

JEA



**INVITATION TO NEGOTIATE
("ITN") # [XXX-XX]
FOR STRATEGIC ALTERNATIVES**

July 23, 2019

To All Qualified and Interested Parties,

JEA is pleased to present the opportunity described herein.

The objective of this Invitation to Negotiate ("ITN") is to evaluate proposals on strategic alternatives, subject to the minimum requirements JEA sets forth in the executive summary, that allow for JEA to maximize value for key stakeholders. JEA will consider proposals for strategic alternatives pursuant to its existing charter and business objectives, as well as those that eliminate certain existing business constraints.

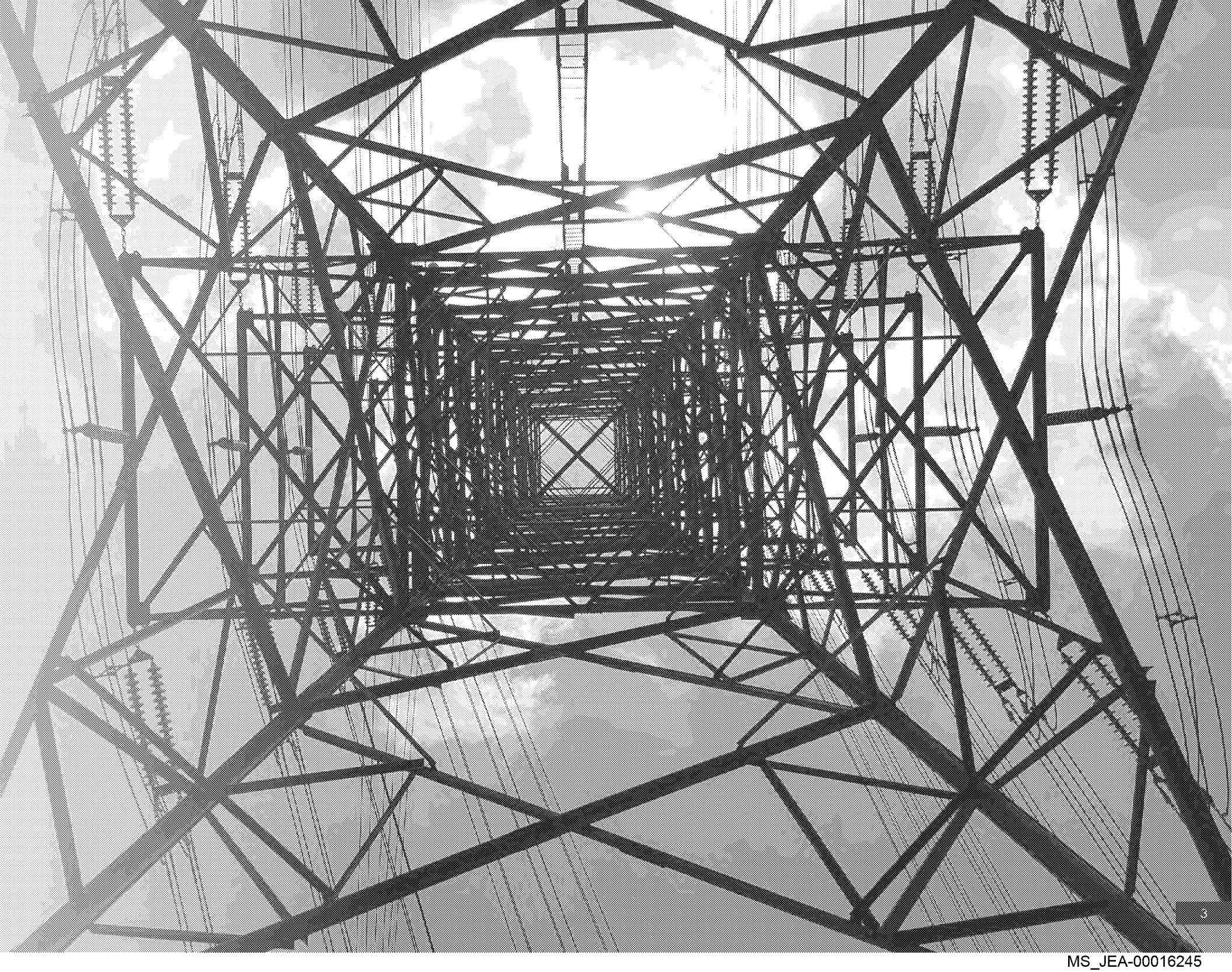
The once-static utility industry is rapidly becoming a dynamic and transformative sector, forcing utilities to evolve to meet changing customer demands. Over the last decade, JEA has been significantly impacted by trends in energy efficiency. While 2017 electricity sales were 30% lower than forecasted back in 2006, customer rates increased by 71% from 2006 – 2018. With the industry facing an unprecedented transformation, JEA will need the strategic flexibility to adapt to achieve its vision of the future.

JEA is the eighth largest community-owned utility company in the U.S. and the largest in Florida. The future of JEA is of critical importance given the more than 478,000 electric customers, 357,000 water customers and 279,000 sewer customers who rely on JEA services.

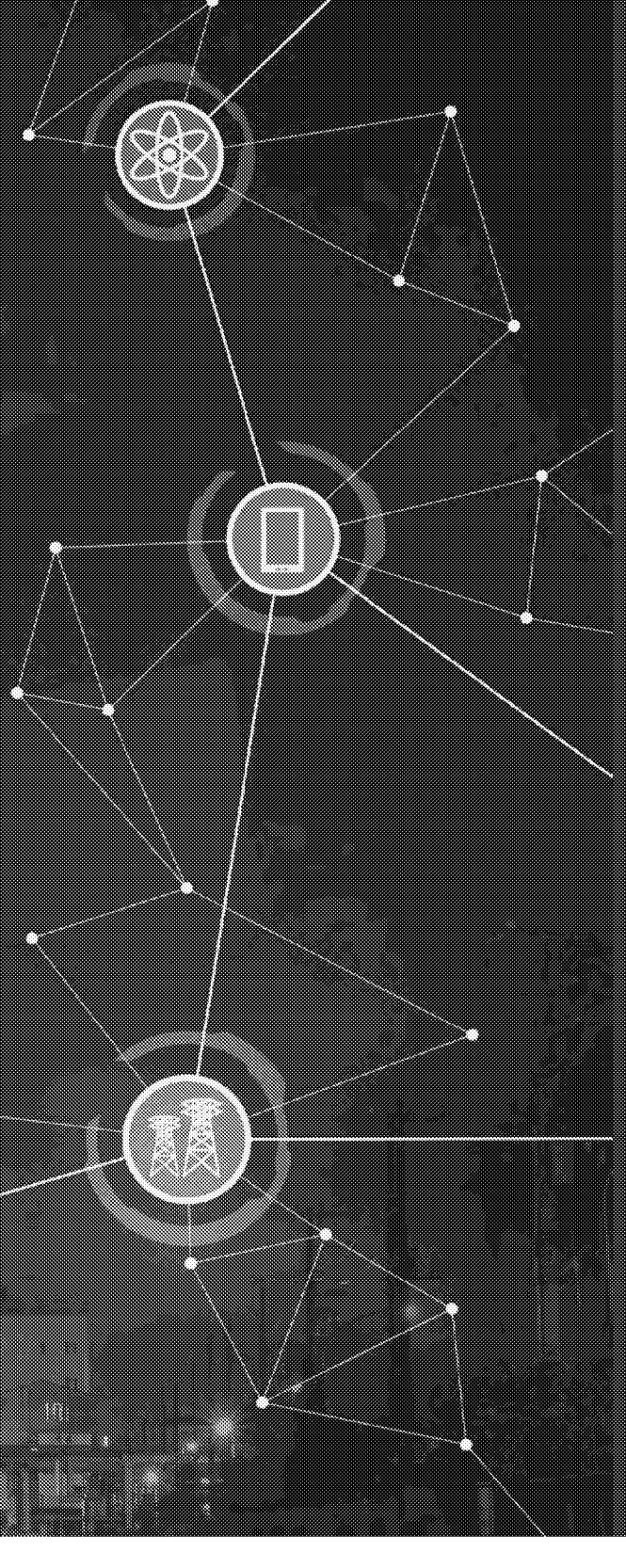
More information on JEA's business, the Jacksonville market and JEA's long term objectives can be found throughout the ITN.

