	4,001
Total rate stabilization funds	199,928	-	199,928	28,333	2,737	230,998
Customer deposits	44,318	-	44,318	15,666	-	59,984
General reserve	-	18,494	18,494	-	-	18,494
Self insurance reserve funds:						
Self funded health plan	10,262	-	10,262	-	-	10,262
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	20,262	-	20,262	-	-	20,262
Environmental liability reserve	16,818	-	16,818	-	-	16,818
Total unrestricted cash and investments	\$ 384,066	\$ 68,385	\$ 452,451	\$ 83,334	\$ 3,687	\$ 539,472
Restricted assets						
Renewal and replacement funds	\$ 183,075	\$ 52,084	\$ 235,159	\$ 138,779	\$ 903	\$ 374,841
Debt service reserve account	65,433	11,307	76,740	68,648	-	145,388
Debt service funds	16,577	2,203	18,780	9,585	251	28,616
Environmental funds	-	-	-	990	-	990
Construction funds	203	-	203	33,333	-	33,536
Subtotal	265,288	65,594	330,882	251,335	1,154	583,371
Unrealized holding gain (loss) on investments	(3,302)	66	(3,236)	(1,347)	-	(4,583)
Other funds	-	26,071	26,071	-	-	26,071
Total restricted cash and investments	\$ 261,986	\$ 91,731	\$ 353,717	\$ 249,988	\$ 1,154	\$ 604,859

JEA
Schedule of Cash and Investments
(in thousands - unaudited) October 2017

	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	\$ 65,340	\$ 27,558	\$ 92,898	\$ 69,309	\$ 1,431	\$ 163,638
Rate stabilization:						
Fuel	128,842	-	128,842	-	-	128,842
Debt management	29,884	-	29,884	14,209	2,737	46,830
Environmental	37,087	-	37,087	6,530	-	43,617
Purchased Power	24,241	-	24,241	-	-	24,241
DSM/Conservation	4,043	-	4,043	-	-	4,043
Total rate stabilization funds	224,097	-	224,097	20,739	2,737	247,573
Customer deposits	42,174	-	42,174	15,149	-	57,323
General reserve	-	24,853	24,853	-	-	24,853
Self insurance reserve funds:						
Self funded health plan	9,088	-	9,088	-	-	9,088
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	19,088	-	19,088	-	-	19,088
Environmental liability reserve	17,672	-	17,672	-	-	17,672
Total unrestricted cash and investments	\$ 368,371	\$ 52,411	\$ 420,782	\$ 105,197	\$ 4,168	\$ 530,147
Restricted assets						
Renewal and replacement funds	\$ 186,303	\$ 82,621	\$ 268,924	\$ 150,420	\$ 932	\$ 420,276
Debt service reserve account	65,433	140,610	206,043	105,574	-	311,617
Debt service funds	17,446	3,808	21,254	9,471	251	30,976
Construction funds	-	-	-	15	-	15
Environmental funds	-	-	-	1,281	-	1,281
Subtotal	269,182	227,039	496,221	266,761	1,183	764,165
Unrealized holding gain (loss) on investments	750	(4,082)	(3,332)	2,133	-	(1,199)
Other funds	-	7	7	-	-	7
Total restricted cash and investments	\$ 269,932	\$ 222,964	\$ 492,896	\$ 268,894	\$ 1,183	\$ 762,973

JEA
Regulatory Accounting Balances
(In thousands - unaudited) October 2018

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DESCRIPTION	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unfunded pension costs	264,486	-	264,486	169,097	-	433,583
SJRPP and Scherer	5,280	257,994	263,274	-	-	263,274
Water environmental projects	-	-	-	59,146	-	59,146
Unfunded OPEB costs	14,316	-	14,316	9,154	-	23,470
Storm costs to be recovered	14,402	-	14,402	4,537	27	18,966
Debt issue costs	3,201	2,100	5,301	2,330	-	7,631
Costs to be recovered from future revenues	301,685	260,094	561,779	244,264	27	806,070
Fuel stabilization	70,761	-	70,761	-	-	70,761
Environmental	42,782	-	42,782	14,124	-	56,906
Nonfuel purchased power	52,499	-	52,499	-	-	52,499
Debt management stabilization	29,884	-	29,884	14,209	-	44,093
Scherer	37,341	-	37,341	-	-	37,341
Excess pension contributions	-	10,624	10,624	-	-	10,624
Self-insurance medical reserve	7,600	-	7,600	-	-	7,600
Customer benefit stabilization	4,001	-	4,001	-	-	4,001
Revenues to be used for future costs	244,868	10,624	255,492	28,333	-	283,825

JEA
Regulatory Accounting Balances
(In thousands - unaudited) October 2017 restated*

DESCRIPTION	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JFA
Unfunded pension costs	239,078	788	239,866	152,853	-	392,719
Scherer	10,731	-	10,731	-	-	10,731
Water environmental projects	-	-	-	67,697	-	67,697
Unfunded OPEB costs	21,305	-	21,305	13,622	-	34,927
Storm costs to be recovered	23,377	-	23,377	4,595	27	27,999
Debt issue costs	2,615	3,221	5,836	231	-	6,067
Costs to be recovered from future revenues	297,106	4,009	301,115	238,998	27	540,140
Fuel stabilization	128,841	-	128,841	-	-	128,841
Environmental	37,087	-	37,087	6,530	-	43,617
Nonfuel purchased power	24,241	-	24,241	-	-	24,241
SJRPP and Scherer	41,115	146,732	187,847	-	-	187,847
Debt management stabilization	29,884	-	29,884	14,209	-	44,093
Self-insurance medical reserve	9,088	-	9,088	-	-	9,088
Customer benefit stabilization	4,043	-	4,043	-	-	4,043
Revenues to be used for future costs	274,299	146,732	421,031	\$ 20,739	-	441,770

*Restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

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

	Month October	
	2018	2017 restated*
Operating revenues		
Electric - base	\$ 69,877	\$ 71,803
Electric - fuel and purchased power	36,779	47,652
Water and sewer	39,984	36,086
District energy system	833	812
Other	3,097	2,727
Total operating revenues	150,570	159,080
Operating expenses		
Operations and maintenance:		
Fuel	32,753	40,401
Purchased power	8,617	5,570
Maintenance and other operating expenses	31,946	26,199
Depreciation	29,157	34,330
Utility taxes and fees	7,053	6,536
Recognition of deferred costs and revenues, net	1,226	(1,187)
Total operating expenses	110,752	111,849
Operating income	39,818	47,231
Nonoperating revenues (expenses)		
Interest on debt	(11,504)	(13,021)
Debt management strategy	(942)	(1,252)
Investment income, net	1,930	1,461
Allowance for funds used during construction	1,300	873
Other nonoperating income, net	598	601
Earnings from The Energy Authority	349	280
Other interest, net	(264)	(362)
Total nonoperating expenses, net	(8,533)	(11,420)
Income before contributions and special items	31,285	35,811
Contributions (to) from		
General Fund, City of Jacksonville, Florida	(9,804)	(9,719)
Developers and other	9,706	4,694
Reduction of plant cost through contributions	(7,352)	(2,707)
Total contributions	(7,450)	(7,732)
Change in net position	23,835	28,079
Net position, beginning of period, as restated	2,755,309	2,628,822
Net position, end of period, as restated	\$ 2,779,144	\$ 2,656,901

*Restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended October 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	\$ 70,175	\$ -	\$ -	\$ 70,175	\$ -	\$ -	\$ (298)	\$ 69,877
Electric - fuel and purchased power	37,471	3,238	(2,810)	37,899	-	-	(1,120)	36,779
Water and sewer	-	-	-	-	40,052	-	(68)	39,984
District energy system	-	-	-	-	-	874	(41)	833
Other	2,199	158	-	2,357	1,017	-	(277)	3,097
Total operating revenues	109,845	3,396	(2,810)	110,431	41,069	874	(1,804)	150,570
Operating expenses								
Operations and maintenance:								
Fuel	31,704	1,049	-	32,753	-	-	-	32,753
Purchased power	11,427	-	(2,810)	8,617	-	-	-	8,617
Maintenance and other operating expenses	19,204	1,281	-	20,485	12,789	476	(1,804)	31,946
Depreciation	16,940	34	-	16,974	11,980	203	-	29,157
Utility taxes and fees	6,101	-	-	6,101	952	-	-	7,053
Recognition of deferred costs and revenues, net	(132)	1,172	-	1,040	186	-	-	1,226
Total operating expenses	85,244	3,536	(2,810)	85,970	25,907	679	(1,804)	110,752
Operating income	24,601	(140)	-	24,461	15,162	195	-	39,818
Nonoperating revenues (expenses)								
Interest on debt	(6,096)	(870)	-	(6,966)	(4,426)	(112)	-	(11,504)
Debt management strategy	(776)	-	-	(776)	(166)	-	-	(942)
Investment income, net	1,206	160	-	1,366	550	14	-	1,930
Allowance for funds used during construction	438	-	-	438	858	4	-	1,300
Other nonoperating income, net	363	29	-	392	206	-	-	598
Earnings from The Energy Authority	349	-	-	349	-	-	-	349
Other interest, net	(201)	-	-	(201)	(63)	-	-	(264)
Total nonoperating expenses, net	(4,717)	(681)	-	(5,398)	(3,041)	(94)	-	(8,533)
Income before contributions	19,884	(821)	-	19,063	12,121	101	-	31,285
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,746)	-	-	(7,746)	(2,058)	-	-	(9,804)
Developers and other	280	-	-	280	9,426	-	-	9,706
Reduction of plant cost through contributions	(280)	-	-	(280)	(7,072)	-	-	(7,352)
Total contributions	(7,746)	-	-	(7,746)	296	-	-	(7,450)
Change in net position	12,138	(821)	-	11,317	12,417	101	-	23,835
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	\$ 1,078,955	\$ 96,812	\$ -	\$ 1,175,767	\$ 1,597,743	\$ 5,634	\$ -	\$ 2,779,144

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended October 2017 restated*

	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	\$ 72,106	\$ -	\$ -	\$ 72,106	\$ -	\$ -	\$ (303)	\$ 71,803
Electric - fuel and purchased power	37,474	23,974	(12,655)	48,793	-	-	(1,141)	47,652
Water and sewer	-	-	-	-	36,117	-	(31)	36,086
District energy system	-	-	-	-	-	853	(41)	812
Other	2,146	-	-	2,146	798	-	(217)	2,727
Total operating revenues	111,726	23,974	(12,655)	123,045	36,915	853	(1,733)	159,080
Operating expenses								
Operations and maintenance:								
Fuel	23,630	16,771	-	40,401	-	-	-	40,401
Purchased power	18,225	-	(12,655)	5,570	-	-	-	5,570
Maintenance and other operating expenses	14,927	2,815	-	17,742	9,741	449	(1,733)	26,199
Depreciation	18,082	3,563	-	21,645	12,487	198	-	34,330
Utility taxes and fees	5,646	-	-	5,646	890	-	-	6,536
Recognition of deferred costs and revenues, net	(227)	(900)	-	(1,127)	(60)	-	-	(1,187)
Total operating expenses	80,283	22,249	(12,655)	89,877	23,058	647	(1,733)	111,849
Operating income	31,443	1,725	-	33,168	13,857	206	-	47,231
Nonoperating revenues (expenses)								
Interest on debt	(6,310)	(1,786)	-	(8,096)	(4,811)	(114)	-	(13,021)
Debt management strategy	(1,008)	-	-	(1,008)	(244)	-	-	(1,252)
Investment income, net	594	411	-	1,005	453	3	-	1,461
Allowance for funds used during construction	280	-	-	280	588	5	-	873
Other nonoperating income, net	362	31	-	393	208	-	-	601
Earnings from The Energy Authority	280	-	-	280	-	-	-	280
Other interest, net	(269)	-	-	(269)	(93)	-	-	(362)
Total nonoperating expenses, net	(6,071)	(1,344)	-	(7,415)	(3,899)	(106)	-	(11,420)
Income before contributions	25,372	381	-	25,753	9,958	100	-	35,811
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,623)	-	-	(7,623)	(2,096)	-	-	(9,719)
Developers and other	89	-	-	89	4,605	-	-	4,694
Reduction of plant cost through contributions	(89)	-	-	(89)	(2,618)	-	-	(2,707)
Total contributions	(7,623)	-	-	(7,623)	(109)	-	-	(7,732)
Change in net position	17,749	381	-	18,130	9,849	100	-	28,079
Net position, beginning of year as restated	983,034	139,521	-	1,122,555	1,501,263	5,004	-	2,628,822
Net position, end of period	\$ 1,000,783	\$ 139,902	\$ -	\$ 1,140,685	\$ 1,511,112	\$ 5,104	\$ -	\$ 2,656,901

*Restated to reflect the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Statement of Cash Flows
(in thousands - unaudited)

	Month October	
	2018	2017
Operating activities		
Receipts from customers	\$ 173,382	\$ 207,069
Payments to suppliers	(65,021)	(99,202)
Payments to employees	(27,973)	(18,261)
Other operating activities	5,314	(1,296)
Net cash provided by operating activities	85,702	88,310
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(9,729)	(9,643)
Net cash used in noncapital financing activities	(9,729)	(9,643)
Capital and related financing activities		
Acquisition and construction of capital assets	(48,838)	(53,973)
Interest paid on debt	(73,892)	(82,375)
Repayment of debt principal	(185,790)	(229,095)
Capital contributions	2,354	1,987
Other capital financing activities	144	379
Net cash used in capital and related financing activities	(306,022)	(363,077)
Investing activities		
Purchase of investments	(63,560)	(95,050)
Proceeds from sale and maturity of investments	79,469	78,843
Investment income, net	1,634	1,415
Distributions from The Energy Authority	24	252
Net cash provided by (used in) investing activities	17,567	(14,540)
Net change in cash and cash equivalents	(212,482)	(298,950)
Cash and cash equivalents, beginning of year	555,782	614,034
Cash and cash equivalents, end of period	\$ 343,300	\$ 315,084
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 39,818	\$ 47,231
Adjustments:		
Depreciation and amortization	29,262	34,440
Recognition of deferred costs and revenues, net	1,226	(1,187)
Other nonoperating income, net	21	3
Changes in noncash assets and noncash liabilities:		
Accounts receivable	30,597	37,382
Inventories	5,908	(229)
Other assets	(1,321)	(2,252)
Accounts and accrued expenses payable	(15,536)	(18,086)
Current liabilities payable from restricted assets	681	(10,574)
Other noncurrent liabilities and deferred inflows	(4,954)	1,582
Net cash provided by operating activities	\$ 85,702	\$ 88,310
Noncash activity		
Contributions of capital assets	\$ 7,352	\$ 2,707
Unrealized losses on fair value of investments, net	\$ -	\$ -

	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	\$ 133,318	\$ 3,001	\$ (2,890)	\$ 133,429	\$ 40,579	\$ 901	\$ (1,527)	\$ 173,382
Payments to suppliers	(60,108)	(1,188)	2,890	(58,406)	(8,006)	(413)	1,804	(65,021)
Payments to employees	(20,294)	-	-	(20,294)	(7,616)	(63)	-	(27,973)
Other operating activities	4,403	158	-	4,561	1,030	-	(277)	5,314
Net cash provided by operating activities	57,319	1,971	-	59,290	25,987	425	-	85,702
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(7,623)	-	-	(7,623)	(2,106)	-	-	(9,729)
Net cash used in noncapital financing activities	(7,623)	-	-	(7,623)	(2,106)	-	-	(9,729)
Capital and related financing activities								
Acquisition and construction of capital assets	(25,098)	-	-	(25,098)	(23,528)	(212)	-	(48,838)
Interest paid on debt	(37,716)	(5,602)	-	(43,318)	(29,894)	(680)	-	(73,892)
Repayment of debt principal	(130,690)	(1,720)	-	(132,410)	(51,720)	(1,660)	-	(185,790)
Capital contributions	-	-	-	-	2,354	-	-	2,354
Other capital financing activities	144	-	-	144	-	-	-	144
Net cash used in capital and related financing activities	(193,360)	(7,322)	-	(200,682)	(102,788)	(2,552)	-	(306,022)
Investing activities								
Purchase of investments	(37,947)	(54)	-	(38,001)	(25,559)	-	-	(63,560)
Proceeds from sale and maturity of investments	37,871	54	-	37,925	41,544	-	-	79,469
Investment income (loss), net	1,073	141	-	1,214	406	14	-	1,634
Distributions from The Energy Authority	24	-	-	24	-	-	-	24
Net cash provided by (used in) investing activities	1,021	141	-	1,162	16,391	14	-	17,567
Net change in cash and cash equivalents	(142,643)	(5,210)	-	(147,853)	(62,516)	(2,113)	-	(212,482)
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	\$ 143,171	\$ 134,743	\$ -	\$ 277,914	\$ 60,545	\$ 4,841	\$ -	\$ 343,300
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 24,601	\$ (140)	\$ -	\$ 24,461	\$ 15,162	\$ 195	\$ -	\$ 39,818
Adjustments:								
Depreciation and amortization	16,940	34	-	16,974	12,085	203	-	29,262
Recognition of deferred costs and revenues, net	(132)	1,172	-	1,040	186	-	-	1,226
Other nonoperating income, net	21	-	-	21	-	-	-	21
Changes in noncash assets and noncash liabilities:								
Accounts receivable	31,477	(237)	-	31,240	(670)	27	-	30,597
Inventories	4,372	286	-	4,658	1,250	-	-	5,908
Other assets	(773)	-	-	(773)	(512)	(36)	-	(1,321)
Accounts and accrued expenses payable	(13,840)	175	-	(13,665)	(1,924)	53	-	(15,536)
Current liabilities payable from restricted assets	-	681	-	681	-	-	-	681
Other noncurrent liabilities and deferred inflows	(5,347)	-	-	(5,347)	410	(17)	-	(4,954)
Net cash provided by operating activities	\$ 57,319	\$ 1,971	\$ -	\$ 59,290	\$ 25,987	\$ 425	\$ -	\$ 85,702
Noncash activity								
Contributions of capital assets	\$ 280	\$ -	\$ -	\$ 280	\$ 7,072	\$ -	\$ -	\$ 7,352
Unrealized gains (losses) on fair value of investments, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(in thousands - unaudited) for the month ended October 2017

	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	\$ 139,282	\$ 32,153	\$ (1,880)	\$ 169,555	\$ 37,946	\$ 1,084	\$ (1,516)	\$ 207,069
Payments to suppliers	(71,101)	(22,807)	1,880	(92,028)	(8,507)	(400)	1,733	(99,202)
Payments to employees	(12,033)	(1,844)	-	(13,877)	(4,347)	(37)	-	(18,261)
Other operating activities	(1,584)	-	-	(1,584)	505	-	(217)	(1,296)
Net cash provided by operating activities	54,564	7,502	-	62,066	25,597	647	-	88,310
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(7,689)	-	-	(7,689)	(1,954)	-	-	(9,643)
Net cash used in noncapital financing activities	(7,689)	-	-	(7,689)	(1,954)	-	-	(9,643)
Capital and related financing activities								
Acquisition and construction of capital assets	(36,878)	-	-	(36,878)	(17,092)	(3)	-	(53,973)
Interest paid on debt	(40,555)	(9,571)	-	(50,126)	(31,558)	(691)	-	(82,375)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Capital contributions	-	-	-	-	1,987	-	-	1,987
Other capital financing activities	379	-	-	379	-	-	-	379
Net cash used in capital and related financing activities	(212,159)	(50,901)	-	(263,060)	(97,683)	(2,334)	-	(363,077)
Investing activities								
Purchase of investments	(42,253)	(38,478)	-	(80,731)	(14,319)	-	-	(95,050)
Proceeds from sale and maturity of investments	9,958	48,395	-	58,353	20,490	-	-	78,843
Investment income, net	564	460	-	1,024	388	3	-	1,415
Distributions from The Energy Authority	252	-	-	252	-	-	-	252
Net cash provided by (used in) investing activities	(31,479)	10,377	-	(21,102)	6,559	3	-	(14,540)
Net change in cash and cash equivalents	(196,763)	(33,022)	-	(229,785)	(67,481)	(1,684)	-	(298,950)
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	\$ 143,300	\$ 88,005	\$ -	\$ 231,305	\$ 78,428	\$ 5,351	\$ -	\$ 315,084
Reconciliation of operating income to net cash provided by (used in) operating activities								
Operating income	\$ 31,443	\$ 1,725	\$ -	\$ 33,168	\$ 13,857	\$ 206	\$ -	\$ 47,231
Adjustments:								
Depreciation and amortization	18,082	3,563	-	21,645	12,597	198	-	34,440
Recognition of deferred costs and revenues, net	(227)	(900)	-	(1,127)	(60)	-	-	(1,187)
Other nonoperating income (loss), net	3	-	-	3	-	-	-	3
Changes in noncash assets and noncash liabilities:								
Accounts receivable	28,753	8,179	-	36,932	219	231	-	37,382
Inventories	1,412	(141)	-	1,271	(1,500)	-	-	(229)
Other assets	(1,747)	-	-	(1,747)	(490)	(15)	-	(2,252)
Accounts and accrued expenses payable	(22,455)	5,857	-	(16,598)	(1,483)	(5)	-	(18,086)
Current liabilities payable from restricted assets	-	(10,574)	-	(10,574)	-	-	-	(10,574)
Other noncurrent liabilities and deferred inflows	(700)	(207)	-	(907)	2,457	32	-	1,582
Net cash provided by operating activities	\$ 54,564	\$ 7,502	\$ -	\$ 62,066	\$ 25,597	\$ 647	\$ -	\$ 88,310
Noncash activity								
Contributions of capital assets	\$ 89	\$ -	\$ -	\$ 89	\$ 2,618	\$ -	\$ -	\$ 2,707
Unrealized losses on fair value of investments, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Electric System and Plant Scherer

Changes in Debt Service, R & R and Construction Funds

(in thousands - unaudited) for the month ended October 2018 and October 2017

	October 2018			October 2017		
	Debt service funds	Renewal and replacement funds	Construction funds	Debt service funds	Renewal and replacement funds	Construction funds
Beginning balance	\$ 232,915	\$ 212,051	\$ 203	\$ 239,961	\$ 225,985	\$ -
Additions:						
Revenue transfers for debt service	16,589	-	-	17,430	-	-
R & R and OCO	-	17,371	-	-	25,467	-
Proceeds from property sales	-	144	-	-	29	-
Total additions	16,589	17,515	-	17,430	25,496	-
Deductions:						
Debt service payments	167,494	-	-	174,512	-	-
Increase in utility plant	-	11,615	-	-	26,967	-
Decrease in accounts payable	-	13,483	-	-	9,906	-
Total deductions	167,494	25,098	-	174,512	36,873	-
Ending balance	\$ 82,010	\$ 204,468	\$ 203	\$ 82,879	\$ 214,608	\$ -
Recap:						
Renewal and replacement fund:						
Cash & investments		\$ 183,075			\$ 186,303	
Storm costs to be recovered		14,402			23,377	
Accounts / notes receivable:						
Accounts receivable		6,984			4,908	
Street light & other customer loans		7			20	
		<u>\$ 204,468</u>			<u>\$ 214,608</u>	
Construction fund:						
Generation projects			\$ 101			\$ -
T&D and other capital projects			102			-
			<u>\$ 203</u>			<u>\$ -</u>

	October 2018				October 2017			
	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds
Beginning balance	\$ 184,091	\$ 146,728	\$ 284	\$ 1,160	\$ 189,696	\$ 155,284	\$ 15	\$ 1,838
Additions:								
R & R and OCO	-	17,223	-	-	-	14,752	-	-
Revenue transfers for debt service	9,594	-	-	-	9,483	-	-	-
Contribution in aid of construction	-	2,354	-	-	-	1,987	-	-
Bond proceeds	-	-	33,884	-	-	-	-	-
Total additions	9,594	19,577	33,884	-	9,483	16,739	-	-
Deductions:								
Debt service payments	81,250	-	-	-	82,220	-	-	-
Increase in utility plant	-	4,297	835	-	-	1,125	-	-
Debt service reserve releases	34,202	-	-	-	1,914	-	-	-
Decrease in accounts payable	-	18,040	-	170	-	15,471	-	557
Total deductions	115,452	22,337	835	170	84,134	16,596	-	557
Ending balance	\$ 78,233	\$ 143,968	\$ 33,333	\$ 990	\$ 115,045	\$ 155,427	\$ 15	\$ 1,281
Renewal and replacement fund:								
Cash & investments		\$ 138,779				\$ 150,420		
Storm costs to be recovered		4,537				4,595		
Accounts / notes receivable:								
Accounts receivable		644				400		
Notes receivable		8				12		
		<u>\$ 143,968</u>				<u>\$ 155,427</u>		
Construction fund:								
Project funds			<u>\$ 33,333</u>				<u>\$ 15</u>	
			<u>\$ 33,333</u>				<u>\$ 15</u>	
Environmental fund:								
Cash & investments				<u>\$ 990</u>				<u>\$ 1,281</u>
				<u>\$ 990</u>				<u>\$ 1,281</u>

Electric System	Month				Prior Year Month	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
Budget vs. Actual	2018-19	2018-19	2018-19	%	2017-18	%
October 2018 and 2017						
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 422,782,362	\$ 33,008,828	\$ 32,812,208	-0.60%	\$ 34,324,697	-4.41%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	327,822,632	23,819,950	28,647,187		20,421,446	
Fuel Expense - SJRPP	1,554,666	518,222	-		10,146,982	
Other Purchased Power	108,921,904	9,614,879	7,728,340		6,625,873	
Subtotal Energy Expense	438,299,202	33,953,051	36,375,527	-7.13%	37,194,301	2.20%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(997,071)	(3,614,972)		(2,873,047)	
Fuel Related Uncollectibles	634,173	52,848	51,653		3,443	
Total	422,782,362	33,008,828	32,812,208	0.60%	34,324,697	4.41%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	812,153,353	63,409,056	63,744,430		65,979,168	
Conservation Charge Revenue	1,000,000	78,075	84,418		59,339	
Environmental Charge Revenue	8,039,817	627,711	623,444		653,307	
Investment Income	11,600,594	966,716	1,205,727		592,502	
Natural Gas Revenue Pass Through	2,464,374	205,365	57,873		31,239	
Other Revenues	28,263,290	2,355,274	2,490,500		2,437,548	
Total	863,521,428	67,642,197	68,206,392	0.83%	69,753,103	-2.22%
Nonfuel Related Expenses						
Non-Fuel O&M	221,286,372	21,901,155	14,176,354		13,006,177	
DSM / Conservation O&M	8,126,797	713,744	132,444		258,690	
Environmental O&M	2,271,529	161,292	3,226		(16,250)	
Rate Stabilization - DSM	(536,783)	(44,732)	530,878		348,095	
Rate Stabilization - Environmental	5,768,288	378,556	620,218		669,557	
Natural Gas Expense Pass Through	2,418,255	205,538	59,496		39,804	
Debt Principal - Electric System	116,230,000	9,685,833	9,685,833		10,348,750	
Debt Interest - Electric System	87,438,843	7,286,570	6,927,384		7,375,076	
R&R - Electric System	64,447,700	5,370,642	5,370,642		5,467,400	
Operating Capital Outlay	183,115,980	12,000,000	12,000,000		20,000,000	
City Contribution Expense	92,952,147	7,746,012	7,746,012		7,622,650	
Taxes & Uncollectibles	1,437,599	119,800	116,747		22,519	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	1,148,333	1,148,333		2,174,323	
* SJRPP D/S Interest	11,127,870	927,323	898,688		1,218,083	
** Other Non-Fuel Purchased Power	48,656,831	4,054,736	8,267,611		963,470	
Total Nonfuel Expenses	858,521,428	71,654,802	67,683,866	5.54%	69,498,344	2.61%
Non-Fuel Balance	5,000,000	(4,012,605)	522,526		254,759	
Total Balance	5,000,000	(4,012,605)	522,526		254,759	
Total Revenues	1,286,303,790	100,651,025	101,018,600	0.37%	104,077,800	-2.94%
Total Expenses	1,281,303,790	104,663,630	100,496,074	3.98%	103,823,041	3.20%
KWH Sold - Territorial	13,180,028,000	1,029,033,696	1,018,614,554	-1.01%	1,065,925,000	-4.44%
KWH Sold - Off System	-	-	29,393,000		7,579,000	
	13,180,028,000	1,029,033,696	1,048,007,554	1.84%	1,073,504,000	-2.38%

* Gross debt service

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

Electric System		Year-to-Date			Prior Year-to-Date	
Budget vs. Actual	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
October 2018 and 2017	2018-19	2018-19	2018-19	%	2017-18	%
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 422,782,362	\$ 33,008,828	\$ 32,812,208	-0.60%	\$ 34,324,697	-4.41%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	327,822,632	23,819,950	28,647,187		20,421,446	
Fuel Expense - SJRPP	1,554,666	518,222	-		10,146,982	
Other Purchased Power	108,921,904	9,614,879	7,728,340		6,625,873	
Subtotal Energy Expense	438,299,202	33,953,051	36,375,527	-7.13%	37,194,301	2.20%
Transfer to (from) Rate Stabilization, Net	(16,151,013)	(997,071)	(3,614,972)		(2,873,047)	
Fuel Related Uncollectibles	634,173	52,848	51,653		3,443	
Total	422,782,362	33,008,828	32,812,208	0.60%	34,324,697	4.41%
Fuel Balance	-	-	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	812,153,353	63,409,056	63,744,430		65,979,168	
Conservation Charge Revenue	1,000,000	78,075	84,418		59,339	
Environmental Charge Revenue	8,039,817	627,711	623,444		653,307	
Investment Income	11,600,594	966,716	1,205,727		592,502	
Natural Gas Revenue Pass Through	2,464,374	205,365	57,873		31,239	
Other Revenues	28,263,290	2,355,274	2,490,500		2,437,548	
Total	863,521,428	67,642,197	68,206,392	0.83%	69,753,103	-2.22%
Nonfuel Related Expenses						
Non-Fuel O&M	221,622,401	21,901,155	14,176,354		13,006,177	
DSM / Conservation O&M	8,126,797	713,744	132,444		258,690	
Environmental O&M	1,935,500	161,292	3,226		(16,250)	
Rate Stabilization - DSM	(536,783)	(44,732)	530,878		348,095	
Rate Stabilization - Environmental	5,768,288	378,556	620,218		669,557	
Natural Gas Expense Pass Through	2,418,255	205,538	59,496		39,804	
Debt Principal - Electric System	116,230,000	9,685,833	9,685,833		10,348,750	
Debt Interest - Electric System	87,438,843	7,286,570	6,927,384		7,375,076	
R&R - Electric System	64,447,700	5,370,642	5,370,642		5,467,400	
Operating Capital Outlay	183,115,980	12,000,000	12,000,000		20,000,000	
City Contribution Expense	92,952,147	7,746,012	7,746,012		7,622,650	
Taxes & Uncollectibles	1,437,599	119,800	116,747		22,519	
Nonfuel Purchased Power:						
* SJRPP D/S Principal	13,780,000	1,148,333	1,148,333		2,174,323	
* SJRPP D/S Interest	11,127,870	927,323	898,688		1,218,083	
** Other Non-Fuel Purchased Power	48,656,831	4,054,736	8,267,611		963,470	
Total Nonfuel Expenses	858,521,428	71,654,802	67,683,866	5.54%	69,498,344	2.61%
Non-Fuel Balance	5,000,000	(4,012,605)	522,526		254,759	
Total Balance	5,000,000	(4,012,605)	522,526		254,759	
Total Revenues	1,286,303,790	100,651,025	101,018,600	0.37%	104,077,800	-2.94%
Total Expenses	1,281,303,790	104,663,630	100,496,074	3.98%	103,823,041	3.20%
KWH Sold - Territorial	13,180,028,000	1,029,033,696	1,018,614,554	-1.01%	1,065,925,000	-4.44%
KWH Sold - Off System	-	-	29,393,000		7,579,000	
	13,180,028,000	1,029,033,696	1,048,007,554	1.84%	1,073,504,000	-2.38%

* Gross debt service

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

Water and Sewer System

Budget vs. Actual October 2018 and 2017	Month				Prior Year Month	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2018-19	2018-19	2018-19	%	2017-18	%
REVENUES						
Water & Sewer Revenues	\$ 457,315,688	\$ 38,728,544	\$ 40,354,814		\$ 36,594,426	
Capacity & Extension Fees	24,500,000	1,671,911	2,353,881		1,977,069	
Capital Contributions	-	-	-		9,920	
Investment Income	6,318,534	526,544	549,777		449,718	
Other Income	40,244,423	2,899,907	3,258,212		1,009,409	
Total	528,378,645	43,826,906	46,516,684	6.14%	40,040,542	16.17%
EXPENSES						
O & M Expenses	161,824,556	14,233,570	12,936,094		9,215,646	
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	5,245,291		5,461,557	
Rate Stabilization - Environmental	-	-	1,209,248		1,316,684	
R&R - Water & Sewer	23,552,350	1,962,696	1,962,696		2,039,483	
Operating Capital Outlay	156,553,034	15,260,436	15,260,436		12,712,602	
Operating Capital Outlay - Capacity/Extension	24,500,000	2,041,666	2,353,881		1,977,069	
Operating Capital Outlay - Contributions	-	-	-		9,920	
Operating Capital Outlay - Environmental	15,431,798	1,283,056	186,495		(59,800)	
City Contribution Expense	24,695,388	2,057,949	2,057,949		2,095,668	
Uncollectibles & Fees	685,974	57,164	46,000		50,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	528,378,645	46,907,832	45,816,840	2.33%	39,128,829	-17.09%
Total Balance	\$ -	\$ (3,080,926)	\$ 699,844		\$ 911,713	
Sales kgal						
Water	42,000,000	3,611,563	3,212,304	-11.06%	2,992,215	7.36%
Sewer	34,650,000	3,021,099	2,663,695	-11.83%	2,397,983	11.08%
Total	76,650,000	6,632,662	5,875,999	-11.41%	5,390,198	9.01%

Budget vs. Actual October 2018 and 2017	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2018-19	2018-19	2018-19	%	2017-18	%
REVENUES						
Water & Sewer Revenues	\$ 457,315,688	\$ 38,728,544	\$ 40,354,814		\$ 36,594,426	
Capacity & Extension Fees	24,500,000	1,671,911	2,353,881		1,977,069	
Capital Contributions	-	-	-		9,920	
Investment Income	6,318,534	526,544	549,777		449,718	
Other Income	40,244,423	2,899,907	3,258,212		1,009,409	
Total	528,378,645	43,826,906	46,516,684	6.14%	40,040,542	16.17%
EXPENSES						
O & M Expenses	161,824,556	14,233,570	12,936,094		9,215,646	
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	5,245,291		5,461,557	
Rate Stabilization - Environmental	-	-	1,209,248		1,316,684	
R&R - Water & Sewer	23,552,350	1,962,696	1,962,696		2,039,483	
Operating Capital Outlay	156,553,034	15,260,436	15,260,436		12,712,602	
Operating Capital Outlay - Capacity/Extension	24,500,000	2,041,666	2,353,881		1,977,069	
Operating Capital Outlay - Contributions	-	-	-		9,920	
Operating Capital Outlay - Environmental	15,431,798	1,283,056	186,495		(59,800)	
City Contribution Expense	24,695,388	2,057,949	2,057,949		2,095,668	
Uncollectibles & Fees	685,974	57,164	46,000		50,000	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	528,378,645	46,907,832	45,816,840	2.33%	39,128,829	-17.09%
Total Balance	\$ -	\$ (3,080,926)	\$ 699,844		\$ 911,713	
Sales kgal						
Water	42,000,000	3,611,563	3,212,304	-11.06%	2,992,215	7.36%
Sewer	34,650,000	3,021,099	2,663,695	-11.83%	2,397,983	11.08%
Total	76,650,000	6,632,662	5,875,999	-11.41%	5,390,198	9.01%

District Energy System

Budget vs. Actual October 2018 and 2017	Month				Prior Year Month	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2018-19	2018-19	2018-19	%	2017-18	%
REVENUES						
Revenues	\$ 9,256,655	\$ 896,068	\$ 874,636		\$ 853,343	
Investment Income	-	-	14,298		3,340	
Total	9,256,655	896,068	888,934	-0.80%	856,683	3.76%
EXPENSES						
O & M Expenses	5,127,648	441,655	474,296		445,082	
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	730,272	762,913	-4.47%	733,076	-4.07%
Total Balance	\$ -	\$ 165,796	\$ 126,021		\$ 123,607	

Budget vs. Actual October 2018 and 2017	Year-To-Date				Prior-Year-to-Date	
	ANNUAL BUDGET	BUDGET	ACTUAL	Variance	ACTUAL	Variance
	2018-19	2018-19	2018-19	%	2017-18	%
REVENUES						
Revenues	\$ 9,256,655	\$ 896,068	\$ 874,636		\$ 853,343	
Investment Income	-	-	14,298		3,340	
Total	9,256,655	896,068	888,934	-0.80%	856,683	3.76%
EXPENSES						
O & M Expenses	5,127,648	441,655	474,296		445,082	
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	730,272	762,913	-4.47%	733,076	-4.07%
Total Balance	\$ -	\$ 165,796	\$ 126,021		\$ 123,607	

JEA
Electric System
Schedule of Debt Service Coverage
(in thousands - unaudited)

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	Month October	
	2018	2017
Revenues		
Electric	\$ 104,188	\$ 106,779
Investment income ⁽¹⁾	1,025	469
Earnings from The Energy Authority	349	280
Other, net ⁽²⁾	2,215	2,157
Plus: amount paid from the rate stabilization fund into the revenue fund	4,742	4,080
Less: amount paid from the revenue fund into the rate stabilization fund	(1,284)	(1,279)
Total revenues	111,235	112,486
Operating expenses ⁽³⁾		
Fuel	28,647	20,421
Purchased power ⁽⁴⁾	20,483	22,640
Other operations and maintenance	14,099	14,640
State utility taxes and fees	5,998	5,500
Total operating expenses	69,227	63,201
Net revenues	\$ 42,008	\$ 49,285
Debt service	\$ 6,864	\$ 5,886
Less: investment income on sinking fund	(181)	(125)
Less: Build America Bonds subsidy	(127)	(127)
Debt service requirement	\$ 6,556	\$ 5,634
Senior debt service coverage ⁽⁵⁾, (min 1.20x)	6.41 x	8.75 x
Net revenues (from above)	\$ 42,008	\$ 49,285
Debt service requirement (from above)	\$ 6,556	\$ 5,634
Plus: aggregate subordinated debt service on outstanding subordinated bonds	8,882	10,715
Less: Build American Bonds subsidy	(167)	(170)
Total debt service requirement and aggregate subordinated debt service	\$ 15,271	\$ 16,179
Senior and subordinated debt service coverage ⁽⁶⁾, (min 1.15x)	2.75 x	3.05 x
Fixed charge coverage ⁽⁷⁾	2.05 x	2.25 x

⁽¹⁾ Excludes investment income on sinking funds.

⁽²⁾ Excludes the Build America Bonds subsidy.

⁽³⁾ Excludes depreciation and recognition of deferred costs and revenues, net.

⁽⁴⁾ In accordance with the requirements of the Electric System Resolution, all the contract debt payments from the Electric System to the SJRPP and Bulk Power Supply System with respect to the use by the Electric System of the capacity and output of the SJRPP and Bulk Power Systems are reflected as a purchased power expense on these schedules. These schedules do not include revenues of the SJRPP and Bulk Power Supply System, except that the purchased power expense is net of interest income on funds maintained under the SJRPP and Bulk Power Supply System resolutions.

⁽⁵⁾ Net revenues divided by debt service requirement. Minimum annual coverage is 1.20x.