JEA is pleased to present this exciting, once in a generation opportunity and appreciate your interest and response.

Sincerely,
April Green
Board Chair, JEA



MS_JEA-00016245



TBU – Discuss Key Contact(s)

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EXECUTIVE SUMMARY

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# []

Executive Summary

JEA issues this ITN inviting interested parties to submit proposals for strategic alternatives that allow JEA to maximize value for its key stakeholders over the long term.

As described herein, JEA welcomes proposed strategic alternatives that operate pursuant to JEA's existing charter and state laws as well as those proposals that seek to eliminate certain of JEA's existing business constraints. Potential alternatives can include, but are not limited to, operational changes, structural changes, joint ventures, development partnerships or a recapitalization of the business. As we consider the submittals, we are targeting minimum requirements for our key stakeholders as outlined in the table below:

Key Stakeholders	Status Quo	Minimum Requirements
City of Jacksonville	<ul style="list-style-type: none">Less than \$2 billion of value to the City of Jacksonville	<ul style="list-style-type: none">Greater than \$3 billion of value to the City of Jacksonville
Customers	<ul style="list-style-type: none">No customer savings	<ul style="list-style-type: none">Approximately \$350 of savings per JEA account
Employees	<ul style="list-style-type: none">No employment guarantees, retention bonus and status quo pension	<ul style="list-style-type: none">Acceleration of vesting of certain employee pension obligationsGuarantee of employee compensation and benefits at substantially the same as current levels for three yearsRetention bonuses to all employees of 100% of current compensation
Environmental	<ul style="list-style-type: none">No renewables requirements and no alternative water	<ul style="list-style-type: none">Procurement for the City of Jacksonville and the surrounding public education systems of 100% of its electricity from renewable resources by 2030Sourcing of 40 million gallons of alternative water capacity for Northeast Florida by 2035
Community	<ul style="list-style-type: none">JEA leaves downtown, moving new headquarters to existing office space to house smaller workforce and minimize cost	<ul style="list-style-type: none">Construction of new headquarters in downtown Jacksonville

The overall purpose of this undertaking is to give JEA the strategic flexibility to adapt to a once-in-a-generation industry-wide transformation and help it achieve its vision to improve lives in the Northeast Florida Community.

Executive Summary (cont'd)

This ITN contains information regarding JEA's submittal requirements. Responses must comply with all applicable submission requirements to be eligible for consideration. All information and materials submitted will be thoroughly analyzed and independently verified. Responses must present a complete Response to all requirements of the ITN.

The respondents submissions to the ITN will be evaluated in three stages:

- **Qualification Review:** Proposals that meet the Threshold Criteria and are evaluated as meeting such Criteria by the Selection Committee will be recommended to be passed on to Phase I as Short-Listed Respondents
- **Phase I:** Short-Listed Respondents who execute an NDA will receive certain non-public information and asked to submit an updated response addressing specifically their approach to addressing each of the valuation criteria
- **Phase II:** Following the updated Response, those Short-Listed Respondents with whom JEA elects to continue to negotiate will gain access to additional information that will allow them to further update their Responses to address in greater detail the Evaluation Criteria

Responses for the ITN must be received no later than **[MONTH/DAY/YEAR] by 12:00 PM** and must be delivered to the JEA Procurement Bid Office at 21 W. Church Street, Customer Service Center, 1st Floor, Room 002, Jacksonville, FL 32202.

JEA looks forward to evaluating submissions in order to achieve its long-term goal of maximizing customer, community, environmental and financial value for JEA and Northeast Florida.

The overall purpose of this undertaking is to give JEA the strategic flexibility to adapt to a once-in-a-generation industry-wide transformation and help it achieve its vision to improve lives in the Northeast Florida Community.



OVERVIEW/HISTORY OF JEA

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# []

JEA Electric System

Overview

JEA is the eighth largest municipally owned electric utility in the United States in terms of number of customers. During the Fiscal Year Ended September 30, 2018, the Electric System served an average of 466,411 customer accounts in a service area which covers virtually the entire City. JEA also sells electricity to retail customers and an electric system in neighboring counties.

JEA's total energy sales in the Fiscal Year ended September 30, 2018, net of off-system sales and the energy sold by JEA to FPL pursuant to the FPL-Power Park Sale, were approximately 12.4 billion kilowatt- hours ("kWh"). Total revenues, including investment income, for the Electric System for the Fiscal Year ended September 30, 2018 were approximately \$1.3 billion. The electric utility facilities of JEA are divided for financing purposes into the Electric System, the Power Park and the Scherer 4 Project. The Electric System includes generation, transmission, interconnection and distribution facilities. The generating facilities, located on four plant sites in the City, currently consist of a dual residual fuel oil/gas-fired steam turbine-generator unit, four diesel-fired combustion turbine ("CT") generator units, seven dual-fueled (gas/diesel) CT generator units, one steam turbine generator unit with the steam provided by heat recovery steam generators served from two of the seven CTs (a 2-on-1 combined cycle unit), and two petroleum coke ("petcoke")- and coal-fired circulating fluidized bed ("CFB") steam turbine-generator units. As of the date of this Annual Disclosure Report, the total combined installed capacity of the Electric System's generating units is 2,573 megawatts ("MW"), net, summer and 2,906 MW, net, winter.

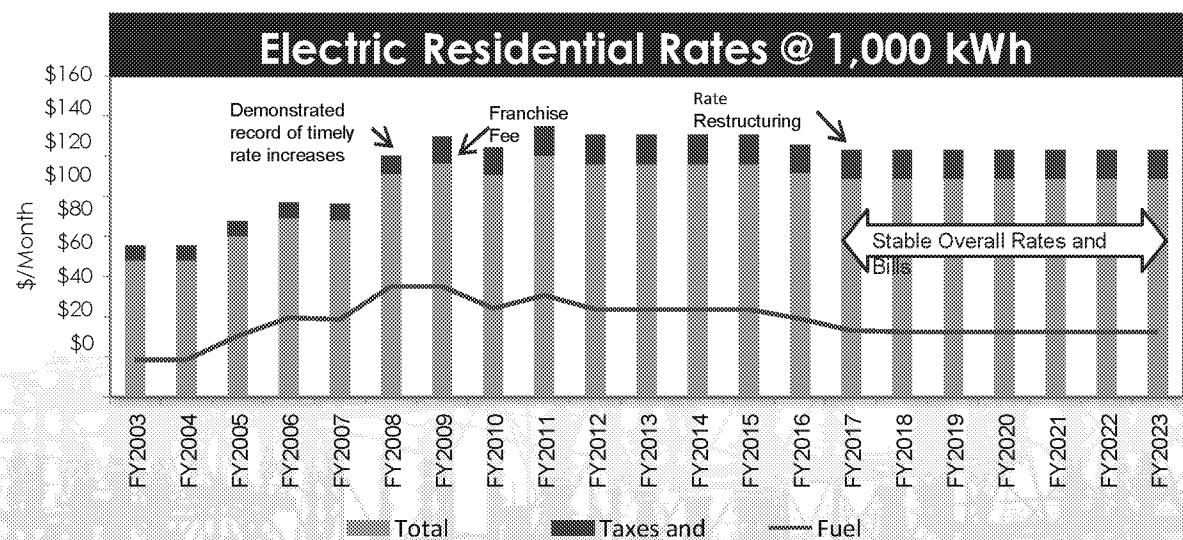
Pursuant to Chapter 80-513, Laws of Florida, Special Acts of 1980 (as amended and supplemented, the "Bulk Power Act"), JEA is authorized to acquire, own and operate as a separate bulk power supply utility or system, electric generating plants and transmission lines within the City and within and outside of the State of Florida. The Power Park and the Scherer 4 Project each have been developed as a separate bulk power supply system under the Bulk Power Act and, as such, are not included in the Electric System. In May 2017, JEA entered into an agreement with FPL for an early termination of the Power Park Joint Ownership Agreement and cessation of commercial operations in January 2018 with decommissioning of the plant to occur thereafter.

TBU - Include Projections in chart below? If so, disclaimer?

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

	2018	2017	2016
Financial Highlights			
Total operating revenues (thousands)	\$1,366,111	\$1,428,329	\$1,364,242
Fuel and purchased power expenses (thousands)	\$530,246	\$536,250	\$485,874
Total operating expenses (thousands)	\$1,102,133	\$1,088,386	\$1,032,774

	2018	2017	2016
Operating Highlights			
Sales (megawatt hours)	12,732,236	\$13,893,852	\$14,586,486
Peak demand - megawatts 60 minute net	3,080	\$2,682	\$2,674
Total accounts - average number	466,411	\$458,953	\$451,788
Sales per residential account (kilowatt hours)	13,205	\$12,672	\$13,433
Average residential revenue per kilowatt hour	\$11.42	\$11.44	\$11.24



JEA Electric System

Generation

General. The generating facilities of the Electric System are located at four plant sites - the J. Dillon Kennedy Generating Station ("Kennedy"), the Northside Generating Station ("Northside"), the Brandy Branch Generating Station ("Brandy Branch") and the Greenland Energy Center ("GEC").

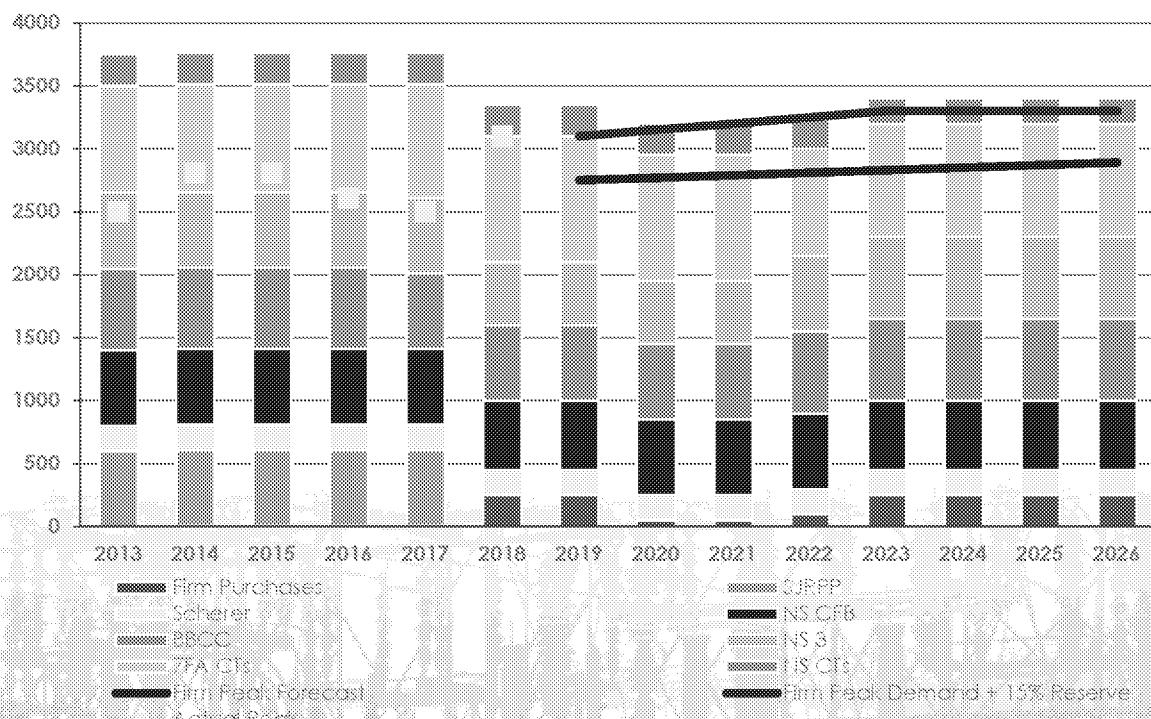
JEA's Northside Unit 3, a steam unit, presently burns residual fuel oil and natural gas, while four CTs at Northside burn diesel. The Kennedy CTs 7 and 8, Brandy Branch CTs 1, 2 and 3 and GEC CTs 1 and 2 burn natural gas as the primary fuel. The Kennedy and Brandy Branch units are dual-fueled with diesel as backup and the GEC CT units are also capable of having diesel as backup. Brandy Branch STM 4 is a steam turbine generator that is part of a combined cycle unit that uses waste heat from Brandy Branch CTs 2 and 3. In addition, natural gas is used at times to supplement the solid fuel in Northside Units 1 and 2. Northside Units 1 and 2 burn petcoke and coal. Northside Unit 3 was originally scheduled to be placed into reserve storage on April 1, 2016, approximately three years ahead of the unit's scheduled retirement. Due to the early retirement of Power Park, Northside Unit 3 is expected to continue in operation at least through the current planning period which ends with the Fiscal Year ending September 30, 2023.