⁽⁶⁾ Net revenues divided by total debt service requirement and aggregate subordinated debt service. Minimum annual coverage is 1.15x.

⁽⁷⁾ Net revenues plus JEA's share of SJRPP's and Bulk Power Supply System's debt service less city contribution divided by the sum of the adjusted debt service requirement and JEA's share of SJRPP's and Bulk Power Supply System's debt service.

JEA
Bulk Power Supply System
Schedule of Debt Service Coverage
(in thousands - unaudited)

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	Month October	
	2018	2017
Revenues		
Operating	\$ 9,056	\$ 4,415
Investment income	8	11
Total revenues	9,064	4,426
Operating expenses ⁽¹⁾		
Fuel	3,057	3,209
Other operations and maintenance	874	1,061
Total operating expenses	3,931	4,270
Net revenues	\$ 5,133	\$ 156
Aggregate debt service	\$ 842	\$ 829
Less: Build America Bonds subsidy	(52)	(56)
Aggregate debt service	\$ 790	\$ 773
Debt service coverage ⁽²⁾	6.50 x	0.20 x

⁽¹⁾ Excludes all current expenses paid or accrued to the extent that such expenses are to be paid from revenues.

⁽²⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

St. Johns River Power Park System
Schedule of Debt Service Coverage - 2nd Resolution
(in thousands - unaudited)

	Month October	
	2018	2017
Revenues		
Operating	\$ 3,363	\$ 1,046
Investment income	160	20
Total revenues	3,523	1,066
Operating expenses	1,049	-
Net revenues	\$ 2,474	\$ 1,066
Aggregate debt service	\$ 2,076	\$ 1,077
Less: Build America Bonds subsidy	(29)	(31)
Aggregate debt service	\$ 2,047	\$ 1,046
Debt service coverage ⁽¹⁾	1.21 x	1.02 x

⁽¹⁾ Net revenues divided by aggregate debt service. Semiannual minimum coverage is 1.15x.

JEA
Water and Sewer
Schedule of Debt Service Coverage
(in thousands - unaudited)

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	Month October	
	2018	2017
Revenues		
Water	\$ 16,751	\$ 15,183
Water capacity fees	816	700
Sewer	24,510	22,251
Sewer capacity fees	1,538	1,278
Investment Income	550	453
Other ⁽¹⁾	1,017	798
Plus: amounts paid from the rate stabilization fund into the revenue fund	919	662
Less: amounts paid from the revenue fund into the rate stabilization fund	(2,128)	(1,979)
Total revenues	43,973	39,346
Operating expenses		
Operations and maintenance ⁽²⁾	13,741	10,631
Total operating expenses	13,741	10,631
Net revenues	\$ 30,232	\$ 28,715
Aggregate debt service	\$ 8,094	\$ 8,036
Less: Build America Bonds subsidy	(207)	(208)
Aggregate debt service	\$ 7,887	\$ 7,828
Senior debt service coverage ⁽³⁾, (min 1.25x)	3.83 x	3.67 x
Net revenues (from above)	\$ 30,232	\$ 28,715
Aggregate debt service (from above)	\$ 7,887	\$ 7,828
Plus: aggregate subordinated debt service on outstanding subordinated debt	1,493	1,475
Total aggregate debt service and aggregate subordinated debt service	\$ 9,380	\$ 9,303
Senior and subordinated debt service coverage excluding capacity fees ⁽⁴⁾	2.97 x	2.87 x
Senior and subordinated debt service coverage including capacity fees ⁽⁴⁾	3.22 x	3.09 x
Fixed charge coverage	3.00 x	2.86 x

⁽¹⁾ Excludes the Build America Bonds subsidy.

⁽²⁾ Excludes depreciation and recognition of deferred costs and revenues, net.

⁽³⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.

⁽⁴⁾ Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges).

District Energy System
Schedule of Debt Service Coverage
(in thousands - unaudited)

	Month October	
	2018	2017
Revenues		
Service revenues	\$ 874	\$ 853
Investment income	14	3
Total revenues	888	856
Operating expenses ⁽¹⁾		
Operations and maintenance	476	449
Total operating expenses	476	449
Net revenues	\$ 412	\$ 407
Aggregate debt service ⁽²⁾	\$ 252	\$ 252
Debt service coverage ⁽³⁾, (min 1.15x)	1.63 x	1.62 x

⁽¹⁾ Excludes depreciation.

⁽²⁾ On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last business day of the then current month.

⁽³⁾ Net revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

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	4.125 - 4.500%	2026-2031	1,950,000	-
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%	2023-2033	16,995,000	-
Series Three 2012B	2.000 - 5.000%	2019-2039	85,615,000	725,000
Series Three 2013A	3.000 - 5.000%	2019-2026	65,765,000	8,990,000
Series Three 2013B	3.000 - 5.000%	2026-2038	7,500,000	-
Series Three 2013C	4.600 - 5.000%	2019-2030	15,040,000	1,700,000
Series Three 2014A	3.400 - 5.000%	2019-2034	10,810,000	1,285,000
Series Three 2015A	2.750 - 5.000%	2019-2041	69,830,000	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			594,085,000	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%	2019-2019	14,665,000	14,665,000
2010 Series B	4.000 - 5.000%	2019-2024	3,680,000	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	56,490,000	2,655,000
2012 Series B	3.250 - 5.000%	2019-2037	50,415,000	2,215,000
2013 Series A	3.000 - 5.000%	2019-2030	43,055,000	2,780,000
2013 Series B	3.000 - 5.000%	2019-2026	18,535,000	2,870,000
2013 Series C	1.375 - 5.000%	2019-2038	77,155,000	885,000
2013 Series D	4.000 - 5.250%	2019-2035	74,535,000	20,830,000
2014 Series A	4.000 - 5.000%	2019-2039	110,330,000	14,635,000
2017 Series A	3.000 - 5.000%	2019-2019	1,290,000	1,290,000
2017 Series B	3.375 - 5.000%	2019-2034	184,950,000	1,055,000
Total Fixed Rate Subordinated Bonds			739,305,000	69,095,000
Total Fixed Rate Electric System Bonds/4.558%			1,333,390,000	112,635,000
Electric System - Variable Rate Bonds				
	Current Interest Rates (1)			
Series Three 2008 A - Weekly	1.638%	2027-2036	51,680,000	-
Series Three 2008 B-1 - Weekly	1.958%	2019-2040	59,620,000	425,000
Series Three 2008 B-2 - Weekly	1.638%	2025-2040	41,900,000	-
Series Three 2008 B-3 - Weekly	1.638%	2024-2036	37,000,000	-
Series Three 2008 B-4 - Weekly	1.958%	2019-2036	49,010,000	425,000
Series Three 2008 C-1 - Weekly	1.599%	2024-2034	44,145,000	-
Series Three 2008 C-2 - Weekly	1.599%	2024-2034	43,900,000	-
Series Three 2008 C-3 - Flex	1.770%	2030-2038	25,000,000	-
Series Three 2008 D-1 - Weekly	1.958%	2019-2036	106,275,000	2,745,000
Total Variable Rate Senior Bonds			458,530,000	3,595,000
Series 2000 A - Flex	1.710%	2021-2035	30,965,000	-
Series 2000 F-1 - Flex	1.752%	2026-2030	37,200,000	-
Series 2000 F-2 - Flex	1.740%	2026-2030	24,800,000	-
Series 2008 D - Daily	1.622%	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			1,924,340,000	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		3.421%	\$ 2,298,235,000	\$ 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/restructuring fees and interest rate swap payments.

	Current YTD	Prior YTD	Year End Target
• Debt Ratio - Electric Enterprise Func	70.9%	65.3%	66.0%
	Electric System	Power Park	Issue Three
• Remaining New Money Authorization	\$ 465,160,992	103,865,000	
• Remaining Senior Refunding Authorizator	\$ 1,022,837,381	250,810,000	
• Remaining Subordinated Refunding Authorizator	\$ 634,898,000	n/a	

Water and Sewer System

Principal Amount of Debt Outstanding and Average Interest Rates
October 2018

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	3.750 - 5.000%	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 C	5.000%	2020	3,000,000	-
2010 Series D	4.000 - 5.000%	2019-2039	38,625,000	5,015,000
2010 Series E	4.000 - 5.000%	2021-2039	11,865,000	-
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	162,430,000	1,070,000
2012 Series B	2.000 - 5.000%	2019-2037	74,600,000	1,280,000
2013 Series A	4.500 - 5.000%	2019-2027	51,720,000	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%	2020-2041	378,220,000	-
Total Fixed Rate Senior Bonds			1,079,655,000	38,610,000
2010 Series A	5.000%	2019-2022	5,620,000	2,790,000
2010 Series B	3.000 - 5.000%	2020-2025	3,255,000	-
2012 Series A	3.000%	2021	1,440,000	-
2012 Series B	3.250 - 5.000%	2030-2043	29,685,000	-
2013 Series A	2.125 - 5.000%	2019-2029	31,730,000	5,365,000
2017 Series A	2.750 - 5.000%	2021-2034	58,940,000	-
Total Fixed Rate Subordinated Bonds			130,670,000	8,155,000
Total Fixed Rate Bonds/4.531%			1,210,325,000	46,765,000
Variable Rate Bonds				
	Current Interest Rates (1)			
2006 Series B - CPI Bonds	3.931% (2)	2019-2022	24,850,000	5,740,000
2008 Series A-2 - Weekly	1.533%	2028-2042	51,820,000	-
2008 Series B - Weekly	1.604%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			161,960,000	5,740,000
2008 Series A-1 - Daily	1.535%	2019-2038	48,850,000	2,200,000
2008 Series A-2 - Weekly	1.565%	2030-2038	25,600,000	-
2008 Series B-1 - Weekly	1.571%	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	3.394%	2021	3,000,000	-
Total Other Obligations			3,000,000	-
Weighted Average Cost(3) / Total Outstanding Debt		3.613%	\$ 1,480,620,000	\$ 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	50.6%	53.0%	48.2%
• Remaining New Money Authorization	\$ 218,078,023		
• Remaining Refunding Authorization	\$ 794,813,942		

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District Energy System

Principal Amount of Debt Outstanding and Average Interest Rates
October 2018

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

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INVESTMENT PORTFOLIO REPORT
October 2018
All Funds

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INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL	LAST MONTH	6 MONTH AVERAGE
* Treasuries	\$ 194,663,828	2.24%	16.95%	12.35%	14.43%
Agencies					
Federal Farm Credit Bank	57,372,254	1.81%	5.00%	4.17%	5.77%
Federal Home Loan Bank	238,195,992	2.21%	20.74%	17.33%	19.31%
Total	295,568,246	2.13%	25.74%	21.50%	25.08%
Municipal Bonds	207,143,068	2.68%	18.04%	16.23%	17.12%
Commercial Paper	130,679,397	2.39%	11.38%	9.68%	14.28%
U.S. Treasury Money Market Funds (1)	82,538,445	2.11%	7.19%	1.42%	6.43%
Agency Money Market Funds (2)	23,425,000	2.09%	2.04%	0.25%	1.52%
FEITF Money Market Fund	7,500,000	2.29%	0.65%	4.18%	3.25%
Florida Prime Fund	160,900,000	2.92%	14.01%	9.96%	8.10%
Wells Fargo Bank Accounts (3)					
Electric, Scherer	25,261,189	2.08%	2.20%	14.11%	4.38%
SJRPP	15,580,755	2.08%	1.36%	4.09%	3.79%
Water & Sewer, DES	5,008,185	2.08%	0.44%	6.21%	1.64%
Total Portfolio	\$ 1,148,268,113	2.40%	100.00%	100.00%	100.00%

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

Weighted Avg. Annual Yield for October 2018, Excluding Bank & Money Market Funds: 2.34%

Weighted Avg. Annual Yield for October 2018, Including Bank & Money Market Funds: 2.40%

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

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Interest Rate Swap Position Report
October 2018

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JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Termination Date	Electric System Allocation	Water/Sewer Allocation	Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
1	Goldman Sachs	9/18/2003	9/18/2033	\$ 84,800,000	\$ -	3.717	1.534	2.183	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	1.558	2.793	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	85,200,000	-	3.661	1.534	2.127	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	1.534	2.182	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	24,850,000	4.039	3.931	0.108	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	1.558	2.349	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	1.558	2.337	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	1.558	2.278	n/a	SIFMA
Total				<u>\$ 406,410,000</u>	<u>\$ 110,140,000</u>	Wtd Avg Spread		2.227		

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

	Month October		
	2018	2017	Variance
Electric revenues sales (000's omitted):			
Residential	\$ 53,885	\$ 52,834	1.99%
Commercial	32,449	33,678	-3.65%
Industrial	15,766	17,636	-10.60%
Public street lighting	1,098	1,074	2.23%
Sales for resale - territorial	48	1,281	-96.25%
Electric revenues - territorial	103,246	106,503	-3.06%
Sales for resale - off system	1,094	276	296.38%
Electric revenues	104,340	106,779	-2.28%
Less: rate stabilization & recovery	3,458	2,801	-23.46%
Less: allowance for doubtful accounts	(152)	-	
Net electric revenues	107,646	109,580	-1.76%
MWh sales			
Residential	470,528	462,228	1.80%
Commercial	329,702	342,648	-3.78%
Industrial	213,428	243,993	-12.53%
Public street lighting	4,957	5,033	-1.51%
Sales for resale - territorial	-	12,023	-100.00%
Total MWh sales - territorial	1,018,615	1,065,925	-4.44%
Sales for resale - off system	29,393	7,579	287.82%
Total MWh sales	1,048,008	1,073,504	-2.38%
Number of accounts (1)			
Residential	414,533	406,549	1.96%
Commercial	52,714	52,077	1.22%
Industrial	197	199	-1.01%
Public street lighting	3,817	3,753	1.71%
Sales for resale	1	2	-50.00%
Total average accounts	471,262	462,580	1.88%
Residential averages			
Revenue per account - \$	129.99	129.96	0.02%
kWh per account	1,135	1,137	-0.18%
Revenue per kWh - ¢	11.45	11.43	0.17%
Degree days			
Heating degree days	11	32	(21)
Cooling degree days	303	318	(15)
Total degree days	314	350	(36)
Degree days - 30 year average	225		

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

	Month October		
	2018	2017	Variance
Water			
<i>Revenues (000's omitted):</i>			
Residential	\$ 9,294	\$ 8,157	13.94%
Commercial and industrial	4,217	4,068	3.66%
Irrigation	3,258	2,978	9.40%
Total water revenues	16,769	15,203	10.30%
Less: rate stabilization	(1,292)	(1,202)	7.49%
Less: allowance for doubtful accounts	(18)	(20)	-10.00%
Net water revenues	\$ 15,459	\$ 13,981	10.57%
<i>Kgal sales (000s omitted)</i>			
Residential	1,540,949	1,366,487	12.77%
Commercial and industrial	1,130,344	1,134,700	-0.38%
Irrigation	541,011	491,028	10.18%
Total kgals sales	3,212,304	2,992,215	7.36%
<i>Number of accounts (1):</i>			
Residential	289,359	282,350	2.48%
Commercial and industrial	25,837	25,560	1.08%
Irrigation	37,124	36,971	0.41%
Total average accounts	352,320	344,881	2.16%
<i>Residential averages:</i>			
Revenue per account - \$	32.12	28.89	11.18%
Kgals per account	5.33	4.84	10.12%
Revenue per kgals - \$	6.03	5.97	1.01%
Sewer			
<i>Revenues (000's omitted):</i>			
Residential	\$ 13,566	\$ 11,907	13.93%
Commercial and industrial	9,443	9,146	3.25%
Total sewer revenues	23,009	21,053	9.29%
Less: rate stabilization	83	(115)	-172.17%
Less: allowance for doubtful accounts	(28)	(30)	-6.67%
Net sewer revenues	23,064	20,908	10.31%
<i>Kgal sales (000s omitted)</i>			
Residential	1,359,136	1,161,000	17.07%
Commercial and industrial	973,069	964,880	0.85%
Total kgals sales	2,332,205	2,125,880	9.71%
<i>Number of accounts (1):</i>			
Residential	256,310	249,600	2.69%
Commercial and industrial	18,415	18,256	0.87%
Total average accounts	274,725	267,856	2.56%
<i>Residential averages:</i>			
Revenue per account - \$	52.93	47.70	10.96%
kgals per account	5.30	4.65	13.98%
Revenue per kgals - \$	9.98	10.26	-2.73%
Reuse			
<i>Revenues (000's omitted):</i>			
Reuse revenues	\$ 1,529	\$ 1,228	24.51%
<i>Kgal sales (000s omitted)</i>			
Reuse sales (kgals)	331,490	272,103	21.83%
<i>Number of accounts (1):</i>			
Reuse accounts	12,927	10,468	23.49%
Rainfall			
	Diff in inches		
Normal	3.93	3.93	
Actual	1.30	4.01	(2.71)
Rain Days	8	10	(2)

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

	Month October		
	2018	2017	Variance
Generated power:			
Steam:			
<i>Fuel oil</i>			
Fuel expense	\$ -	\$ -	
Barrels #6 oil consumed	-	-	
\$/ per barrel consumed	\$ -	\$ -	
kWh oil generated (1)	-	-	
Cost per MWh - oil	\$ -	\$ -	
<i>Natural gas units #1-3</i>			
Gas expense - variable	\$ 8,690,472	\$ 3,117,925	178.73%
MMBTU's consumed	2,301,730	907,397	153.66%
\$/ per MMBTU consumed	\$ 3.78	\$ 3.44	9.88%
kWh - gas generated (1)	219,646,075	80,279,591	173.60%
Cost per MWh - gas	\$ 39.57	\$ 38.84	1.87%
Cost per MWh - gas & oil - steam	\$ 39.57	\$ 38.84	1.87%
<i>Coal</i>			
Coal expense	\$ 926,719	\$ 1,676,655	-44.73%
kWh generated	47,426,854	54,632,772	-13.19%
Cost per MWh - coal	\$ 19.54	\$ 30.69	-36.33%
<i>Pet coke and limestone</i>			
Expense	\$ 4,366,102	\$ 3,406,146	28.18%
kWh generated	97,132,189	101,045,839	-3.87%
Cost per MWh - pet coke and limestone	\$ 44.95	\$ 33.71	33.35%
Cost per MWh - coal & petcoke - steam	\$ 36.61	\$ 32.65	12.14%
Combustion turbine:			
<i>Fuel oil</i>			
Fuel expense	\$ 201,334	\$ 51,234	292.97%
Barrels #2 oil consumed	1,586	173	816.76%
\$/ per barrel consumed	\$ 126.94	\$ 296.15	-57.14%
kWh - oil generated	667,909	48,481	1277.67%
Cost per MWh - oil	\$ 301.44	\$ 1,056.79	-71.48%
<i>Natural gas (includes landfill)</i>			
Gas expense Kennedy & landfill - variable	\$ 319,130	\$ 105,605	202.19%
MMBTU's consumed	80,385	32,100	150.42%
\$/ per MMBTU consumed	\$ 3.97	\$ 3.29	20.67%
kWh - gas generated (1)	6,884,211	2,337,018	194.57%
Cost per MWh - gas	\$ 46.36	\$ 45.19	2.59%
Gas expense BB simple - variable	\$ 537,252	\$ 141,943	278.50%
MMBTU's consumed	171,304	47,698	259.14%
\$/ per MMBTU consumed	\$ 3.14	\$ 2.98	5.39%
kWh - gas generated (1)	15,338,082	4,157,764	268.90%
Cost per MWh - gas simple	\$ 35.03	\$ 34.14	2.60%
Gas expense BB combined - variable	\$ 8,357,514	\$ 6,890,193	21.30%
MMBTU's consumed	2,639,212	2,431,620	8.54%
\$/ per MMBTU consumed	\$ 3.17	\$ 2.83	11.76%
kWh - gas generated (1)	374,229,238	346,661,864	7.95%
Cost per MWh - gas combined	\$ 22.33	\$ 19.88	12.36%
Gas expense GEC simple - variable	\$ 810,191	\$ 661,016	22.57%
MMBTU's consumed	511,006	298,460	71.21%
\$/ per MMBTU consumed	\$ 1.59	\$ 2.21	-28.41%
kWh - gas generated	46,977,650	27,284,261	72.18%
Cost per MWh - gas simple	\$ 17.25	\$ 24.23	-28.81%
Cost per MWh - gas & oil ct	\$ 23.03	\$ 20.63	11.60%
Natural gas expense - fixed	\$ 3,174,128	\$ 3,136,054	1.21%
Total generated power:			
Fuels expense	\$ 27,382,842	\$ 19,186,771	42.72%
kWh generated	808,302,208	616,447,590	31.12%
Cost per MWh	\$ 33.88	\$ 31.12	8.84%
Cost of fuels			
Fuel oil #6	\$ -	\$ -	
Natural gas units #1-3 with landfill - variable	8,690,472	3,117,925	
Coal	926,719	1,676,655	
Petcoke	4,366,102	3,406,146	
Fuel oil #2	201,334	51,234	
Natural gas - simple cycle (BB & GEC) - variable	1,666,573	908,564	
Natural gas - combined (BB) - variable	8,357,514	6,890,193	
Natural gas - fixed	3,174,128	3,136,054	
Total	\$ 27,382,842	\$ 19,186,771	