Planned Additional Capacity. In the spring of 2019 there is a planned capacity increase on the Brandy Branch combined cycle plant of approximately 80 MW summer rating, or nominally 40 MW per gas turbine. This will be done by installing Advanced Gas Path turbine and compressor rotors on Units 2 and 3. This upgrade is being performed by the original equipment manufacturer.

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

JEA uses circulating fluidized bed technology in Northside Units 1 and 2. This technology allows JEA to use a blend of bituminous coal, petroleum coke and natural gas in these units. In addition, firm, solid fuel-based capacity and energy has been provided by the Power Park and Scherer Unit 4. Scherer Unit 4 burns sub-bituminous coal from the Powder River Basin, providing further fuel diversification. JEA adjusts its use of solid fuel-based generation depending on its cost relative to competing resources, such as natural gas.

Fleet Optimization and Asset Utilization (MW)



JEA Electric System

Transmission

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

JEA owns a total of 744 circuit miles of transmission lines, of which 691 are overhead miles and 53 are underground.

The 159 miles of 69 kV transmission lines are located in the dense interior section of the Electric System's service area, in the vicinity of the urban core. The 207 miles of 138 kV lines interconnect substations in most of JEA's high load and growth areas. The 304 miles of 230 kV lines form a semicircular loop around the City with transformation from the transmission system to the distribution system performed at numerous JEA facilities, which also serve the high load and growth areas. There currently are 90 substations in the JEA service territory. JEA also owns two 500 kV lines jointly with FPL. These lines are connected between the FPL Duval Substation and the GPC system at the Florida state line.

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

The distribution system covers approximately 6,831 circuit miles and is composed of three voltage levels depending upon the area served. The central business district is served by a 13.2 kV underground secondary network. Surrounding residential and commercial areas are served primarily at 26.4 kV, with some 4.16 kV and 13.2 kV interspersed. Most older areas are served from overhead distribution lines. However, the majority of all new developments, subdivisions, shopping centers and apartment complexes constructed since 1968 are served by underground 26.4 kV distribution.

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

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

Miles per kV level

Voltage (kV)	Overhead (Miles)	Underground (Miles)	Total (Miles)
69	113	46	159
138	204	3	207
230	299	4	303
500	75	0	74
Total	691	53	744

JEA's relationship with neighboring utilities

JEA Station	Neighboring Utility Station	Voltage (kV)
Steelbald	Duval (FPL) Circuit 3	230
Brandy Branch	Duval (FPL) Circuit 1	230
Brandy Branch	Duval (FPL) Circuit 2	230
Jax Heights	Duval (FPL) Circuit 4	230
Neptune	JB Penman (BES)	138
Switzerland	Sampson (BES)	230
Jax Heights	Black Creek (Seminole)	230
Nassau	Step Down (FPU) in-service 2018	138
Nassau	O'Neill (FPL) in-service 2018	138

JEA Electric System

System load and resources

System Load. From 2014 to 2018, the peak demand for power on JEA's Electric System increased at a compound annual rate of 2.2 percent per year. From 2014 to 2018, energy output increased at a compound annual rate of 0.5 percent per year. JEA experienced its highest instantaneous peak of 3,250 MW on January 11, 2010.

Assumptions

- Peak demand:
 - a) does not include serving expected interruptible loads.
 - b) includes Demand-Side Management.
 - c) includes Plug-In Electric Vehicle (PEV) penetration.
- Figures include the following considerations:
 - a) No capacity additions occur in the planning horizon.
 - b) Diesel capacity rating in winter, gas capacity rating in summer for Kennedy CTs 7 & 8 and Brandy Branch CTs 1-3.
 - c) Gas capacity ratings in winter and summer for Greenland CTs.
- Firm Power Purchases include:
 - a) TRE Phase II 9 net MW clean power purchase starting winter 2008 and expires December 2026.
 - b) TRE Phase II 6 net MW clean power purchase starting winter 2026.
 - c) Annual Firm Purchased Power Agreement for Natural Gas Combined Cycle capacity and energy January 2018-2019 (200 MW).
 - d) Seasonal market purchases needed summers 2020-2022 (25-100 MW) and winters 2020-2021 (25 MW).
 - e) Vogtle Units 3 and 4: 100 MW each unit delivered from MEAG November 2021 and November 2022.

System load yearly recorded values				
Fiscal Year	System Peak Demand (MW)	Percent Change from Previous Year	Annual Net Energy for Load (GWh)	Percent Change From Previous Year
2014	2,823	8.7	12,572	2.0
2015	2,863	1.4	12,866	2.3
2016	2,763	(3.5)	13,053	1.5
2017	2,682	(2.9)	12,482	(4.4)
2018	3,080	14.8	12,807	2.6

Projected Winter and Summer Available Capacity and Requirements (MW)								
Fiscal Year	Firm Winter Peak Demand	Capacity Reserves	Firm Winter Peak Demand Plus Capacity Reserves	Electric System Capacity	Firm Power Purchases	Scherer Unit 4	Installed Capacity and Net Firm Power Purchases	Available Capacity Surplus
2019	2,715	407	3,122	2,907	215	198	3,320	197
2020	2,736	410	3,146	2,940	40	198	3,178	31
2021	2,752	413	3,165	2,940	40	198	3,178	13
2022	2,769	415	3,184	2,940	115	198	3,258	68
2023	2,787	418	3,205	2,940	215	198	3,353	148

Fiscal Year	Firm Summer Peak Demand	Capacity Reserves	Firm Summer Peak Demand Plus Capacity Reserves	Electric System Capacity	Firm Power Purchases	Scherer Unit 4	Installed Capacity and Net Firm Power Purchases	Available Capacity Surplus
2019	2,555	383	2,939	2,657	215	198	3,070	132
2020	2,566	385	2,951	2,657	115	198	2,970	19
2021	2,576	386	2,963	2,657	115	198	2,970	7
2022	2,587	388	2,976	2,657	140	198	2,995	20
2023	2,599	390	2,988	2,657	215	198	3,070	82

Totals may not add due to rounding.

JEA Electric System

Customers, Sales and Rates

In the Fiscal Year ended September 30, 2018, the Electric System served an average of 466,411 customer accounts. The following table sets forth electric revenues, the sales of the Electric System and the average number of Electric System accounts, all by customer classification, for Fiscal Years ended September 30, 2014 through 2018.

The 10 largest customer accounts served by the Electric System (other than FPL pursuant to the FPL-Power Park Sale) composed 14.2 percent of the total MWh purchases derived from the operation of the Electric System for the Fiscal Year ended September 30, 2018. The following table sets forth the 10 largest Electric System accounts (other than sales to FPL pursuant to the FPL-Power Park Sale) by MWh purchases, during the Fiscal Year ended September 30, 2018.

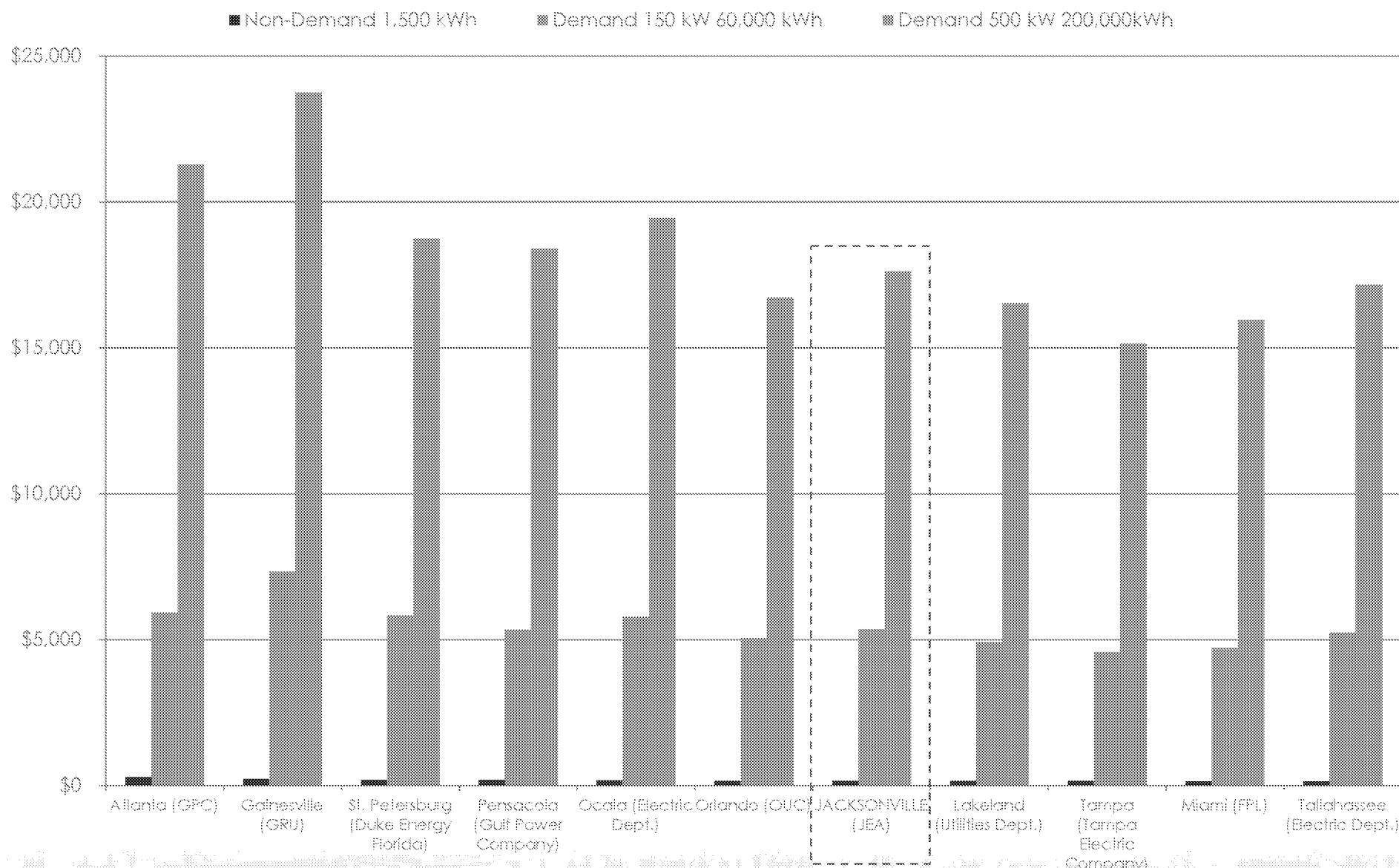
JEA has sole discretion to set rate levels and revenue requirements for the Electric System, including its interest in Scherer Unit 4. JEA sets its retail rates after a public hearing. The JEA Board has the authority to change wholesale rates without a public hearing. The PSC has the authority to review rate structures for municipal utilities in Florida, including JEA.

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

Electric Sales and Accounts

	2018	2017	2016
Electric revenues (000's omitted):			
Residential	\$618,171	\$584,663	\$599,009
Commercial and Industrial	594,395	587,972	597,796
Public street lighting	12,873	13,069	13,488
Sales for resale	5,474	21,813	31,210
Florida Power & Light saleback	30,767	128,737	130,053
Total	1,261,680	1,336,254	1,371,555
Sales (megawatt hours):			
Residential	5,414,721	5,108,945	5,328,245
Commercial and Industrial	6,851,803	6,725,201	6,847,583
Public street lighting	59,176	65,721	80,108
Sales for resale			
Territorial	38,640	150,268	305,315
Off-system	35,429	150,635	169,037
Florida Power & Light saleback	332,467	1,693,082	1,856,198
Total	12,732,236	13,893,852	14,526,486
Average number of accounts:			
Residential	410,060	403,164	396,664
Commercial and Industrial	52,573	52,060	51,472
Public street lighting	3,777	3,727	3,649
Sales for resale (1)	1	2	3
Total	466,411	458,953	451,788
System installed capacity - MW (2)			
Peak demand - MW (60 minute net)	3,064	3,722	3,722
System load factor - %			
Residential averages - annual:			
Revenue per account - \$	1,507.51	1,450.19	1,510.12
kWh per account	13,205	12,672	13,433
Revenue per kWh - ¢	11.42	11.44	11.24
All other retail - annual:			
Revenue per account - \$	10,776.72	10,773.85	11,089.86
kWh per account	122,644	121,729	125,622
Revenue per kWh - ¢	8.79	8.85	8.82