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

	Month October		
	2018	2017	Variance
Production Statistics (Continued)			
Purchased power:			
<i>Plant Scherer</i>			
Purchases	\$ 8,265,287	\$ 3,642,297	126.93%
kWh purchased	114,424,000	120,317,000	-4.90%
Cost per MWh	\$ 72.23	\$ 30.27	138.61%
<i>TEA & other</i>			
Purchases	\$ 8,617,305	\$ 5,569,401	54.73%
kWh purchased	187,510,671	112,885,383	66.11%
Cost per MWh	\$ 45.96	\$ 49.34	-6.85%
<i>SJRPP</i>			
Purchases	\$ 2,809,509	\$ 12,655,426	-77.80%
kWh purchased	-	242,259,000	-100.00%
Cost per MWh		\$ 52.24	
Total purchased power:			
Purchases	\$ 19,692,101	\$ 21,867,124	-9.95%
kWh purchased	301,934,671	475,461,383	-36.50%
Cost per MWh	\$ 65.22	\$ 45.99	41.81%
Subtotal - generated and purchased power:	\$ 47,074,943	\$ 41,053,895	14.67%
Fuel interchange sales	(1,093,637)	(275,656)	296.74%
Earnings of The Energy Authority	(351,293)	(287,967)	21.99%
Realized and Unrealized (Gains) Losses	(684,320)	-	
Fuel procurement and handling	1,197,553	564,579	112.11%
By product reuse	751,112	670,096	12.09%
Total generated and net purchased power:			
Cost, net	46,894,358	41,724,947	12.39%
kWh generated and purchased	1,110,236,879	1,091,908,973	1.68%
Cost per MWh	\$ 42.24	\$ 38.21	10.53%
Reconciliation:			
Generated and purchased power per above	\$ 46,894,358	\$ 42.24	
SJRPP operating expenses:			
SJRPP O & M	(653,579)	(0.59)	
SJRPP debt service	(1,900,301)	(1.71)	
SJRPP R & R	(255,629)	(0.23)	
SCHERER operating expenses:			
Scherer power production	(473,932)	(0.43)	
Scherer R & R	(4,333,785)	(3.90)	
Scherer transmission	(297,289)	(0.27)	
Scherer taxes	(103,051)	(0.09)	
Florida and other capacity	(1,506,624)	(1.36)	
MEAG	(994,641)	(0.90)	
Energy expense per budget page	\$ 36,375,527	\$ 32.76	

	Month October	
	2018	2017
MWh sales		
JEA	-	242,259
FPL saleback	-	157,604
FPL direct portion	-	99,966
Total MWh sales	-	499,829
Fuel costs	\$ 655,570	\$ 10,161,074
(Includes fuel handling expenses)		
Less interest credits: inventory bank	(1,899)	(12,648)
Plus (less): true-up interest	(742)	(1,444)
Total	652,929	10,146,982
Cost per MWh		\$ 41.88
Operating and maintenance expenses	650	1,491,141
Less: operations bank interest	-	(3,544)
Total	650	1,487,597
Cost per MWh		\$ 6.14
Debt service contribution		
Principal	1,148,333	2,174,323
Interest	927,322	1,248,704
Less credits:		
Reserve Issue 2	-	(196,521)
Reserve Issue 3	(14,110)	(16,674)
Debt service Issue 2	-	(5,456)
Debt service Issue 3	(4,630)	-
General reserve Issue 2	(411)	(16,182)
General reserve Issue 3	(32,322)	(3,584)
Build America Bonds subsidy	(28,635)	(30,621)
Inventory carrying costs	-	(61,822)
Total	1,995,547	3,092,167
Cost per MWh		\$ 12.76
R & R contribution	255,629	293,240
Less: interest credit	(95,246)	(154,560)
Less: cumulative capital recovery amount	-	(2,210,000)
Total	160,383	(2,071,320)
Cost per MWh		\$ (8.55)
Debt service coverage	-	-
Transfer to JEA	-	-
Total	-	-
Cost per MWh		\$ -
Total	\$ 2,809,509	\$ 12,655,426
kWh purchased	-	242,259,000
Cost per MWh		\$ 52.24

III. A.

Appendix G

Monthly FY18 Communications & Engagement Calendar and Plan Update

JEA Community Engagement Calendar - October - December 2018

	A	B	C	D	E
	Date	Event/Activity	Location	Time	Type
1					
2	Oct-18				
3	10/1/2018	JU Conservation Ecology Class	Arlington East Wastewater Plant Tour	1:30pm	Ambassador Facility Tour
4	10/3/2018	Senior Games - Bowling	1838 Cassat Ave.	9am	Volunteer Activity
5	10/6/2018	Northwest Jax Comm. Develop. Corp.	3416 Moncrief Ave.	9am	Ambassador Speaker
6	10/8/2018	JU Conservation Ecology Class	Jax Solar Tour	2pm	Ambassador Facility Tour
7	10/8/2018	United Way Golf Tournament	St Johns Golf Club	9am	Volunteer Activity
8	10/8/2018	American Heritage Girl Scouts	Christ the Kung School - 742 Arlinton Exp. Way	6:30pm	Ambassador Instructor
9	10/11/2018	Eden Gardens	9179 Garden St.	8am	Volunteer Activity
10	10/11/2018	JU Marine Science Institute	Main St Lab Tour	11am	Ambassador Facility Tour
11	10/12/2018	Barkin' Biscuits at BGF	223 Mill Creek Rd.	9am	Volunteer Activity
12	10/12/2018	Berry Good Farms	223 Mill Creek Rd.	9am	Volunteer Activity
13	10/12/2018	Lighthouse Christian School	6801 Merrill Rd.	9am	Ambassador Speaker
14	10/15/2018	Cub Scout Pack 23	Main St Lab Tour	9:30am	Ambassador Facility Tour
15	10/15/2018	USO	2560 Mayport Rd.	10am	Volunteer Activity
16	10/15 - 18/2018	Careers in Energy Week	Raines, Ribualt, Jackson and Sandalwood High Schools	7:40am	Ambassador Speakers
17	10/16/2018	Christ the King Career fair	6522 Larkin Rd.	10am	Ambassador Event
18	10/17/2018	Timberlin Creek Elem.	555 Pine Tree Lane	4pm	Ambassador Instructors
19	10/18/2018	Non-Profit Breakfast	JEA Tower	7:30am	Ambassador Event
20	10/18/2018	Farm Share	Jessie St.	9am	Volunteer Activity
21	10/18/2018	Communities in Schools	Woodland Acres	9am	Volunteer Activity
22	10/18/2018	Jaguar Landrover Roll Out	11211 Atlantic Blvd.	6:30pm	Ambassadors Event
23	10/19/2018	Catty Shack Wildlife Refuge	1860 Starratt Rd.	10am	Volunteer Activity
24	10/19/2018	Lutheran Social Serv. Head Start	1095 A Philip Randolph	10am	Volunteer Activity

JEA Community Engagement Calendar - October - December 2018

	A	B	C	D	E
25	10/19/2018	Providence Preschool Career Day	3115 Discovery Way	8am	Ambassasdor Event
26	10/18 - 21/2018	Southern Women's Show	Prime Osborn	10am - 9pm	Ambassador Event
27	10/22/2018	JU Conservation Ecology Class	NGS Tour	2pm	Ambassador Facility Tour
28	10/22/2018	Girl Scout Troop	Ed White High	6:30pm	Ambassador Instructor
29	10/23/2018	Carpenter's Shop	1601 University Blvd. North	6:30pm	Ambassador Event
30	10/25/2018	Cathedral Terrace Café	601 N Newman St	11am	Volunteer Activity
31	10/25/2018	Recovered Treasures CRM	5343 Normandy Blvd.	10am	Volunteer Activity
32	10/25/2018	Habijax Builds	2404 Hubbard St	7:30am	Volunteer Activity
33	10/25/2018	Salvation Army Toy Assembly	900 W Adams St	8am	Volunteer Activity
34	10/25/2018	UNF Comm. Class	UNF Campus	4:30pm	Ambassador Speakers
35	10/26/2018	Catholitic Charities Food Pantry	134 E Church St	9:30am	Volunteer Activity
36	10/26/2018	CRM Lunch Service	234 W Stae St	11:30am	Volunteer Activity
37	10/26/2018	Feeding NE FL Food Bank	1116 Edgewood Ave.	8:30am	Volunteer Activity
38	10/26/2018	DLC Nurse & Learn Fall Carnival	4101 College St.	9am	Volunteer Activity
39	10/26/2018	South Jax Prebyterian Preschool	2137 Hendricks Ave.	12pm	Ambassador Speaker
40	10/26/2018	UNF Engineering Students	Ridenour Plant Tour	1pm	Ambassador Facility Tour
41	10/28/2018	Bethel Baptist Fall Fest	Bethel Church	11:30am	Ambassador Event
42	10/29/2018	Lutheran Social Serv. Head Start	1314 Union St West	10am	Ambassador Instructor
43					
44	Nov-18				
45	11/2/2018	UNF Engineering Students	Buckman Plant Tour	8:45am	Ambassador Facility Tour
46	11/9/2018	Tulsa Welding School	Blair Rd Solar Tour	9:30am	Ambassador Facility Tour
47	11/9/2018	UNF Engineering Students	Buckman Plant Tour	8:45am	Ambassador Facility Tour
48	11/10/2018	Lutheran Presbyterian Event	1901 Philips Highway	10am	Ambassador Event
49	11/12/2018	Vaterans Day Parade	Downtown Jax	11:01am	Ambassador Event
50	11/13/2018	Science Extravaganza	Lake Lucina Elem.	5:30pm	Ambassador Event
51	11/14/2018	Girl Scouts	Main St Lab Tour	2pm	Ambassador Facility Tour

JEA Community Engagement Calendar - October - December 2018

	A	B	C	D	E
52	11/14/2018	Jr Achievement JAGirls	Waverly Academy	8am	Ambassador Instructors
53	11/16/2018	UNF Engineering Students	Buckman Plant Tour	8:45am	Ambassador Facility Tour
54	11/27/2018	Hillard Senior High	Buckman Plant Tour	9:30am	Ambassador Facility Tour
55	11/30/2018	Bartram Sprgs. Careers on Wheels	Bartram Elem.	8am	Ambassador Event
56	11/30/2018	FSCJ Engineering Students	Buckman Plant Tour	1:15pm	Ambassador Facility Tour
57					
58					
59	Dec-18				
60	12/1/2018	Marine Science Inst.	2800 University Blvd. N	1pm	Ambassador Speaker
61	12/19/2018	Junior Achievement School Takeover	Biscayne Elem.	8:30am	Ambassador Instructors
62	12/20/2018	Junior Achievement School Takeover	Oceanway Elem.	9am	Ambassador Instructors
63					
64					
65					
66					
67					
68					



FY19 Customer & Community Engagement Overview and November Update

Each month, we update the board on Customer & Community Engagement activities for the previous and current months. The purpose is to keep you apprised on these activities so that you are knowledgeable about JEA's efforts to keep our customers informed, assist them in the management of their utility services and be a good corporate citizen.

Customer Communications

In October, we concluded the Restoration 1-2-3 educational campaign. The campaign reached customers through TV, radio, online ads, digital billboards as well as social media, print ads and JEA bill inserts. After Hurricane Michael hit the panhandle, our social media team visited a JEA electric crew providing mutual aid in Tallahassee to give our customers a glimpse of the support JEA provides other utilities in time of need. The team documented the electric crew's efforts through pictures and Facebook live. Our Multimedia Productions Team also created a Hurricane Michael mutual aid video that highlighted our water and wastewater crews that were sent to assist the panhandle. We also focused messages on seasonal topics such as reporting streetlights outages, scams, and fall energy savings tips.

The new Alerts and Preference Center on jea.com went live in October. Customers can now enroll in a variety of alerts ranging from energy/water usage alerts to outage notifications. At time of enrollment, customers can choose whether they want to be alerted by voice, email, or text and have the option to choose a different method for each alert they sign up for.

Community Engagement

JEA employees participated in numerous Ambassador events and Volunteer activities throughout the month of October, with Ambassadors participating in 35 activities and 53 volunteers serving 359 hours in the community.

JEA Ambassadors

In October, JEA Ambassadors participated in the 2018 Southern Women's Show. At the show, Ambassadors reached over 30,000 customers and helped answer questions regarding bills, how to conserve energy and water, and ways to save money each month. Ambassadors also conducted six facility tours and delivered eleven presentations to groups including Northwest Jax Community Development Corporation and Lighthouse Christian School. Students at Timberlin Creek Elementary and Southside Presbyterian School were taught the Power Pals Program by our Ambassadors where they learned the importance of safety around electricity.

Employee Volunteerism

In October, 53 JEA employees volunteered in the community, connecting with customers and assisting with numerous nonprofit projects and activities. From volunteering at Jacksonville Senior Games to helping clean-up Catty Shack Ranch Wildlife Sanctuary, JEA employees gave generously of their time and talents for the benefit of our community. JEA employees also volunteered time at Barkin' Biscuits, Recovered Treasures, HabiJax, Catholic Charities, Feeding Northeast Florida Food Bank, and DLC Nurse & Learn Fall Carnival.

Last month, JEA employee volunteers assisted with many United Way events including the annual motorcycle ride and charity golf tournament. The two events raised over \$25,000 for the United Way.

JEA employees take great pride in the Ambassador and Volunteer programs, which are a tangible demonstration for our customers and our community of the "Heart of JEA."

Communications Contacts* Generated Year to Date	11,922,015
• Paid Communications Contacts (Radio, Television, Out of Home, Online, Print)	7,525,167
• Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.)	1,082,675
• E-communications Contacts (jea.com Visitors, Email, Social Media, Videos)	3,304,411
• Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.)	9,762

*Communications Contacts are the opportunities JEA has to communicate information to our customers.

ADP Comprehensive Services
Master Services Agreement

ADP, LLC: (referred to herein as "ADP")

One ADP
Boulevard
Roseland,
New Jersey
07068 United
States

Client: (referred to herein as "Client")

Attention

(Effective Date)

WHEREAS, effective February 23, 2016, Omnia Partners, which is a cooperative purchasing organization dedicated to public procurement, entered into a Contract 15-19, as amended, (the "Omnia Contract") with the ADP for ADP to provide Payroll, HR and Managed Business Solutions (the "Services"); and

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WHEREAS, ADP is currently in good standing pursuant to the Omnia Contract; and

WHEREAS, the Omnia Contract has been competitively and publicly procured and awarded by Omnia Partners pursuant to Florida law; and

WHEREAS, the JEA Procurement Code, more particularly Article 3-115, authorizes and allows JEA to use contracts which are procured with one or more public or utility industry partners, nonprofit organizations or purchasing alliances including, but not limited to Omnia Partners, which have been competitively procured and awarded; and

WHEREAS, the Omnia Contract is broad enough to include the Services and Company has agreed to allow JEA to use its Omnia Contract; and

WHEREAS, ADP and Client agree that ADP shall provide Client with the following services in accordance with the terms and subject to the conditions set forth in this ADP Comprehensive Services Master Services Agreement.

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ANNEX A-3N:

GENERAL TERMS AND CONDITIONS

BY SIGNING BELOW, CLIENT ACKNOWLEDGES THAT THEY HAVE REVIEWED THE ENTIRE AGREEMENT INCLUDING THE TERMS AND CONDITIONS IN EACH ANNEX CORRESPONDING TO SERVICES PURCHASED PURSUANT TO THE SALES

ADP, LLC

By: _____

Name: _____

Title: _____

Date: _____

Client

By: _____

Name: _____

Title: _____

Date: _____

ADP Comprehensive Services | ANNEX A-3(NAS)

General Terms and Conditions



1 Definitions.

- 1.1 "ADP" has the meaning set forth on the cover page.
- 1.2 "ADP Application Programs" means the computer software programs and related Documentation, including any updates, modifications or enhancements thereto, that are either delivered or made accessible to Client through a hosted environment by ADP in connection with the Services.
- 1.3 "ADP Comprehensive Services" means ADP's business process outsourcing services delivered via ADP Workforce Now technology that covers the spectrum of human capital management services, including payroll, human resources, time and attendance, recruitment, talent, learning, benefits, among other services.
- 1.4 "ADP Workforce Now" means ADP's web-based portal which provides a single point of access to ADP online solutions and employee-facing websites and resources related to payroll, HR, benefits, talent, and time and attendance.
- 1.5 "Agreement" means this ADP Comprehensive Services- Master Services Agreement, consisting of the signature pages, the General Terms and Conditions, all exhibits, annexes, addendum, appendices and schedules, and each amendment, if any.
- 1.6 "Affiliate" means any individual, corporation or partnership or any other entity or organization (a "person") that controls, is controlled by or is under common control with Client. For purposes of the preceding definition, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through ownership of voting securities or by contract or otherwise.
- 1.7 "API" means ADP approved application programming interface(s) that support point to point interaction of different systems.
- 1.8 "Approved Country" means each country in which, subject to the terms of this Agreement, Client is authorized to use or receive the Services. The Approved Country for the Services is the United States.
- 1.9 "Access Country" has the meaning set forth in Section 2.3.
- 1.10 "Business Day" means any day, except a Saturday, Sunday or a day on which ADP's bank is not open for business in the applicable jurisdiction where services are provided by ADP.
- 1.11 "Buy Out Fee" has the meaning set forth in Section 12.4
- 1.12 "Client" has the meaning set forth on the cover page.
- 1.13 "Client Content" means all information and materials provided by Client, its agents or employees, regardless of form, to ADP under this Agreement.
- 1.14 "Client Group" means Client and Client's Affiliates who are receiving Services under this Agreement pursuant to a Executive Pricing Summary.
- 1.15 "Client Infringement Event" means (i) any change, or enhancement in, or use of, the Services made by Client or a third party on behalf of Client other than at the direction of, or as approved by, ADP or (ii) Client's failure to use the most current release or version of such computer software programs included in the ADP Application Programs or any corrections or enhancements provided by ADP thereto (to the extent ADP requires Client to use the most current release or version of any computer software programs, the implementation of such shall be at no charge to Client).
- 1.16 "Confidential Information" means all information of a confidential or proprietary nature, including pricing and pricing related information and all Personal Information, provided by the disclosing party to the receiving party under this Agreement but does not include (i) information that is already known by the receiving party, (ii) information that becomes generally available to the public other than as a result of disclosure by the receiving party in violation of this Agreement, and (iii) information that becomes known to the receiving party from a source other than the disclosing party on a non-confidential basis, or information that is required to be disclosed pursuant to Florida Public Records laws, Chapter 119, Florida Statutes, and which is not otherwise exempt under such statutes.
- 1.17 "Documentation" means all manuals, tutorials and related materials that may be provided or made available to Client by ADP in connection with the Services.
- 1.18 "FCRA" Fair Credit Reporting Act, 15 U.S.C. §1681 et seq.
- 1.19 "General Terms and Conditions" means the terms and conditions contained in this Annex A.
- 1.20 "Gross Negligence" has the meaning set forth in Section 7.3.1.
- 1.21 "Improvements" has the meaning set forth in Section 5.4
- 1.22 "Incident" means a security breach (as defined in any applicable law) or any other event that compromises the security, confidentiality or integrity of Client's Personal Information.
- 1.23 "Indemnitees" has the meaning set forth in Section 6.3
- 1.24 "Indemnitor" has the meaning set forth in Section 6.3.
- 1.25 "Initial Term" means the period beginning as of the Effective Date and ending five (5) years after the date of Client's first monthly invoice for Services.
- 1.26 "Intellectual Property Rights" means all rights, title and interest to or in patent, copyright, trademark, service mark, trade secret, business or trade name, know-how and rights of a similar or corresponding character
- 1.27 "Internal Business Purposes" means the usage of the Services solely by the Client Group for its own internal business purposes, without the right to provide service bureau or other data processing services, or otherwise share or distribute the Services, to any party outside the Client Group, unless expressly contemplated by this Agreement.
- 1.28 "Kick-off Call" has the meaning set forth in Section 11.4.
- 1.29 "NACHA" means the National Automated Clearing House Association.
- 1.30 "Payee" means any intended recipient of payments under the Payment Services and may include Client's employees, taxing authorities, governmental agencies, suppliers, benefit carriers and/or other third parties; provided that in the case of ADP Wage Payment Services, Payee shall be limited to Client's employees and independent contractors.
- 1.31 "Payment Services" means any Services that involve electronic or check payments being made by ADP to third parties on Client's behalf and at its direction.
- 1.32 "Personal Information" means information relating to an identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or

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more factors specific to such person's physical, physiological, mental, economic, cultural or social identity.