JEA Electric System



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

Vogtle Units 3 and 4

Project J

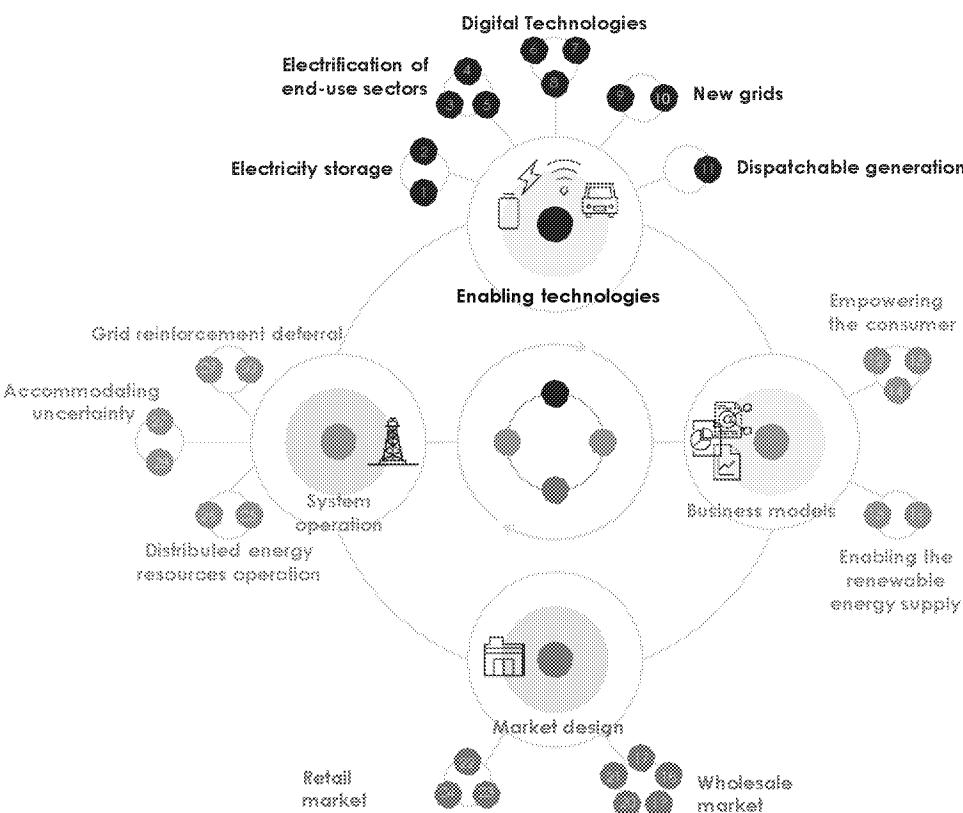
To Come

TBU – to be discussed as a group

Vision for the Energy Utility of the Future

Electric System Innovation Initiatives

Energy sales for JEA have generally been flat to declining since 2007 and energy efficiency and solar power is expected to continue to further pressure JEA's sales. For these reasons, JEA is actively engaged in strategic planning. As part of this ITN, JEA is soliciting feedback related to innovations that will align the Electric System with the broader changes that are shaping the industry.



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

Enabling technologies

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

Business models

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

Market design

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

System operation

- 25. Future role of distribution system operators**
- 26. Cooperation between transmission and distribution system operators**
 - Distributed generation deployment requires new ways of operating the distribution grid and market facilitation for distributed generation
- 27. Advanced forecasting of variable renewable power generation**
- 28. Innovative operation of pumped hydropower storage**
 - New operation procedures that enhance electricity system flexibility

Virtual powerlines

- 29. Dynamic line rating**
 - New ways to operate the grid that reduce VRE curtailment due to grid congestion reducing the need to reinforce the grid

Current and Future Solar Facilities

Substantial Increase in Solar Generation

- ✓ JEA has contracted to add up to 250 MW of universal solar by 2022
- ✓ Additional investment, when added to the 34 MW currently installed, will make Jacksonville the largest solar city in the United States
- ✓ New sites for solar generation are situated on land owned by JEA
- ✓ Increased solar power will reduce JEA's exposure to fossil fuel volatility
- ✓ Solar PPA prices are below the current fuel rate with no escalator providing a 20+ year fuel hedge
- ✓ Execution of PPAs approved by the Board
- ✓ Increased commitment to solar power is aligned with JEA's corporate values of reducing air pollution and GHG emissions, reducing energy costs, and supporting economic growth in the Jacksonville area



JEA Communications Infrastructure

Overview

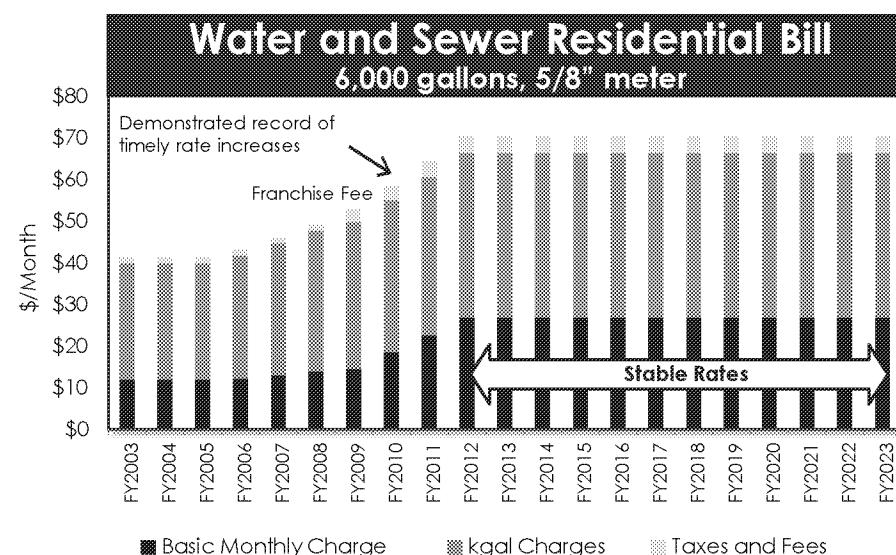
To Come

TBU – to be discussed as a group

JEA Water and Sewer System

Overview

The Water and Sewer System consists of (a) facilities for the provision of potable water (hereinafter referred to as the "Water System"), (b) facilities for the collection and treatment of wastewater (hereinafter referred to as the "Sewer System") and (c) facilities for the treatment and distribution of reclaimed water (herein referred to as the "Reclaimed Water System"). The Water and Sewer System provides water and sewer service within the urban and suburban areas of the City, other than certain excluded areas described below. The Water and Sewer System's service territory extends into St. Johns County, which is southeast of the City, and Nassau County, which is north of the City, and also serves a number of customers in Clay County, which is southwest of the City. It is JEA's policy to serve any customer requesting service within its urban and suburban service area. Investor-owned utilities must file a petition with the Public Service Commission in order to provide water or wastewater service within the City, and JEA would object to any petition for expansion of investor-owned utility service areas unless it otherwise determines that it would be in JEA's interest not to do so.