1.33 "Renewal Term" means each additional one (1) year period after the Initial Term.





- 1.34 "Services" means the services (including implementation services related thereto) listed in the Executive Pricing Summary, and such other services as the parties may agree to be performed from time to time.
- 1.35 "SOC 1" means any routine Service Organization Control 1 reports.
- 1.36 "Term" means, either individually or collectively, the Initial Term and each Renewal Term.
- 1.37 "Termination Event" means with respect to any party, the occurrence of any of the following: (i) under the applicable bankruptcy laws or similar law regarding insolvency or relief for debtors, (A) a trustee, receiver, custodian or similar officer is appointed for a party's business or property, (B) a party seeks to liquidate, wind-up, dissolve, reorganize or otherwise obtain relief from its creditors, or (C) an involuntary proceeding is commenced against a party and the proceeding is not stayed, discharged or dismissed within thirty (30) days of its commencement, or (ii) a party's Standard and Poor's issuer credit rating falls to or below BB.
- 1.38 "User" means any single natural person who, subject to the terms of this Agreement, is authorized by Client to use, access or receive the Services.
- 1.39 "Verification Agent" has the meaning set forth in Section 14.1.6.1.1.
- 1.40 "Verification Data" has the meaning set forth in Section 14.1.6.1.1.
- 1.41 "Verifiers" has the meaning set forth in Section 14.1.6.1.1.

2 Provision and Use of Services

- 2.1 **Provision of Services.** ADP, or one of its Affiliates, will provide the Services to Client in accordance with the terms of this Agreement and any applicable Executive Pricing Summary. ADP will provide the Services in a good, diligent and professional manner in accordance with industry standards, utilizing personnel with a level of skill commensurate with the Services to be performed. ADP's performance of the Services (including any applicable implementation activities) is dependent upon the timely completion of Client's responsibilities and obligations under this Agreement. Without limitation of the foregoing, Client will timely provide the Client Content necessary for ADP to provide the Services.
- 2.2 **Cooperation.** ADP and Client will work together to implement the Services. Client will cooperate with ADP and execute and deliver all documents, forms, or instruments necessary for ADP to implement and render the Services. Client will provide ADP with all reasonable and necessary Client Content in the format requested by ADP, and will otherwise provide all reasonable assistance required of Client in order for ADP to implement the Services. In the event a Client migrates from any other ADP service or platform, Client consents to ADP transferring Client data from such platform to ADP Workforce Now.
- 2.3 **Use of Services.** Client will use the Services in accordance with the terms of this Agreement and solely for its own Internal Business Purposes in the Approved Country. Client will be responsible for the use of the Services by the Client Group and the Users in accordance with the terms of this Agreement. Client is responsible for the accuracy and completeness of the Client Content provided to ADP. In addition, the ADP Workforce Now HR and/or Talent modules (but specifically excluding Document Cloud, Onboarding Services, any eLearning Courses accessible through the Comprehensive HR Learning Content Management Tool, the EAP and employee perks services, if applicable, and any other modules/tools that ADP, in its sole discretion, determines shall not be accessible to Client employees located outside the United States), may be accessed by Client's HR administrator to track employees located in the countries specified on the ADP Workforce Now Approved Country (Global Suitability) List found at www.productdescription.majoraccounts.adp.com (each an "Access Country"). For the avoidance of doubt, the ADP Workforce Now HR and/or Talent module(s) as such other services outlined herein are intended to be used within the United States only and for tracking purposes only when used as a Client's HR global system of record.
- 2.4 **Errors.** Client will promptly review all documents and reports produced by ADP and provided or made available to Client in connection with the Services and promptly notify ADP of any error, omission, or discrepancy with Client's records. ADP will promptly correct such error, omission or discrepancy and, if such error, omission or discrepancy was caused by ADP, then such correction will be done at no additional charge to Client.
- 2.5 **Records.** Without prejudice to ADP's obligation to retain the data necessary for the provision of the Services, ADP does not serve as Client's record keeper and Client will be responsible for retaining copies of all documentation received from and Client Content provided to ADP in connection with the Services to the extent required by Client. Notwithstanding any other provision herein to the contrary, ADP will not delete or destroy any of Client's records during the Term of this Agreement and for six (6) months thereafter.

2.6 **Public Records.** ADP is providing services and is acting on behalf of Client as contemplated by subsection 119.011(2), Florida Statutes. Accordingly, ADP shall:

- Keep and maintain public records that ordinarily and necessarily would be required by Client in order to perform service, including financial and operating records and customer records.

ADP agrees to:

(i) Either (1) provide the public with access to public records on the same terms and conditions that Client would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or otherwise prohibited by law or (2) immediately turn over such records to JEA so that JEA may provide the records in response to public records requests;

(ii) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements

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are not disclosed except as authorized by law; and



(iii) Meet all requirements for retaining public records and transfer, at no cost, to Client all public records in possession of the ADP upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically shall be provided to JEA in a format that is compatible with the information technology systems of JEA.

IF ADP HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO ADP'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT:

JEA
Attn: Public Records
21 West Church Street
Jacksonville, Florida 32202
Ph: 904-665-8606
2.5 publicrecords@jea.com

3 Compliance.

- 3.1. **Applicable Laws.** Each party will comply with applicable laws and regulations that affect its business generally, including any rules and regulations applicable to ADP regarding trade sanctions, export controls, or trade with prohibited parties.
- 3.2. **Design of the Services.** ADP will design the Services, including the functions and processes applicable to the performance of the Services, to assist the Client in complying with its legal and regulatory requirements applicable to the Services, and ADP will be responsible for the accuracy of such design. Client and not ADP will be responsible for (i) how it uses the Services to comply with its legal and regulatory requirements and (ii) the consequences of any instructions that it gives or fails to give to ADP, including as part of the implementation of the Services, provided ADP follows such instructions. Services do not include any legal, financial, regulatory, benefits, accounting or tax advice.
- 3.3. **Online Statements.** If Client instructs ADP to provide online pay statements, Forms W2, Forms 1099 or Forms 1095-C, as applicable, without physical copies thereof, Client will be exclusively responsible for determining if and to what extent Client's use of online pay statements, Forms W2, Forms 1099 or Forms 1095-C, as applicable, satisfies Client's obligations under applicable laws and the consequences resulting from such determinations.
- 3.4. **Data Protection Laws.** Client represents that Personal Information transferred by Client or at Client's direction to ADP has been collected in accordance with applicable privacy laws, and ADP agrees that it shall only process the Personal Information as needed to perform the Services, or as required or permitted by law.

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4 Confidentiality

- 4.1 General.** All Confidential Information disclosed under this Agreement will remain the exclusive and confidential property of the disclosing party. The receiving party will not disclose to any third party the Confidential Information of the disclosing party and will use at least the same degree of care, discretion and diligence in protecting the Confidential Information of the disclosing party as it uses with respect to its own confidential information. The receiving party will limit access to Confidential Information to its employees with a need to know the Confidential Information and will instruct those employees to keep such information confidential. ADP may disclose Client's Confidential Information on a need to know basis to (i) ADP's subcontractors who are performing the Services, provided that ADP shall remain liable for any unauthorized disclosure of Client's Confidential Information by those subcontractors, (ii) employees of ADP's Affiliates, provided such employees are instructed to keep the information confidential as set forth in this Agreement and (iii) social security agencies, tax authorities and similar third parties, to the extent strictly necessary to perform the Services. ADP may use Client's and its employees' and other Services recipients' information in an aggregated, anonymized form, such that neither Client nor such person may be identified, and Client will have no ownership interest in such aggregated, anonymized data. Client authorizes ADP to release employee-related data, and such other data as required to perform the Services, to third party vendors of Client as designated by Client from time to time. Notwithstanding the foregoing, the receiving party may disclose Confidential Information (x) to the extent necessary to comply with any law, rule, regulation or ruling applicable to it, (y) as appropriate to respond to any summons or subpoena or in connection with any litigation and (z) to the extent necessary to enforce its rights under this Agreement.
- 4.2 Return or Destruction.** Upon the request of the disclosing party or upon the expiration or earlier termination of this Agreement, and to the extent feasible, the receiving party will return or destroy all Confidential Information of the disclosing party in the possession of the receiving party, provided that each party may maintain a copy if required to meet its legal or regulatory obligations and may maintain archival copies stored in accordance with regular computer back-up operations. To the extent that any portion of Confidential Information of a disclosing party remains in the possession of the receiving party, such Confidential Information shall remain subject to the generally applicable statutory requirements and the confidentiality protections contained in Section 4.1.
- 4.3 Transfer.** The Services may be performed by ADP Affiliates or subcontractors located in other countries, and ADP may transfer or permit access to Client's Confidential Information, including employees' Personal Information, for the purposes of performing the Services outside of Canada and the United States of America. As a result, Client's employees' Personal Information may be subject to the laws of such jurisdictions and may be accessible to the courts and law enforcement authorities of those jurisdictions. Notwithstanding the foregoing, ADP will remain responsible for any unauthorized disclosure or access of Client's employees' Personal Information by any ADP Affiliate or subcontractor in the performance of any such Services.

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5 Intellectual Property

- 5.1 Client IP Rights.** Except for the rights expressly granted to ADP in this Agreement, all rights, title and interests in and to Client Content, including all Intellectual Property Rights inherent therein and pertaining thereto, are owned exclusively by Client or its licensors. Client hereby grants to ADP for the term of this Agreement a non-exclusive, worldwide, non-transferable, royalty-free license to use, edit, modify, adapt, translate, exhibit, publish, reproduce, copy and display the Client Content for the sole purpose of performing the Services; provided Client has the right to pre-approve the use by ADP of any Client trademarks or service marks.
- 5.2 ADP IP Rights.** Except for the rights expressly granted to Client in this Agreement, all rights, title and interest in and to the Services, including all Intellectual Property Rights inherent therein and pertaining thereto, are owned exclusively by ADP or its licensors. ADP grants to Client for the term of this Agreement a personal, non-exclusive, non-transferable, royalty-free license to use and access the ADP Application Programs solely for the Internal Business Purposes in the Approved Countries and the Access Countries. The ADP Application Programs do not include any Client-specific customizations unless otherwise agreed in writing by the parties. Client will not obscure, alter or remove any copyright, trademark, service mark or proprietary rights notices on any materials provided by ADP in connection with the Services, and will not copy, decompile, recompile, disassemble, reverse engineer, or make or distribute any other form of, or any derivative work from, such ADP materials.
- 5.3 Ownership of Reports.** Client will retain ownership of the content of reports and other materials that include Client Content produced and delivered by ADP as a part of the Services, provided that ADP will be the owner of the format of such reports. To the extent any such reports or other materials incorporate any ADP proprietary information, ADP (i) retains sole ownership of such proprietary information and (ii) provides the Client a fully paid up, irrevocable, perpetual, royalty-free license to access and use same for its Internal Business Purposes without the right to create derivative works (other than derivative works to be used solely for its Internal Business Purposes) or to further distribute any of the foregoing rights outside the Client Group.
- 5.4 Improvements.** ADP will make available to Client, at no additional cost, software improvements, enhancements, or updates to any ADP Application Programs that are included in the Services (collectively "Improvements") if and as they are made generally available by ADP at no additional cost to ADP's other clients using the same ADP Application Programs as Client and receiving the same Services as Client. All Improvements provided under this Section 5.4 shall be considered part of the ADP Application Programs.

6 Indemnities

- 6.1 ADP Indemnity.** Subject to the remainder of this Section 6.1, and Section 6.3 and 7, ADP shall defend Client in any suit or cause of action, and indemnify and hold Client harmless against any damages payable to any third party in any such suit or cause of action, alleging that the Services or ADP Application Programs, as provided by ADP and used in accordance with

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the terms of this Agreement, infringe upon any Intellectual Property Rights of a third party in an Approved Country. The foregoing infringement indemnity will not apply and ADP will not be liable for any damages assessed in any cause of action to the extent resulting from a Client Infringement Event or ADP's use of Client Content as contemplated by this Agreement. If any Service is held or believed to infringe on any third-party's Intellectual Property Rights, ADP may, in its sole discretion, (i) modify the Service to be non-infringing, (ii) obtain a license to continue using such Service, or (iii) if neither (i) nor (ii) are practical, terminate this Agreement as to the infringing Service.

6.2 Client Indemnity. Subject to Sections 6.3 and 7, Client ~~will defend ADP against any third-party claims and will indemnify and hold ADP harmless from any resulting damage awards or settlement amounts in any cause of action to the extent such cause of action is based on the occurrence of a Client Infringement Event or ADP's use of Client Content as contemplated by this Agreement.~~ Notwithstanding, Client's indemnification obligations shall be limited by Florida Statute 768.28, which is a partial waiver of sovereign immunity for tort claims only.

6.3 Indemnity Conditions. The indemnities set forth in this Agreement are conditioned on the following: (i) the party claiming indemnification (the "Indemnitee") shall promptly notify the indemnifying party (the "Indemnitor") of any matters in respect of which it seeks to be indemnified, and shall give the Indemnitor full cooperation and opportunity to control the response thereto and the defense thereof, including without limitation any settlement thereof, (ii) the Indemnitor shall have no obligation for any claim under this Agreement if the Indemnitee makes any admission, settlement or other communication regarding such claim without the prior written consent of the Indemnitor, which consent shall not be unreasonably withheld, and (iii) the Indemnitee's failure to promptly give notice to the Indemnitor shall affect the Indemnitor's obligation to indemnify the Indemnitee only to the extent the Indemnitor's rights are materially prejudiced by such failure. The Indemnitee may participate, at its own expense, in such defense and in any settlement discussions directly or through counsel of its choice.

7 Limit on Liability

7.1 Ordinary Cap. Notwithstanding anything to the contrary in this Agreement and subject to the remainder of this Section 7, neither party's aggregate limit on monetary damages in any calendar year shall exceed an amount equal to six (6) times the average ongoing monthly Services fees paid or payable to ADP by Client during such calendar year (the "Ordinary Cap"). ADP will issue Client a credit(s) equal to the applicable amount and any such credit(s) will be applied against subsequent fees owed by Client.

7.2 Extraordinary Cap. As an exception to Section 7.1, if damages (monetary or otherwise) arise from a breach of Section 4.1 (Confidentiality) or Section 9.3 (Data Security), the Ordinary Cap will be increased by an additional six (6) times the average ongoing monthly Service fees paid or payable to ADP by Client during such calendar year (the "Extraordinary Cap"). For the avoidance of doubt, in no case shall either party's aggregate limit on monetary damages in any calendar year under this Agreement exceed twelve (12) times the average monthly ongoing Service fees paid or payable to ADP by Client during such calendar year.

7.3 Matters not Subject to Either Cap. The limitations of liability set forth in Sections 7.1 and 7.2 shall not apply to:

7.3.1 Either party's Gross Negligence, or willful, criminal or fraudulent misconduct; for the purposes of this Agreement, "Gross Negligence" shall be defined as: (1) willful, wanton, careless or reckless conduct, misconduct, failures, omissions, or disregard of the duty of care towards others of a risk known or so obvious that the actor must be taken to have been aware of it, and with an intent to injure or so great as to make it highly probable that harm would follow and/or (2) failure to use even the slightest amount of care, or conduct so reckless, as to demonstrate a substantial lack of concern for the safety of others. For the avoidance of doubt, Gross Negligence must be more than any mere mistake resulting from inexperience, excitement, or confusion, and more than mere thoughtlessness or inadvertence or simple inattention;

7.3.2 The infringement indemnity set forth in Sections 6.1 and 6.2;

7.3.3 Client's obligations to pay the fees for Services;

7.3.4 ADP's obligations to provide credit monitoring and notifications as set forth in Section 10.2;

7.3.5 Client's funding obligations in connection with the Payment Services;

7.3.6 ADP's loss or misdirection of Client funds in possession or control of ADP due to ADP's error or omission;

7.3.7 In connection with the ADP Employment Tax Services, (a) interest charges imposed by an applicable tax authority on Client for the failure by ADP to pay funds to the extent and for the period that such funds were held by ADP and (b) all tax penalties resulting from ADP's error or omission in the performance of such Service. The provisions of this Section 7.3.7 shall only apply if (x) Client permits ADP to act on Client's behalf in any communications and negotiations with the applicable taxing authority that is seeking to impose any such penalties or interest and (y) Client assists ADP as reasonably required by ADP.

7.3.8 Client's use or access of the Services and/or ADP Application Programs outside of the Approved Countries and/or Access Countries.

7.4 Mitigation of Damages. ADP and Client will each use reasonable efforts to mitigate any potential damages or other adverse consequences arising from or relating to the Services.

7.5 No Consequential Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT AND ONLY TO THE EXTENT PERMITTED BY APPLICABLE LAW, NONE OF ADP, CLIENT OR ANY BANK WILL BE RESPONSIBLE FOR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES (INCLUDING DAMAGES FOR LOSS OF BUSINESS OR PROFITS, BUSINESS INTERRUPTIONS OR HARM TO REPUTATION) THAT ANY OTHER PARTY OR ITS RESPECTIVE AFFILIATES MAY INCUR OR EXPERIENCE IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES, HOWEVER CAUSED AND UNDER WHATEVER THEORY OF LIABILITY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing exclusion shall not apply to claims for consequential damages arising from ADP's or Client's (i) willful, criminal or fraudulent misconduct, or (ii) breach or breaches of Section 4.1 or Section 9.3 under this Agreement; provided however, that any

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consequential damages recovered by Client or ADP in a calendar year for claims pursuant to Section 7.5(ii) will be subject to the Extraordinary Cap set forth in Section 7.2 above.

8 Warranties and Disclaimer

- 8.1 Warranties.** Each party warrants that (i) it has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby and (ii) this Agreement has been duly and validly executed and delivered and constitutes the valid and binding agreement of the parties, enforceable in accordance with its terms.
- 8.2 DISCLAIMER.** EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ALL SERVICES, ADP APPLICATION PROGRAMS AND EQUIPMENT PROVIDED BY ADP OR ITS SUPPLIERS ARE PROVIDED "AS IS" AND ADP AND ITS LICENSORS AND SUPPLIERS EXPRESSLY DISCLAIM ANY WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, COMPLETENESS, CURRENTNESS, NON-INFRINGEMENT, NON-INTERRUPTION OF USE, AND FREEDOM FROM PROGRAM ERRORS, VIRUSES OR ANY OTHER MALICIOUS CODE, WITH RESPECT TO THE SERVICES, THE ADP APPLICATION PROGRAMS, ANY CUSTOM PROGRAMS CREATED BY ADP OR ANY THIRD-PARTY SOFTWARE DELIVERED BY ADP AND RESULTS OBTAINED THROUGH THE USE THEREOF.