System Highlights

	2018	2017	2016
FINANCIAL HIGHLIGHTS			
Total operating revenues (000)	\$435,682	\$457,908	\$427,750
Operating expenses (000)	\$310,435	\$305,131	\$297,325
Debt Service Coverage:			
Senior and subordinated	2.79x	2.99x	3.28x
Senior	3.33x	3.54x	3.78x
OPERATING HIGHLIGHTS			
WATER			
Total sales (kgals)	36,186,559	37,245,188	36,357,919
Total accounts (average)	348,159	341,016	333,139
Average sales per residential account (kgals)	59.33	63.21	62.78
Average residential revenue per kgal	\$5.43	\$5.48	\$5.26
SEWER			
Total Sales (kgals)	26,340,622	26,712,770	25,817,658
Total accounts (average)	270,871	264,336	257,719
Average sales per residential account (kgals)	57.91	61.84	60.96
Average residential revenue per kgal	\$9.52	\$9.46	\$9.26
REUSE			
Total sales(kgals)	3,119,739	3,290,311	2,644,046
Total accounts (average)	11,498	9,391	7,498

JEA Water System

Overview

The Water System, which served an average of 348,159 customer accounts and 11,498 reuse water customers, respectively, in the Fiscal Year ended September 30, 2018, currently is composed of 38 water treatment plants and two repump facilities, 136 active water supply wells, approximately 4,755 miles of water distribution mains and water storage capacity of 81 million gallons (including the repump facilities). The overall peak capacity of the Water System is approximately 910 million gallons per day ("mgd"), and the Water System experienced an average daily flow of approximately 112 mgd and a maximum daily flow of approximately 152 mgd during the Fiscal Year ended September 30, 2018. Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, which provides high quality water.

The service territory of the Water System includes (a) virtually the entire City, other than the beach communities (Jacksonville Beach, Atlantic Beach and Neptune Beach), the Town of Baldwin, the active United States Navy facilities located within the City and those areas served by a community-owned water and wastewater utility that is not subject to jurisdiction of the Florida Public Service Commission (PSC) and one investor-owned water utility and one investor-owned sewer utility that provide service within certificated territories under jurisdiction of the PSC, (b) approximately 143 square miles in St. Johns County and (c) approximately 620 square miles in Nassau County. In addition, the Water System serves a small number of customers in Clay County.

The Water System provides service in an area currently comprising approximately 769 square miles in Duval County, approximately 63 square miles in St. Johns County, approximately 77 square miles in Nassau County and approximately four square miles in Clay County. In the remaining areas of the Water System's service territory not currently served by the Water System, other cities, the Navy, the community-owned utility or investor-owned utility, water service is provided through privately owned and operated wells.

Total finished water storage capacity of the Water System is 81 million gallons. All water storage facilities are located at the various water treatment plants, including two repump facilities. The Water System does not utilize elevated storage tanks.

Revenue, Sales and Customers

WATER	2018	2017	2016
Water Revenues (000):			
Residential	\$91,954	\$96,615	\$89,946
Commercial and industrial	47,494	47,969	46,212
Irrigation	32,004	36,836	34,846
Total	\$171,452	\$181,420	\$171,004
Water Sales (kgals):			
Residential	16,932,812	17,624,952	17,086,586
Commercial and industrial	14,023,130	13,402,094	13,343,376
Irrigation	5,230,617	6,218,142	5,927,957
Total	36,186,559	37,245,188	36,357,919
Average number of Accounts:			
Residential	285,404	278,838	272,157
Commercial and industrial	25,702	25,423	24,698
Irrigation	37,053	36,755	36,284
Total	348,159	341,016	333,139
Residential Averages – Annual:			
Revenue per account	\$322.19	\$346.49	\$330.49
kgals per account	59.33	63.21	62.78
Revenue per kgal	\$5.45	\$5.48	\$5.26

JEA Water System

Existing Water Facilities

The Water System consists of 20 major and 18 small water treatment plants and two repump facilities, and is divided into two major distribution grids: the north grid and the south grid (one on each side of the St. Johns River), and includes four minor distribution grids: Ponte Vedra, Ponce de Leon, Mayport and Nassau County. The major distribution grids are fully interconnected, which provides the Water System with a high degree of redundancy. The purpose of such interconnectivity is to provide sufficient water capacity at the least cost which meets JEA's desired level of customer service requirements and complies with water quality criteria while avoiding adverse impacts on the Floridan Aquifer. The Water System has 136 wells supplying the various water plants. Each plant consists of wells, aerators, ground storage tanks, water quality treatment and pH control and chlorination facilities. Control is by computer with regular operator oversight. The rated maximum daily treatment capacity of the Water System is approximately 298 mgd for the north and south grids together and 310 mgd for the total Water System, taking into consideration maintenance factors. Treatment at the water plants currently consists of aeration and detention to oxidize hydrogen sulfide and addition of sodium hypochlorite to adjust pH, provide disinfection and prevent biological growth in the water distribution system. JEA also uses packed tower forced draft aeration and ozone to treat hydrogen sulfide at several facilities.

The water distribution system consists of approximately 4,755 miles of water distribution mains ranging from two to 36 inches in diameter. The water distribution mains are made of various materials, including polyvinyl chloride ("PVC"), galvanized steel, ductile iron, cast iron and asbestos cement. The majority of the water distribution mains are made of PVC, with less than one percent of the water distribution system being composed of asbestos cement pipe. Water quality monitoring in the areas containing asbestos cement pipe has shown all areas to be within the United States Environmental Protection Agency ("EPA") and the Florida Department of Environmental Protection ("FDEP") regulatory limits. The asbestos cement pipe has been in service for several decades, and JEA anticipates removal of this pipe from the Water System through routine replacement of aging water mains. Virtually all new water system distribution mains are constructed of PVC.

Water supply is from the Floridan Aquifer, one of the most productive aquifers in the world, with high quality water. The Floridan Aquifer covers most of Florida and parts of Georgia and South Carolina. The Floridan Aquifer should be capable of meeting JEA's needs well into the future; provided that JEA continues its three-part program and well water quality program described under "Regulation - Public Water Supply System" below. Some capital expenditures are required to maintain this capacity, but these expenditures are expected to be equal to or less than those experienced by other Florida water systems of similar size and with similar water supply.