9 Security and Controls

- 9.1 Service Organization Control Reports.** Following completion of implementation of any applicable Services, ADP will, at Client's request and at no charge, provide Client with copies of any routine Service Organization Control 1 reports ("SOC 1 Reports") (or any successor reports thereto) directly related to the core ADP Products utilized to provide the Services provided hereunder for Client and already released to ADP by the public accounting firm producing the report. SOC 1 Reports are ADP Confidential Information and Client will not distribute or allow any third party (other than its independent auditors) to use any such report without the prior written consent of ADP. Client will instruct its independent auditors or other approved third parties to keep such report confidential and Client will remain liable for any unauthorized disclosure of such report by its independent auditors or other approved third parties.
- 9.2 Business Continuity; Disaster Recovery.** ADP has established and will maintain a commercially reasonable business continuity and disaster recovery plan and will follow such plan.
- 9.3 Data Security.** ADP has established and will maintain an information security program containing appropriate administrative, technical and physical measures to protect Client data (including any Personal Information therein) against accidental or unlawful destruction, alteration, unauthorized disclosure or access consistent with applicable laws. In the event ADP suspects any unauthorized access to, or use of, the Services, ADP may suspend access to the Services to the extent ADP deems necessary to preserve the security of the Client's data.

10 Data Security Incident

- 10.1 Notification.** If ADP becomes aware of a security breach (as defined in any applicable law) or any other event that compromises the security, confidentiality or integrity of Client's Personal Information (an "Incident"), ADP will take appropriate actions to contain, investigate and mitigate the Incident. ADP shall notify Client of an Incident as soon as reasonably possible.
- 10.2 Other ADP Obligations.** In the event that an Incident is the result of the failure of ADP to comply with the terms of this Agreement, ADP shall, to the extent legally required or otherwise necessary to notify the individuals of potential harm, bear the actual, reasonable costs of notifying affected individuals. ADP and Client shall mutually agree on the content and timing of any such notifications, in good faith and as needed to meet applicable legal requirements. In addition, where notifications are required and where such monitoring is practicable and customary, ADP shall also bear the cost of one year of credit monitoring to affected individuals in applicable jurisdictions.

11 Payment Terms

- 11.1 Fees and Fee Adjustments.** Client will pay to ADP the fees and other charges for the Services at the rates set forth in the Executive Pricing Summary for the first (1st) year of the Initial Term. During the remainder of the Initial Term, ADP will increase fees on an annual basis based on the Consumer Price Index (CPI), All Urban Consumers, Not Seasonally Adjusted, U.S. City Average, All Items as published by the United States Bureau of Labor Statistics, Series ID: CUUR0000SA0, provided any such fee increase shall never be less than zero percent (0%) or greater than four percent (4%). Total fees charged, including within the Initial Term, may change commensurate with the number of Client's employees being serviced. The fees presented in the Executive Pricing Summary were calculated based upon particular assumptions relative to Client requirements (including funding requirements), specifications, volumes and quantities as reflected in the applicable Executive Pricing Summary and related documentation, and if Client's actual requirements vary from what is stated, ADP may adjust the fees based on such changes. The fees do not include any customizations to any Service. ADP may increase prices for Services at any time after the Initial Term upon at least thirty (30) days prior written notice to Client.

- 11.2 Lawfully Appropriated Funds.** ADP and Client agree that Client's performance of its obligations under this Agreement depend in part on Client receiving lawfully appropriated funds from the Jacksonville City Council to compensate ADP for the Services. Client shall use best efforts to maintain sufficient funding related to its receipt of the Services under this Agreement during the Term of this Agreement. After the twelfth month of this Agreement, should Client not be appropriated the required funds to perform its obligations under this Agreement for the remainder of the Term, Client may terminate this Agreement upon providing 30 days' advance written notice to ADP. Should ADP have reason to believe that Client will not be appropriated

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sufficient funds to perform its obligations under this Agreement, ADP shall have the right to suspend the Services and/or terminate this Agreement upon providing 30 days' advance written notice to Client.

44.4

44.211.3 Additional Services and Charges. If Client requests additional services offered by ADP not included in this Agreement, and ADP agrees to provide such services: (i) those services and related fees will be included in a separate pricing adjustment or Executive Pricing Summary; (ii) any Services provided to Client but not included in a pricing adjustment or Executive Pricing Summary will be provided subject to the terms of this Agreement and charged at the applicable rates as they occur; and (iii) those services will be considered to be "Services" for purposes of this Agreement. Additional charges may be assessed Client in relation to the performance of the Services in certain circumstances, including without limitation, late funding, an insufficient funds notification and emergency payment requests from Client.

44.3 Fees for Implementation Services. Client shall pay ADP fees for Implementation Services ("**Implementation Fees**") at

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the rates set forth on the Executive Pricing Summary and in accordance with Section 11.4. Client shall pay ADP for additional Implementation Services added by Client after the Effective Date at ADP's then prevailing rates for such Implementation Services. If necessary, the parties shall further define the scope and process for Implementation Services in an Implementation Services statement of work.

- 11.4 Invoicing.** Client will be invoiced for fees on a monthly billing cycle. Billing for Implementation Fees shall begin during the monthly billing cycle following the Effective Date and shall be billed in four (4) monthly installments. Billing for Services shall begin starting the monthly billing cycle following the date that Client is first able to use any of the Services in a live production environment. ADP will notify Client of all applicable Services fees payable by Client by way of invoice or other method (i.e. ADP's on-line reporting tool). Client will pay all invoices in full via direct debit of funds within seven (7) days of the invoice date. All amounts not paid when due are subject to a late payment charge of one and one-half percent (1½%) per month (not to exceed the maximum allowed by applicable law) of the past due amount from the due date until the date paid. In the event the Client is unable to go live on any Service by the date to be formalized pursuant to the implementation plan ("Go-Live Date") and such delay is primarily caused by Client, then ADP shall be entitled to commence billing for such Services one month after the agreed upon Go-Live Date. Notwithstanding the foregoing, in the event the Go Live Date is delayed by more than nine (9) months by the Client, ADP shall have the discretion to impose the Buy-Out Fee set forth in Section 12.4 below.
- 11.5 Currency.** Client shall pay the fees in US dollars.
- 11.6 Taxes.** Unless Client provides ADP a valid tax exemption or direct pay certificate, Client will pay directly, or will pay to ADP, an amount equal to all applicable taxes or similar fees levied or based on the Agreement or the Services, exclusive of taxes based on ADP's net income.
- 11.7 Postage, Shipping Travel and out-of-pocket expenses.** ADP will invoice Client for postage charges, delivery charges, other third party charges, and reasonable travel and out-of-pocket expenses as necessary to provide the Services.
- 11.8 Funding Requirements and Disbursement Disclosures.** With respect to Payment Services to be deducted by ACH or Pre-Authorized Debit, Client must have sufficient good funds for payment of the payroll obligations, tax filing obligations, wage garnishment deduction obligations, service fees (as applicable), expenses, and any other applicable charges, to be direct debited from Client's designated account no later than one (1) banking day prior to the pay date for the applicable payroll (in the case of payroll processing services), or as otherwise agreed by the parties. For reverse wire clients, funds must be available (a) one (1) banking day prior to the pay date for the applicable payroll (in the case of the ADP Employment Tax Services) and (b) two (2) banking days prior to the pay date for all other Payment Services, or as otherwise agreed by the parties. In consideration for the additional costs incurred by ADP in providing wire transfer service, Client agrees to pay a reasonable fee (currently \$10.00) for each wire transfer. Notwithstanding the foregoing, ADP reserves the right to modify the aforementioned deadlines at any time and will communicate any such modifications to Client.

12 Term; Termination; Suspension

- 12.1 Term.** This Agreement is effective for the Initial Term and will automatically renew at the end of any Term for additional Renewal Terms unless terminated by either party upon written notice given at least ninety (90) days prior to the end of such Term or upon mutual agreement of Client and ADP.
- 12.2 Termination for Cause.** Either party may terminate this Agreement for the other's material breach of this Agreement if such breach is not cured within sixty (60) days following notice thereof or in the event either party is the subject of a Termination Event. In addition, ADP may immediately suspend or terminate the Services or the Agreement in its entirety in the event (a) Client fails to timely pay fees for Services performed within ten (10) days following notice that such fees are past due or (b) the provision of Services to Client causes or will cause ADP or its Affiliates to be in violation of any laws, rules or regulations applicable to it, including any sanction laws applicable to ADP or any Affiliate.
- 12.3 Suspension.** Without limiting the foregoing, the parties agree that Payment Services involve credit risk to ADP. Payment Services may be suspended by ADP (A) immediately if: (i) Client has failed to remit sufficient, good and available funds within the deadline and via the method of delivery agreed upon as it relates to the applicable Payment Services; or (ii) Client breaches any rules promulgated by NACHA as it relates to ADP conducting electronic payment transactions on behalf of Client, and (B) with twenty-four (24) hour notice if: (i) a bank notifies ADP that it is no longer willing to originate debits from Client's account(s) or credits for Client's behalf for any reason or (ii) the authorization to debit Client's account is terminated or ADP reasonably believes that there is or has been fraudulent activity on the account. If the Payment Services are terminated or suspended pursuant to Sections 12.2 or 12.3, Client acknowledges that ADP shall be entitled to allocate any funds in ADP's possession that have been previously remitted or otherwise made available by Client to ADP relative to the Payment Services in such priorities as ADP may determine appropriate, including reimbursing ADP for payments made by ADP on Client's behalf to a third party. If the Payment Services are terminated by ADP, Client understands that it will (x) immediately become solely responsible for all of Client's third party payment obligations covered by the Payment Services then or thereafter due (including, without limitation, for ADP Employment Tax Services any and all penalties and interest accruing after the date of such termination, other than penalties and interest for which ADP is responsible under Section 7.3.7), and (y) reimburse ADP for all payments properly made by ADP on behalf of Client to any payee, which have not been paid or reimbursed by Client. If the Payment Services remain suspended for thirty (30) days, the Payment Services will be terminated on the thirty-first (31st) day following suspension.
- 12.4 Early Termination; Buy Out Fee.** In order for ADP to recoup certain costs associated with the Services provided under the Agreement in the event of an early termination, if Client terminates Services or the Agreement in whole or in part for convenience or ADP terminates Agreement pursuant to Section 12.2 or 12.3 above, Client will reimburse ADP for its costs (including unamortized investments and any costs incurred that have not been recovered from fees charged) associated with the termination of the Services as a percentage of the estimated aggregate ongoing fees for Services (the "**Buy Out**

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Fee"). The Buy Out Fee shall be equal to ten-fifty percent (150%) of A multiplied by B where A equals the number of months remaining in the Term, as of the effective date of termination, and B equals the average monthly fee for the terminated Services. If monthly fees for Services have not been payable at the time of termination, B above shall be equal to the estimated monthly fees that would have been payable under the Agreement as provided in exhibit []. In the case of a partial termination, ADP may adjust the fees for the remaining Services accordingly. Client shall also pay the Buy Out Fee in the event of any reduction in Client's volume or usage of Services by more than eighty-fifty percent (850%).

12.5 Additional Termination Provisions for Employment Verification Services. ADP may, in its sole discretion, terminate the Employment Verification Services at any time upon ninety (90) days prior written notice to Client should a Verification Agent notify ADP that it is no longer willing to provide the Employment Verification Services and ADP, after taking commercially reasonable steps, cannot engage a successor Verification Agent.

12.6 Post Termination. At any time prior to the actual termination date, Client may download Client's information or reports available to it in conjunction with all of the Services provided to Client by ADP. Upon termination of this Agreement, Client may order from ADP any data extraction offered by ADP, at the then prevailing hourly time and materials rate.

13 Reserved.

14 Additional Terms. In addition to the terms set forth in any subsequent Annexes attached hereto, the following terms shall apply (except as otherwise noted).

14.1 Payroll Services. Administration and processing of payroll including performing gross-to-net calculations and generating and/or transmitting of payment instructions, and also including:

14.1.1 ADP Wage Payment Services. Payment of wages, commissions, consulting fees, or similar compensation or work-related expenses in the employment context to employees and independent contractors via direct deposit, check, or payroll debit cards, in each case to the extent the method of payment delivery is in scope, and online posting of pay statements to the extent applicable. Such services may be provided via ADPCheck Services, ADP Direct Deposit Services, Payroll Card Services and Wisely Now Services (if Client purchase Payroll Card Services and Wisely Now Services then the additional terms set forth on Annex J shall apply to such services). The following additional terms and conditions apply to the ADP Wage Payment Services:

14.1.1.1 Client Credentialing. Client understands and acknowledges that the implementation and ongoing provision of Payment Services are conditioned upon Client passing (and continuing to pass) a credentialing process that ADP may deem necessary in connection with the provision of Payment Services.

14.1.1.2 Additional Requirements. Payment Services may be subject to the rules and standards of any applicable clearing house, payment and/or card networks or associations. Client and ADP each agree to comply with all such rules and standards applicable to it with respect to the Payment Services.

14.1.1.3 Funding Obligations. Client acknowledges that ADP is not a lender. As such, as a condition to receiving services, Client will remit or otherwise make available to ADP sufficient, good and available funds within the agreed-to deadline and via the agreed-to method of delivery to satisfy all of Client's third-party payment obligations covered by the Agreement. ADP will apply such funds to satisfy such third-party payment obligations. ADP will not be required to provide Payment Services if ADP has not received all funds required to satisfy Client's third-party payment obligations. Client will immediately notify ADP if it knows or should know that it will not have sufficient funds to satisfy the amounts required in connection with the Payment Services. If Client has a material adverse change in its condition, ADP may modify the funding method or deadline by which funds must be made available to ADP for payment to Payees. Client agrees to pay to ADP upon demand any amounts that have been paid by ADP to satisfy Client's third party payment obligations prior to receiving such amounts from Client.

14.1.1.4 Investment Proceeds; Commingling of Client Funds. IF ADP RECEIVES CLIENT'S FUNDS IN ADVANCE OF THE TIME ADP IS REQUIRED TO PAY SUCH FUNDS TO THIRD PARTIES, ALL AMOUNTS EARNED ON SUCH FUNDS, IF ANY, WHILE HELD BY ADP WILL BE FOR THE SOLE ACCOUNT OF ADP. ADP may commingle Client's funds with similar funds from other clients and with similar ADP and ADP-administered funds. ADP utilizes a funds control system that maintains general ledger entries by Client and/or by jurisdiction.

14.1.1.5 Recovery of Funds; Stop Payment Requests. Client agrees to cooperate with ADP and any other third parties to recover funds erroneously issued or transferred to any Payee or credited to any Payee's account. If Client desires to stop payment on any check or to recall or reverse any electronic payment, Client will provide ADP with a stop payment request in the form required by ADP. Client acknowledges that ADP's placement of a stop order request is not a guarantee that such stop payment will occur.

14.1.1.6 ADPCheck Services Payment of wages, commissions, consulting fees, or similar compensation or work-related expenses in the employment context to employees and independent contractors via direct deposit, check, or payroll debit cards, in each case to the extent the method of payment delivery is in scope, and online posting of pay statements to the extent applicable. Such services may be provided via ADPCheck Services, ADP Direct Deposit Services, Payroll Card Services and Wisely Now Services (if Client purchases Payroll Card Services and Wisely Now Services then the additional terms set forth on Annex J shall apply to such services)

14.1.1.7 Full Service Direct Deposit (FSDD). Prior to the first credit to the account of any employee or other individual under FSDD services, Client shall obtain and retain a signed authorization from such employee or individual authorizing the initiation of credits to such party's account and debits of such account to recover funds credited to such account in error.

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14.1.2 ADP Employment Tax Services. Coordination of payroll-related tax and/or regulatory agency deposits, filings, and reconciliations on behalf of employers. The following additional terms and conditions apply to the ADP Employment Tax Services:

14.1.2.1 Important Tax Information (IRS Disclosure). Notwithstanding Client's engagement of ADP to provide the ADP Employment Tax Services in the United States, please be aware that Client remains responsible for the timely filing of payroll tax returns and the timely payment of payroll taxes for its employees. The Internal Revenue Service recommends that employers enroll in the U.S. Treasury Department's Electronic Federal Tax Payment System (EFTPS) to monitor their accounts and ensure that timely tax payments are being made for them, and that online enrollment in EFTPS is available at www.eftps.gov; an enrollment form may also be obtained by calling (800) 555-4477; that state tax authorities generally offer similar means to verify tax payments; and that Client may contact appropriate state offices directly for details.

14.1.3 State Unemployment Insurance Management. Subject to Section 15.7, Client's compliance with its obligations in Sections 14.1.3.1 and 14.1.3.2 herein, and any delays caused by third parties (e.g., postal service, agency system and broker delays) and events beyond ADP's reasonable control, ADP will deliver the State Unemployment Insurance Management Services ("SUI Management Services") within the time periods established by the relevant unemployment compensation agencies.

14.1.3.1 Provision of Information; Contesting Claims. Client will on an ongoing basis provide ADP and not prevent ADP from furnishing all information necessary for ADP to perform the SUI Management Services within the timeframes established or specified by ADP. The foregoing information includes without limitation the claimants' names, relevant dates, wage and separation information, state-specific required information, and other documentation to support responses to unemployment compensation agencies.

14.1.3.2 Transfer of Data. Client may transfer the information described in Section 14.1.3.1 to ADP via: (i) on-line connection between ADP and Client's computer system, or (ii) inbound data transmissions from Client to ADP. Client will provide the data using mutually acceptable communications protocols and delivery methods. Client will promptly notify ADP in writing if Client wishes to modify the communication protocol or delivery method.

14.1.3.3 Client acknowledges that ADP is not providing storage or record keeping of Client records as part of the SUI Management Services, and that if the SUI Management Services are terminated, ADP will may, in conformity with Section 4 of Annex A, return all records to Client and may dispose of all duplicate such records. If the SUI Management Services are terminated, ADP will respond to Client's reasonable requests to obtain electronic copies of all data and records in a format compatible with Client's systems, prior to terminating Client's access to ADP websites, any access Client has to ADP websites containing Client's data will expire and Client will be responsible for downloading and gathering all relevant data prior to expiration of any such access that may have been granted.

14.1.4 Print and Online Statement Services. Print and distribution of payroll checks, pay statements, and/or year-end statements, as well as online posting of pay statements and/or year-end statements.

14.1.5 Wage Garnishment Payment Services. Garnishment payment processing and disbursement of payments to appropriate payees as directed by Client.

14.1.5.1 Description of Services. ADP will act solely in the capacity of a third party service provider of payment processing.

14.1.5.2 Client's Use of Services. Client agrees not to distribute any ADP Checks to Payees in a manner that would allow Payees to access the associated funds before pay date.

14.1.6 Employment Verification Services. If Client desires to receive and ADP agrees to provide Employment Verification Services then the following additional terms and conditions shall apply:

14.1.6.1 Verification Services and Authorization as Agent.

14.1.6.1.1 ADP currently provides the Employment Verification Services through The Work Number®, an Equifax Workforce Solutions service though ADP reserves the right to provide them through another entity (each, a "Verification Agent"). Notwithstanding anything to the contrary in Section 4.1 of Annex A, Client authorizes ADP and its Verification Agents to disclose, on Client's behalf, employment information (including employees' place of employment and employment status) and income information (including total wages per year to date and previous year income) of Client and Client's employees (or former employees) (collectively, "Verification Data"), to commercial, private, non-profit and governmental entities and their agents (collectively, "Verifiers"), who wish to obtain or verify any of Client's employees' (or former employees') Verification Data. Verification Data will be disclosed to Verifiers who certify they are entitled to receive such data (as described below) pursuant to the FCRA, and, in the case of income information requests, who additionally certify they have a record of the employee's consent to such disclosure or who utilize a salary key. In accordance with FCRA, Verification Data may be provided to Verifiers where (i) the employee has applied for a benefit (such as credit, other employment or social services assistance); (ii) the employee has obtained a benefit and the Verifier is seeking to (a) determine whether the employee is qualified to continue to receive the benefit; and/or (b) collect a debt or enforce other obligations undertaken by the employee in connection with the benefit; or (iii) the Verifier is otherwise entitled under FCRA to obtain the Verification Data. In certifying they have a record of the employee's consent, Verifiers generally rely on the employee's signature on the original application as authorization for the Verifier to access the employee's income data at the time of the application and throughout the life of the obligation. Client understands that Verifiers are charged for commercial verifications processed through ADP or its Verification Agents.

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14.1.6.1.2 Data Quality. If requested by ADP, Client agrees to work with ADP during implementation to produce a test file and validate the Verification Data included in the Verification Services database using



validation reports made available by ADP or its Verification Agents. If Client uses ADP's hosted payroll processing services, ADP will update the Verification Services database with the applicable Verification Data available on ADP's payroll processing system.

14.1.6.1.3 Notice to Furnishers of Information: Obligations of Furnishers of Information ("Notice to Furnishers"). Client certifies that it has read the Notice to Furnishers provided to Client at the following URL: <https://www.consumer.ftc.gov/articles/pdf-0092-notice-to-furnishers.pdf>. Client understands its obligations as a data furnisher set forth in such notice and under FCRA which include duties regarding data accuracy and investigation of disputes, and certifies it will comply with all such obligations. Client further understands that if it does not comply with such obligations, ADP may correct incorrect Verification Data on behalf of Client or terminate the Employment Verification Services upon ninety (90) days prior written notice to Client.

14.1.6.2 Archival Copies. Notwithstanding anything to the contrary in Annex A, Client agrees that, after the termination of this Agreement, ADP and its Verification Agents may maintain archival copies of the Verification Data as needed to show the discharge and fulfillment of obligations to Client's employees and former employees and the provisions of Section 4.1 of Annex A will continue to apply during the time that ADP and its Verification Agents maintain any such archival copies.

14.1.6.3 Client Vendors. Client will at its own cost make all necessary arrangements with its third party vendors to cause such vendors to send data to and receive data from ADP as required for ADP to provide Essential ACA. Client shall reimburse ADP for any costs ADP is required to bear in connection with or arising out of any such transmissions of data from and/or to such third party vendors.

14.2 Benefits Services. Benefits services are comprised of the following services:

14.2.1 Health and Benefits Services. Technology to facilitate the administration of employee benefits, including applying eligibility rules, facilitating online enrollment and changes and calculating payroll deductions within a unified system, as well as providing data to carriers through ADP carrier connection services. **The following additional terms shall apply:**

14.2.2 Carrier Connections. ADP will, at Client's request, and for an additional charges as set-out in the applicable Executive Pricing Summary, provide Client with the following Carrier Connections services:

14.2.2.1 ADP and Client's carrier or other third parties authorized by Client will electronically exchange data, including plan design, plan provisions and eligibility rules transmitted by ADP to carrier on Client's behalf and Client authorizes ADP and such carriers and third parties to exchange such information. Commencement of carrier connection service is subject to Client completing the configuration setup of Client Content and the format for such transmission to the designated carriers.

14.2.2.2 ADP's ability to transmit Client Content data is subject to the provision by Client's designated carriers of a current functional interface between ADP's systems and the designated carriers' systems. ADP will not be obligated to transmit Client's data to designated carriers if at any time Client's designated carriers fail to provide the proper interface as described above. Client is responsible for promptly reviewing all records of carrier transmissions and other reports prepared by ADP for validity and accuracy according to Client's records, and Client will notify ADP of any discrepancies promptly after receipt thereof. In the event of an error or omission in carrier connection services caused by ADP, ADP will correct such error or omission, provided that Client promptly advises ADP of such error or omission.

14.2.3 Essential ACA Services. A technology and software solution to assist Client in managing compliance needs related to the Affordable Care Act (ACA), including eligibility calculations and affordability determinations, preparation and electronic filing of Forms 1094-C and 1095-C forms, access to evidence of benefit offering information and benefit offering audit reports. The following terms shall apply to Essential ACA Services.

14.2.3.1 Client must use ADP Workforce Now payroll, HR and benefits services in order to purchase and implement Essential ACA. For the avoidance of doubt, all Forms filed by ADP with the IRS on behalf of Client will be filed electronically; any Forms sent to Client for its employees by ADP shall be sent in paper form, and, if Client has ADP's iPay functionality, ADP will also make Forms accessible to Client employees electronically. It will then be Client's responsibility to distribute the Forms directly to its employees.

14.2.3.2 Client ACA Liaison. Client shall designate in writing to ADP the name of one person who shall serve as ADP's principal designated contact for Essential ACA (the "Client ACA Liaison"), and such Client ACA Liaison shall have the authority to (i) provide information, instructions and direction on behalf of Client, and (ii) grant or provide approvals (other than Amendments) required or permitted under the Agreement in connection with Essential ACA. Client shall designate an alternate Client ACA Liaison in the event the principal Client ACA Liaison is not available.

14.2.3.3 Disclaimer. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE SCOPE OF SERVICES, CLIENT EXPRESSLY ACKNOWLEDGES THAT ADP IS NOT THE "ADMINISTRATOR" OR "PLAN ADMINISTRATOR" AS DEFINED IN SECTION 3(16)(A) OF ERISA AND SECTION 414(g) OF THE CODE, RESPECTIVELY, NOR IS ADP A "FIDUCIARY" WITHIN THE MEANING OF ERISA SECTION 3(21). ADP SHALL NOT EXERCISE ANY DISCRETIONARY AUTHORITY OR DISCRETIONARY CONTROL RESPECTING MANAGEMENT OF ANY BENEFIT PLANS SPONSORED OR OFFERED BY CLIENT. ADP HAS NO DISCRETIONARY AUTHORITY OR DISCRETIONARY RESPONSIBILITY IN THE ADMINISTRATION OF THE CLIENT'S BENEFIT PLAN(S). ADP EXPRESSLY DISCLAIMS ANY WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NON-

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INFRINGEMENT, NON-INTERRUPTION OF USE, AND FREEDOM FROM PROGRAM ERRORS WITH RESPECT TO ESSENTIAL ACA, THE ADP APPLICATION PROGRAMS OR ANY THIRD-PARTY SOFTWARE DELIVERED BY ADP.

14.24 COBRA Services. Administration of federal COBRA continuation coverage, including required notification and billing. If Client purchases Comprehensive HR and/or Comprehensive Benefits, the following terms relating to COBRA services will apply.

14.24.1 Operating Guidelines. ADP's performance of COBRA Services shall be in accordance with the operating guidelines, including the COBRA Administration User Guide, developed by ADP, as amended from time to time, a copy of which will be provided to Client upon request.

14.24.2 Use of Name. Except for references to ADP as a service provider in IRS Form 5500 or a similar filing as required by ERISA, Client shall not use ADP's name without ADP's prior written consent.

14.24.3 Retention of Administrative Fee and Interest. Client agrees that ADP shall retain the two percent (2%) administrative fee allowed by COBRA which shall be added to the premium due. ALL AMOUNTS EARNED ON FUNDS REMITTED TO ADP IN CONNECTION WITH THE SERVICES PENDING DISBURSEMENT TO CLIENT (OR CLIENT'S DESIGNEE) SHALL BE RETAINED BY ADP AS COMPENSATION. AMOUNTS DISBURSED TO ADP ARE HELD BY ADP FOR APPROXIMATELY FIFTEEN (15) DAYS PRIOR TO DISBURSEMENT BY ADP.

14.24.4 HIPAA Business Associate Agreement. Pursuant to the federal Health Insurance Portability and Accountability Act, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Care Act passed as part of the American Recovery and Reinvestment Act of 2009 ("ARRA"), the U.S. Department of Health and Human Services regulations entitled "Standards for Privacy of Individually Identifiable Health Information" ("Privacy Rule"), Security Standards for the Protection of Electronic Protected Health Information ("Security Rule") and the Breach Notification for Unsecured Protected Health Information ("Breach Notification Rule"), as COBRA Services may be subject to HIPAA and therefore subject to additional terms and conditions located at <http://www.adp.com/BAA> which are incorporated herein and may be modified from time to time and as required by law.

14.25 Other Terms Applicable to Benefits Services. The following additional terms apply to ADP Comprehensive Benefits (if purchased by Client) and COBRA Services:

14.25.1 Benefits Liaison. Client shall designate in writing to ADP one or more contacts for the Benefit Services ("Client Benefits Liaison"), and such Client Benefits Liaison shall have the authority to (i) provide information, instructions and direction on behalf of the Client, each Plan Administrator and, if applicable, each "fiduciary" as defined in Section 3(21) of ERISA of each separate Plan, and (ii) grant or provide approvals (other than Amendments) required or permitted under the Agreement in connection with the Benefit Services.

14.25.2 Compliance of Benefit Plans. Client shall furnish to ADP all necessary information and data for each Plan. Client shall be responsible for the final preparation, approval and submission of Plans and related amendments to applicable governmental authorities. Client is responsible for, and shall take measures required under state and federal law to assure the qualification and compliance of the Benefits Plans with such laws.

14.3 Disclaimer. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE SCOPE OF SERVICES, CLIENT EXPRESSLY ACKNOWLEDGES THAT ADP IS NOT THE "ADMINISTRATOR" OR "PLAN ADMINISTRATOR" AS DEFINED IN SECTION 3(16)(A) OF ERISA AND SECTION 414(g) OF THE CODE, RESPECTIVELY, NOR IS ADP A "FIDUCIARY" WITHIN THE MEANING OF ERISA SECTION 3(21), NOR IS ADP A "HEALTH CARE CLEARINGHOUSE" WITHIN THE MEANING OF SECTION 1171 OF HIPAA AND CLIENT SHALL NOT REQUEST OR OTHERWISE REQUIRE ADP TO ACT AS SUCH. ADP SHALL NOT EXERCISE ANY DISCRETIONARY AUTHORITY OR DISCRETIONARY CONTROL RESPECTING MANAGEMENT OF ANY PLAN OR MANAGEMENT OR DISPOSITION OF ANY PLAN ASSETS. ADP SHALL NOT RENDER INVESTMENT ADVICE FOR A FEE OR OTHER COMPENSATION, DIRECT OR INDIRECT, WITH RESPECT TO ANY MONIES OR OTHER PROPERTY OF ANY PLAN, NOR DOES ADP HAVE ANY AUTHORITY OR RESPONSIBILITY TO DO SO. ADP HAS NO DISCRETIONARY AUTHORITY OR DISCRETIONARY RESPONSIBILITY IN THE ADMINISTRATION OF THE PLAN(S).

14.4 ADP HCM Services.

14.4.1 Human Resources Administration Services. Access to an integrated human resources system to process and audit employee lifecycle events, provide compliance tracking and reporting, including new hire reporting, and automate notification and approval processes via self-service/direct access.

14.4.2 ADP Document Cloud. Integrated solution to support maintenance and retrieval of employee-specific documents via cloud-based technology.

14.4.3 Business Intelligence. Provide tools to analyze and understand data.

14.4.3.1 Analytics. Enables an employer to gain insight from data for key Human Capital Management (HCM) metrics

14.4.3.2 Benchmarks. Enables comparison of an employer's performance with other companies in the same industry and/or region to facilitate insight into business performance against industry averages for key Human Capital Management (HCM) metrics.

14.4.4 Comprehensive Learning Library (myLearning@ADP). Online access to ADP self-paced, web-based training library content and some live instructor-led webinars. Library will consist of courses covering topics such as compliance, broad workplace safety, workplace culture, and leadership/performance and will be available to employees, managers, practitioners and administrators. The Comprehensive Learning Library is included within Comprehensive HR Services (Annex B) and also may be purchased separately pursuant to a Executive Pricing Summary. The following additional terms and conditions apply to the Comprehensive Services Learning Library:

14.4.4.1 Third Party Content Uploaded to myLearning@ADP. Except for content created or licensed by ADP for

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Client's use ("ADP Content"), the Client is solely responsible for any content uploaded, used, copied, installed or enabled (collectively, "Client-Uploaded Material") on myLearning@ADP. The Client shall not submit any Client-Uploaded Material that is: (a) libelous, defamatory, obscene, threatening, abusive, illegal or otherwise objectionable, or (b) protected by copyright, trademark, trade secret, or other proprietary right without a valid license from the owner of such copyright, trademark, trade secret, or other proprietary right. The Client is singularly responsible for obtaining and maintaining all licenses and any other necessary rights (contractual or otherwise) for any Client-Uploaded Material.

14.5 Onboarding Services (including ADP Workforce Now EI-9 Services). The following additional terms and conditions apply to the ADP Workforce Now EI-9 Services ("WFN EI-9 Services") that are part of ADP Workforce Now Onboarding Services.

14.5.1 Use of Services. In order to receive the WFN EI-9 Services, Client shall, and shall cause the members of the Client Group, to do the following:

14.5.1.1 Review the U.S. Citizenship and Immigration Services ("USCIS") Form I-9, which is the employment eligibility verification form issued by the U.S. Department of Homeland Security (the "DHS"), including instructions in the form and the guidelines in the current USCIS Handbook for Employers: Instructions for Completing Form I-9 (M-274) (the "I-9 Handbook"), each of which is available on the USCIS website, currently located at <http://www.uscis.gov/i-9central>. Client certifies that it has reviewed the current USCIS Form I-9 and the I-9 Handbook and that it agrees to comply with the applicable policy and procedures set forth therein, and any future new or amended policies or procedures, as required by law. Client will ensure availability of the most recent version of the USCIS Form I-9 and the I-9 Handbook to all employees authorized to complete the USCIS Form I-9 on behalf of Client and/or its Affiliates

14.5.1.2 Client is responsible for reviewing reports available to Client on the WFN EI-9 Services and for resolving (or causing the applicable employee to take action to resolve) missing or incomplete Forms I-9. This includes communicating with the employee in question and the submission or resubmission of the missing or incomplete Form I-9.

14.5.1.3 ADP executed a Memorandum of Understanding with the DHS as the E-Verify employer agent. E-Verify is the DHS's employment eligibility verification program which allows participating employers to electronically verify the employment eligibility of each newly hired employee and/or employee assigned to a covered federal contract. The following is required as it relates to the use of E-Verify through ADP and will apply only to the extent Client is using E-Verify through ADP:

14.5.1.3.1 Notify ADP of (i) the location(s) where Client elects to enroll; and (ii) whether the employer is a federal contractor or a federal, state or local government organization.

14.5.1.3.2 Execute a Memorandum of Understanding with the DHS and ADP (as its E-Verify employer agent), and comply with the terms and conditions set forth therein.

14.5.1.3.3 Review and comply with the policy and procedures contained in the E-Verify User Manual for Employers, and any superseding policy and procedures, available to Client on the WFN EI-9 Service.

14.5.1.3.4 To the extent the Client elects to have more than one company location participate in E-Verify, ensure all authorized users in each location have complied with all requirements of Section 14.5.1.2.

14.5.1.3.5 Ensure all of Client's authorized users (i) complete the mandated E-Verify training course and any applicable update courses administered by ADP and (ii) pass a knowledge test with the required score.

14.5.1.3.6 Immediately notify ADP of any updates/changes to its E-Verify employer status (e.g., Client becomes a federal contractor or Client ceases being a federal contractor).

14.5.2 Form I-9 Retention. During the term of the Agreement, ADP will store electronic copies of Forms I-9 in the WFN EI-9 Services for a minimum of three years from the employee's hire date or until one year after the employee ceases to be employed by Client (or the applicable Affiliate), whichever is later (or as otherwise required by changes to federal regulations that come into effect hereafter). Upon termination or expiration of the Agreement, ADP shall use commercially reasonable methods to transfer all electronically stored Forms I-9 to Client in accordance with ADP's current security policies. Upon termination of the WFN EI-9 Services, Client shall be solely responsible for storage of copies of Forms I-9.

14.6 Participant Service Center. Management of inquiries related to services through ADP service center locations as part of a comprehensive offering.

14.7 ESS & MSS Technology. Employee self-service (ESS) and Manager self-service (MSS) functionality provides all Client Users (practitioners, managers and employees) 24x7 online access to ADP Application Programs. The following additional terms apply to the ESS & MSS Technology:

14.7.1 Client acknowledges that Client's employees or participants may input information into the self-service portions of the ADP Application Programs. ADP shall have no responsibility to verify, nor does ADP review the accuracy or completeness of the information provided by Client's employees or participants to ADP using any self-service features. ADP shall be entitled to rely upon such information in the performance of the Services under this Agreement as if such information was provided to ADP by Client directly.

14.8 ADP Marketplace. ADP Marketplace enables Client to build applications and/or purchase available applications via online store and provides access to certain Client data stored in ADP systems via industry-standard Application Programming Interfaces (APIs). The following additional terms apply to the ADP Marketplace (applies only if Client accesses ADP Marketplace Services):

14.9 Transmitting Information to Third Parties. In the event that Client elects to use an API to provide any Client Content or employee or plan participant information to any third party, Client represents that it has acquired any consents or provided any notices required to transfer such content or information and that such transfer does not violate any applicable international, federal, state, or local laws and/or regulations. ADP shall not be responsible for any services or data provided by any such third party.

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- 14.9.1 Use of the ADP APIs.** Client will use the ADP APIs to access Client's information only. Client may not use any robot, spider, or other automated process to scrape, crawl, or index the ADP Marketplace and will integrate Client's application with the ADP Marketplace only through documented APIs expressly made available by ADP. Client also agrees that Client will not (a) use the ADP Marketplace or any ADP API to transmit spam or other unsolicited email; (b) take any action that may impose an unreasonable or disproportionately large load on the ADP infrastructure, as determined by ADP; or (c) use the ADP APIs or the ADP Marketplace in any way that threatens the integrity, performance or reliability of the ADP Marketplace, Services or ADP infrastructure. ADP may limit the number of requests that Client can make to the ADP API gateway to protect ADP's system or to enforce reasonable limits on Client's use of the ADP APIs. Specific throttling limits may be imposed and modified from time to time by ADP.

15 Miscellaneous

- 15.1 Amendment.** This Agreement may not be modified, supplemented or amended, except by a writing signed by the authorized representatives of ADP and Client.
- 15.2 Assignment.** Neither this Agreement, nor any of the rights or obligations under this Agreement, may be assigned by any party without the prior written consent of the other party, such consent not to be unreasonably withheld. However, Client may assign any or all of its rights and obligations to any other Client Group member and ADP may assign any or all of its rights and obligations to any Affiliate of ADP, provided that any such assignment shall not release the assigning party from its obligations under this Agreement. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and permitted assigns.
- 15.3 Additional Documentation.** In order for ADP to perform the Services, it may be necessary for Client to execute and deliver additional documents (including reporting agent authorization, client account agreement, limited powers of attorney, etc.) and Client agrees to execute and deliver such additional documents.
- 15.4 Subcontracting.** Notwithstanding Section 15.2, ADP reserves the right to subcontract any or all of the Services, provided that ADP remains fully responsible under this Agreement for the performance of any such subcontractor. For the avoidance of doubt, third parties used by ADP to provide delivery or courier services, including the postal service in any country or any third party courier service, and banking institutions, are not considered subcontractors of ADP.
- 15.5 Entire Agreement.** This Agreement constitutes the entire agreement and understanding between ADP and Client with respect to its subject matter and merges and supersedes all prior discussions, agreements and understandings of every kind and nature between the parties. No party will be bound by any representation, warranty, covenant, term or condition other than as expressly stated in this Agreement. Except where the parties expressly state otherwise in a relevant exhibit, annex, appendix or schedule, in case of conflict or inconsistency between this Annex A and any such exhibit, annex, appendix or schedule, this Annex A will prevail and control. Purchase orders or statements of work submitted to ADP by Client will be for Client's internal administrative purposes only and the terms and conditions contained in any purchase order or statements of work will have no force and effect and will not amend or modify this Agreement.
- 15.6 No Third Party Beneficiaries.** Except as expressly provided herein or in an applicable exhibit, annex, appendix or schedule, nothing in this Agreement creates, or will be deemed to create, third party beneficiaries of or under this Agreement. Client agrees that ADP's obligations in this Agreement are to Client only, and ADP has no obligation to any third party (including, without limitation, Client's personnel, directors, officers, employees, Users and any administrative authorities).
- 15.7 Force Majeure.** Any party to this Agreement will be excused from performance of its obligations under this Agreement, except for Client's obligation to pay the fees to ADP pursuant to Section 11, for any period of time that the party is prevented from performing its obligations under this Agreement due to an act of God, war, earthquake, civil disobedience, court order, labor disputes or disturbances, governmental regulations, communication or utility failures or other cause beyond the party's reasonable control. Such non-performance will not constitute grounds for breach.
- 15.8 Waiver.** The failure by any party to this Agreement to insist upon strict performance of any provision of this Agreement will not constitute a waiver of that provision. The waiver of any provision of this Agreement shall only be effective if made in writing signed by the authorized representatives of ADP and Client and shall not operate or be construed to waive any future omission or breach of, or compliance with, any other provision of this Agreement.
- 15.9 Headings.** The headings used in this Agreement are for reference only and do not define, limit, or otherwise affect the meaning of any provisions hereof.
- 15.10 Severability.** If any provision of this Agreement is finally determined to be invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality or enforceability of the remainder of this Agreement will not in any way be affected or impaired and such court shall have the authority to modify such invalid, illegal or unenforceable provision to the extent necessary to render such provision valid, legal or enforceable, preserving the intent of the parties to the furthest extent permissible.
- 15.11 Relationship of the Parties.** The performance by ADP of its duties and obligations under this Agreement will be that of an independent contractor and nothing contained in this Agreement will create, construe or imply an agency, joint venture, partnership or fiduciary relationship of any kind between ADP and Client. None of ADP's employees, agents or subcontractors will be considered employees, agents or subcontractors of Client. Unless expressly stated in this Agreement, none of ADP, its employees, agents or its subcontractors may enter into contracts on behalf of, bind, or otherwise obligate Client in any manner whatsoever.
- 15.12 Governing Law.** This Agreement is governed by the laws of the State of ~~New York~~Florida without giving effect to its conflict of law provisions.
- 15.13 Jurisdiction.** Any disputes that may arise between ADP and Client regarding the performance or interpretation of this Agreement shall be subject to the exclusive jurisdiction of the state and federal courts of ~~New York, New York~~Jacksonville, Florida. The parties hereby irrevocably consent to the exclusive jurisdiction of the state and federal courts of ~~New York,~~

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- claim that any proceedings brought in such courts have been brought in an inconvenient forum. THE PARTIES HEREBY IRREVOCABLY WAIVE THEIR RIGHT TO TRIAL BY JURY.
- 15.14 Communications Regarding Offers.** In connection with the Services, with the exception of employees and/or participants outside of the United States, ADP may from time to time identify products and/or services that will benefit Client's employees and/or participants (collectively, "Offers"). In order to extend such Offers to Client's employees and/or participants, Client agrees that ADP may use Client's employee and participant contact information, including email addresses for such purpose. Upon thirty (30) days' prior written notice, Client may elect for ADP to cease sending future Offers to its employees and/or participants. In addition, each communication sent by ADP will comply with applicable laws and will enable the recipient to opt-out of receiving additional Offers from ADP.
- 15.15 Counterparts.** This Agreement may be signed in two or more counterparts by original, .pdf (or similar format for scanned copies of documents) or facsimile signature, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 15.16 Notices.** All notices required to be sent or given under this Agreement will be sent in writing and will be deemed duly given and effective (i) immediately if delivered in person, or (ii) upon confirmation of signature recording delivery, if sent via an internationally recognized overnight courier service with signature notification requested to Client at the address indicated on the signature page hereof and to ADP at 5800 Windward Parkway, Alpharetta, GA 30005, Attention: ADP Comprehensive Services SVP, or to any other address a party may identify in writing from time to time. A copy (which shall not constitute notice) of all such notices shall be sent to ADP at One ADP Boulevard, MS 425, Roseland, New Jersey 07068, Attention: General Counsel and to Client at the address indicated on the signature page hereof.
- 15.17 Survival.** Those provisions which by their content are intended to, or by their nature would, survive the performance, termination, or expiration of this Agreement, shall survive termination or expiration of this Agreement.
- 15.18 Audit.** Upon Client's reasonable request in writing no more frequently than once every 12 months, ADP shall provide Client with documentation supporting the amounts invoiced by ADP hereunder for the 12-month period preceding such Client request. If such documentation reveals the amounts paid to ADP exceed the amounts to which ADP is entitled and such amounts are independently verified by JEA, ADP shall promptly remit or otherwise credit to Client the amount of such overpayment. Conversely, if such documentation reveals the amounts paid to ADP are less than the amounts owed, Client shall promptly remit the amount of such underpayment to ADP. Where an audit shows no overpayment to ADP or an underpayment to ADP, ADP reserves the right to charge Client for all reasonable costs related to any assistance required in connection with an audit at ADP's then-current rates. Client shall not be responsible for audit-related costs if any audit shows an overpayment to ADP.

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SCHEDULE 1 TO ANNEX A-5(NAS)

ADP Comprehensive Services Statements of Services

Services	Service Specifics	Roles and Responsibilities
Solutions Platform		
ADP Workforce Now ("WFN")	WFN is ADP's trademarked, branded, web-based payroll, HR, Benefits and Time and Attendance technology. WFN serves as the access point for all Client administrators, employees and managers. General information about ADP WFN can be found at www.productdescription.majoraccounts.adp.com (which may be modified from time to time).	
WFN Technology Support	Access to specialists to support Client in use of WFN technology solutions.	
Implementation		
Implementation – Project Manager	The ADP Project Manager is responsible for the overall Comprehensive Services technology implementation and as such creates and maintains a project plan during implementation. The Project Manager conducts an implementation planning meeting to review the multi-faceted implementation, holds regular status meetings with the entire project team (Client, ADP, and external assigned resources) and manages deliverables accordingly.	The Project Manager provides cross product guidance for the duration of implementation and introduces the training curriculum to Client. The Project Manager directs the team of ADP implementation specialists and consultants who work on the multi-faceted implementation required for Client to go live on ADP Comprehensive Services, including WFN.
Implementation -- Assignment of a dedicated ADP Relationship Manager	<p>The ADP Relationship Manager participates in implementation and partners with the Project Manager to complete the Implementation.</p> <p>The ADP Relationship Manager:</p> <ul style="list-style-type: none"> Schedules onsite visit for Client's strategic analysis during or immediately after implementation kickoff meeting. Schedules planning meeting to introduce Client's managers and employees to WFN portal and self-service functionality. Coordinates and schedules Employee/Manager Self Service Launch Meeting and distribution of Welcome Kits. <p>Develops Client Strategic Action Plan for additional services to help assure alignment of Services with Client strategic direction and business drivers in all related functional areas.</p>	<p>The ADP Relationship Manager acts as a business consultant during the implementation process and performs business analysis.</p> <p>Client is responsible for validating the accuracy of all converted data.</p> <p>Client will attend all necessary implementation meetings and provide timely feedback as requested.</p>

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Services	Service Specifics	Roles and Responsibilities
Implementation		
Set-up of Payroll, HR & Benefits, and Time and Attendance modules (as applicable)	<p>Implementation includes all activities needed to complete set-up of the Payroll, HR & Benefits, and Time and Attendance modules (the "Module(s)") including the following:</p> <ul style="list-style-type: none"> • Implementation of all outsourcing services listed in this Statement of Service. • Scheduling and planning all implementation meetings. • Coordinating the collection of implementation service questionnaires. • Setting-up the Module(s) based on Client's requirements. • Collecting all relevant human resources ("HR"), payroll and enrollment data and loading them into the Module(s). <p>Client must provide all data (e.g., corporate information, payroll data, benefit plan information, relevant HR data, including current personal and work data and employee/dependent enrollment information) in a format required by ADP.</p> <p>ADP will determine Client and ADP's readiness to go live based on completion of key deliverables and success of data gathering, conversion and other implementation milestones.</p> <p>ADP will set-up the HR & Benefits module to incorporate Client's (i) corporate structure (e.g., divisions, locations, employee classes, and departments) and user rights; (ii) benefit plans and providers; (iii) HR data, including reports to information, performance management, leave data, job titles, salary structures, and HR reason codes; and (iv) census data, including current personal and work data and employee/dependent enrollment information for all applicable parties.</p>	<p>Client is responsible for (i) accurately completing and providing questionnaires to ADP's implementation team in a timely manner; (ii) providing all HR corporate group information to ADP; (iii) providing all plan requirements information, company policies and procedures to either configure WFN and/or incorporate into administrative practices; (iv) providing all payroll data; (v) providing any documents and materials needed to complete employee access set-up; (vi) providing all plan participant and enrollment data in a predefined format required by ADP; (vii) reviewing all information in the Module(s) for accuracy; and (viii) all fees related to travel. Failure to meet these requirements may impact the date upon which Client may access the Services.</p> <p>Client is responsible for maintaining system configuration of and data related to all HR-related information (e.g., salary structures, job codes, leave policies, manager access, etc.) post implementation.</p> <p>Client's implementation team will determine Client's readiness to start implementation and assign Client its implementation team members. The make-up of Client's implementation team may vary according to the number of complementary products or services purchased. Client's implementation team will coordinate with the service team and Client's designated team members to ensure all requirements are understood and will assist in the transition to service.</p>
Interfaces - ADP Carrier Connection®	<p>If Client purchases Comprehensive HR and/or Comprehensive Payroll, either separately or together, but without Comprehensive Benefits, Client shall be entitled to up to three (3) standard carrier connections at set up of the Services. If Client purchases Comprehensive Benefits alone or with any other Comprehensive Service(s), Client shall be entitled to unlimited standard carrier connections at set up (initial implementation) of the Services.</p> <p>Client may elect additional standard carrier connections for an additional fee. Subsequent reconfiguration of existing carrier connections and additional elections requested after set up (initial implementation) of the Services are available for an additional fee. Carrier connections shall be subject to an annual maintenance fee.</p>	<p>Client shall promptly deliver to ADP any Client Content required by ADP to set-up standard carrier connections. Client will work with its carriers to ensure ADP is permitted to transmit data and access Client's data in the carrier's system. No third party agreements with Client's carriers should be required.</p> <p>With respect to Carrier Connections, any changes in Client's benefit providers that require the establishment of a new carrier connection or the modification of an existing carrier connection shall be considered a new carrier connection and shall be completed by ADP at ADP's then current rates.</p>



Services	Service Specifics	Roles and Responsibilities
Implementation		
Interfaces - Payroll Interfaces, Custom Interfaces	Client may require payroll or other custom interfaces in order to electronically transmit data, including but not limited to employee payroll data, certain HR and other demographic employee data, etc., to designated third parties authorized by Client.	ADP's construction of interfaces are subject to configuration by Client of the applicable Client Content and the formatting of such transmission to designated third parties. ADP's ability to transmit Client Content is dependent on the agreement by the designated third parties and ADP will not be obligated to transmit data unless the designated third parties have agreed to accept data via the interface.
	The development of such Interfaces shall be at ADP's then current fees for such services and fees shall be depend on the amount of customization required by ADP to create such interfaces. ADP shall provide Client with an estimate of the cost of the interface prior to its development. An annual maintenance fee shall apply to all interfaces, including Payroll Interfaces and Custom Interfaces.	
ADP Personnel – Roles and Responsibilities		
ADP Relationship Manager	<p>The ADP Relationship Manager actively communicates with Client and acts as the primary contact between ADP and Client. Each Client is assigned one (1) ADP Relationship Manager, no matter which Services Client has purchased.</p> <p>The ADP Relationship Manager is actively engaged in understanding Client's business model and project objectives to ensure alignment with Client objectives.</p> <p>.</p>	<p>The Relationship Manager focuses on assisting Client achieve its goals and promote alignment with the Comprehensive Services offering. .</p> <p>The Relationship Manager is engaged with all levels within the Client organization. They are involved in key client interactions and focused on quality client experience and consultative opportunities. They drive utilization of Services, including applicable technology. The ADP Relationship Manager acts as a client advocate within ADP, escalating issues appropriately within ADP, coordinating with the Client to determine the impact of certain Client business events on the Services, and preparing and presenting regular account reviews.</p> <p>Additionally, the Relationship Manager will coordinate resources for ongoing projects and changes outside of initial implementation and will serve as an escalation point for all ADP products and services received by Client.</p> <p>The Relationship Manager schedules at least an annual review with Client to recap all activities completed on its behalf and discuss goals and objectives for the upcoming years' plan to achieve Client's objectives.</p>

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Services	Service Specifics	Roles and Responsibilities
ADP Service Centers		
ADP Service Center (for Client administrators)	Access to a toll free number with Client identification and issue routing via telephony.	ADP provides access to an assigned specialist team that will be Client's primary support resource. ADP will provide standard service center hours 8:00 am to 5:30 pm, Client local time (Clients in Hawaii will have service center access 8:00 am to 5:30 pm PST), Monday through Friday, except for scheduled downtime for training, meetings and ADP-recognized company holidays. Such scheduled downtime shall not exceed two percent (2%) of available hours each calendar quarter.
Employee Service Center	<p>Access to a toll free number for use by employees and managers for:</p> <ul style="list-style-type: none"> General self-service and payroll inquiries General HR inquiries where Client policy is explicit when WFN Comprehensive HR is elected Benefit call support when WFN Comprehensive Benefits is elected <p>As authorized by Client, respond to Client's employees inquiries, when ADP has all pertinent information related to:</p> <ul style="list-style-type: none"> Employee personal information Employee pay information and issues Vacation, holiday, and leave of absence information Hours of work and overtime information Benefit Participant Information when WFN Comprehensive Benefits is elected <p>Further, the Employee Service Center can provide bi-lingual support for both English and Spanish speaking employees. Other languages are available via a partnership with AT&T's language line for an additional fee charged back to Client on a pay per usage basis.</p>	<p>As a prerequisite to use of Employee Service Center, Client is responsible to support and promote employee self-service and manager self-service. ADP will conduct one (1) onsite employee self-service/manager self-service launch meeting. On request, ADP will support multiple virtual self-service launch meetings. ADP will answer employee and manager questions that have an apparent relationship to data entry visible through the WFN applications.</p> <p>ADP will provide standard service center hours 8:00 am to 11:30 pm EST, Monday through Friday, except for scheduled downtime for training, meetings and ADP-recognized company holidays. Such scheduled downtime shall not exceed two percent (2%) of available time each calendar quarter.</p>
Payroll and Tax Administration		
Payroll and Tax	<p>ADP payroll processing with tax service to authorized jurisdictions (also included: CheckView, Payroll Preview, Total Tax PlusSM, Full Service Direct Deposit or TotalPay[®] banking options, Labor Distribution, iPayStatements, iReports). Additional fees will apply for ADP delivery via courier.</p> <p>Year-end Forms W-2 will be provided and Clients will be billed separately. Additional fees will apply for direct mailing of year-end Forms W-2.</p>	<p>ADP processes payroll and files and deposits appropriate federal, state and local taxes. Client must review and approve final payments.</p>

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Services	Service Specifics	Roles and Responsibilities
Payroll and Tax Administration		
Time and Attendance Feed to Payroll	Import employee Time and Attendance records provided that such records are in an ADP-acceptable format (if not utilizing ADP's Time and Attendance Module).	ADP provides Client with required file formats to utilize this feed. Client is responsible for adaptation of its file feed to a format that is compatible with ADP's feed.
Checks and Direct Deposit	ADP offers Clients two (2) banking features: Full Service Direct Deposit (payroll wages electronically deposited into employees' bank account(s)) or TotalPay (ADPCheck plus Full Service Direct Deposit).	Client must choose one of the banking features (unless Client is purchasing Comprehensive Payroll which requires TotalPay).
Wage Garnishment Processing Services (WGFS)	ADP provides tools to calculate garnishments based on court orders and client interpretation and also generates reports documenting garnishment activity.	<p>Client provides employee liens and withholding information to ADP. ADP processes employee deductions for liens, wage garnishments and court ordered support and disburses payments to third parties as appropriate.</p> <p>The following shall only apply if Client is not purchasing Comprehensive Payroll Services: Client is responsible for lien interpretation. Client is responsible for all compliance with agency notification requirements; replies to garnishment notices received; notices of employee terminations and all other required written responses. Client must provide minimum of two (2) weeks' notice prior to processing of any special pays to accommodate any garnishment requirements.</p>
HR, Payroll and Benefits Reporting	Comprehensive standard and analytical reports cover HR, payroll, and benefits data.	ADP provides access to certain standard payroll reports. Client has access to ADP reporting tools to generate a limited number of custom reports.
GL Interface	ADP will generate a file every payroll that contains labor expense information that can be entered into popular general accounting programs. Custom programming not included.	
Paid Time Off (PTO)	Access to systems to track employees' paid time off.	Client is responsible for leave administration unless Total Absence Management is purchased as an optional service.
Non-Paid Persons	Access to HR & Benefits module to track Client headcount not included in the payroll system. Such persons may include international employees (located outside the U.S.), independent contractors paid outside the payroll system, persons on leave, and retirees.	

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Services	Service Specifics	Roles and Responsibilities
State Unemployment Insurance (SUI) Administration		
Administer SUI Claims (where authorized by state law)	<p>Provide pre-separation unemployment insurance (UI) counseling to Client. UI claims administration. Audit SUI tax rate components.</p> <p>Audit UI benefits charges. Voluntary contribution review. Provide a quarterly summary report of claims activity.</p> <p>Client hearing and appeals not included in base services.</p>	ADP assists Client with unemployment claims administration and unemployment tax filings to help Client manage claims and State unemployment costs.
COBRA Services		
COBRA Administration	<p>COBRA Services are included as part of the Comprehensive HR and/or Comprehensive Benefits Services at no additional charge. Clients purchasing Comprehensive Payroll Services (without Comprehensive HR and/or Comprehensive Benefits) can add COBRA Services for an additional fee.</p> <p>ADP will make available nondiscretionary, ministerial recordkeeping and COBRA notification services regarding the group health plans identified by Client on ADP's Health Plan Information forms. COBRA notification services are provided to Client's employees and qualified beneficiaries so identified and meet qualifying event requirements under federal COBRA law.</p>	<p>COBRA Services will be initiated when a COBRA qualifying event is entered by Client into the WFN Benefits module.</p> <p>Client is responsible for compliance with and fulfillment of all state COBRA law requirements.</p>
Training and Development		
Employee/Manager Self-Service Launch Training	Training for both Client employees and managers on the self-service tools and application (includes one on-site Employee Self-Service Kickoff and, upon request, virtual Employee Self-Service Kickoff meetings).	Client shall require its employees and managers to attend self-service tools and application training.
Core Product Training	Product training on all the core products for administrator users (not employees or managers).	Client shall require administrator users to attend core product training.
Compliance Support		
Compliance Newsletters <i>Note: The offering does not include legal advice or guidance.</i>	Access to periodic subject matter Compliance Newsletters.	
Alerts <i>Note: The offering does not include legal advice or guidance.</i>	Access to periodic subject matter Alerts and e-mails.	
Tip of the Week <i>Note: The offering does not include legal advice or guidance.</i>	Access to weekly Tips related to best practices and compliance changes.	
Online Compliance Resources	Access to law summaries, best practices, sample forms and sample policies.	
EEO-1 Report	Access to tools through the HR & Benefits module for tracking EEO-1 required data.	Client prepares and files EEO-1 report.
Veterans Report	Access to tools for the tracking of VET-4212 required data.	Client prepares and files VET-4212 report.