Grid	Maximum Daily Treatment Capacity (mgd)
North Grid	136
South Grid	162
Other	12
Total	310

FY Ended September 30	Average Daily Flow (mgd)	Maximum Daily Flow (Non-Coincident) (mgd)
2014	101	140
2015	104	165
2016	111	154
2017	114	187
2018	112	152

Ten Largest Customer Accounts	Annual \$ Billed	Percent of Revenues
City of Jacksonville	\$2,215,500	1.2
Duval County School District	1,149,128	0.6
St. Johns County Utility	771,120	0.4
Southern Baptist Hospital of Florida	540,573	0.3
The American Bottling Company	405,992	0.2
American Homes for Rent LP	394,243	0.2
St. Vincent's Health System Inc.	388,147	0.2
DR Horton, Inc. Jacksonville	357,536	0.2
Mayo Clinic Jacksonville	322,921	0.2
Jacksonville Housing Authority	314,430	0.2
TOTAL	6,859,588	3.7

JEA Sewer System

Overview

The Sewer System, which served an average of 270,871 customer accounts in the fiscal year ended September 30, 2018, currently is composed of 11 wastewater treatment plants that have a rated average daily treatment capacity of approximately 120 mgd and a maximum daily flow capacity of approximately 241 mgd, approximately 1,422 pumping stations, approximately 697 low pressure sewer units and approximately 4,027 miles of gravity sewers and force mains. The Sewer System experienced an average daily flow of approximately 80 mgd and a non-coincident maximum daily flow of approximately 143 mgd during the fiscal year ended September 30, 2018.

The service territory for the Sewer System is essentially the same as that for the Water System; the area currently served by the Sewer System is approximately 76 percent of the service territory. In the remaining areas of the Sewer System's service territory not currently served by the Sewer System, other cities, the Navy, the community-owned utility or the investor-owned utility, wastewater service is provided through privately owned and operated septic tanks. Customers of the Sewer System are charged for sewer service based upon customer classification (residential, non-residential or multi-family). Charges within each classification vary and are based upon meter size and monthly flow. The Sewer System provides wholesale bulk sewer service to the investor-owned utility mentioned above and to two commercial customers.

The Sewer System consists of approximately 4,027 miles of gravity sewers and force mains. The gravity sewers range from six to 84 inches in diameter and the force mains range from three to 54 inches in diameter. Approximately 69 percent of the gravity sewers and force mains are made of PVC, with the remaining sewers and mains consisting of various materials including, among others, concrete, vitrified clay, ductile iron, cast iron and polyethylene. Virtually all new sewer system gravity sewers and force mains are constructed of PVC, and the majority of sewer system rehabilitation (using pipe bursting technology) is constructed of high density polyethylene.

Financial Highlights

	2018	2017	2016
SEWER			
Total Sales (kgals)	26,340,622	26,712,770	25,817,658,
Total accounts (average)	270,871	264,336	257,719
Average sales per residential account (kgals) ¹	97.91	61.84	60.96
Average residential revenue per kgal	\$9.52	\$9.46	\$9.26

REUSE

Total sales(kgals)	3,119,739	3,290,311	2,644,046
Total accounts (average)	11,498	9,391	7,498

Ten Largest Customer Accounts	Annual \$ Billed	Percent of Revenues
City of Jacksonville	\$2,637,060	1.1
Duval County School District	2,177,213	0.9
St. Johns County Utility	1,294,095	0.5
The American Bottling Company	1,106,595	0.4
WWF Operating Company	971,058	0.4
St. Vincent's Health System Inc.	957,243	0.4
Southern Baptist Hospital of Florida, Inc.	933,540	0.4
Mayo Clinic Jacksonville	869,928	0.4
Symrise, Inc.	830,531	0.3
American Home Portfolio LLC	824,016	0.3
TOTAL	\$12,601,279	5.1

JEA Sewer System

Existing Sewer Facilities

The Sewer System has approximately 1,422 pumping stations, approximately 697 low pressure sewer units and 11 treatment plants ranging in rated average daily treatment capacity from 0.2 to 52.5 mgd. Each of the treatment plants provides a minimum of secondary treatment with biological nutrient removal utilized at the major treatment plants. All sludge from the treatment plants is pumped or trucked to either permitted land application sites or a JEA-owned biosolids processing facility for anaerobic digestion, centrifuge dewatering and pelletization in preparation for beneficial use. Current sludge production averages approximately 26.2 dry tons per day ("dt/day"). The Residuals Management Facility ("RMF") is permitted at an annual capacity of 20,290 dry tons per year (64.1 dry tons per day). The RMF produces a usable product (fertilizer) from the sludge. Design of a new biosolids processing facility is underway, which will include solids thickening, dewatering, and cake loadout facilities in a new building. The existing solids processing building has reached the end of its useful life and will be demolished as part of this project. The new biosolids processing facility will produce dewatered cake only for hauling as opposed to the dried pellets produced under the previous process. JEA has solicited proposals from vendors to utilize its biosolids to produce a beneficial product such as soil amendment. JEA is in the early phases of evaluation proposals for a 20-year contract.

Five of the regional wastewater treatment plants (Buckman, District 2, Southwest, Arlington East and Mandarin) provide advanced secondary treatment and two of the regional wastewater treatment plants (Blacks Ford and Nassau) provide advanced waste treatment. The Buckman, District 2, Southwest, Arlington East, Mandarin and Blacks Ford wastewater treatment plants utilize ultraviolet light disinfection (irradiation of the water), and the Julington Creek Plantation plant utilizes chlorination for disinfection and SO₂ for dechlorination prior to discharge to the St. Johns River.

The following table shows the average and maximum daily wastewater treatment flows and the rated average and maximum daily wastewater treatment capacities during the Fiscal Year ended September 30, 2018 for each of JEA's seven regional wastewater treatment plants and corresponding information for JEA's smaller wastewater treatment plants.

Treatment Plant	Average Daily Flow (mgd)	Max Daily Flow (Non-Coincident) (mgd)	Rated Average Daily Treatment Capacity (mgd) ¹	Rated Max Daily Treatment Capacity (mgd) ¹
Buckman	26.19	62.72	\$2.50	105.00
District 2	5.52	6.85	10.00	20.00
Southwest	12.04	30.18	14.00	28.00
Arlington East	21.76	32.29	25.00	50.00
Mandarin	8.13	11.49	8.75	17.50
Julington Creek	0.78	0.98	1.00	2.00
Blacks Ford	2.37	3.02	6.00	12.00
Nassau	1.20	1.69	1.55	3.10
Monterey	1.64	3.16	3.60	7.20
Ponte Vedra	0.39	0.65	0.80	1.60
Ponce De Leon	0.04	0.12	0.24	0.48
Total	80.04	143.15	123.44	246.88

Although effluent disposal currently is predominately surface water discharge, JEA initiated implementation of a reclaimed water reuse program in 1999 with its acquisition of the assets and customers of an investor-owned water and wastewater utility which had an existing program for reuse of reclaimed water by customers. JEA has established an expanding program to substantially increase water reclamation systems in Nassau, Duval and St. Johns Counties. JEA is actively developing additional reclaimed water capacity, and as of September 2018, the reclaimed water capacity (in mgd) was approximately:

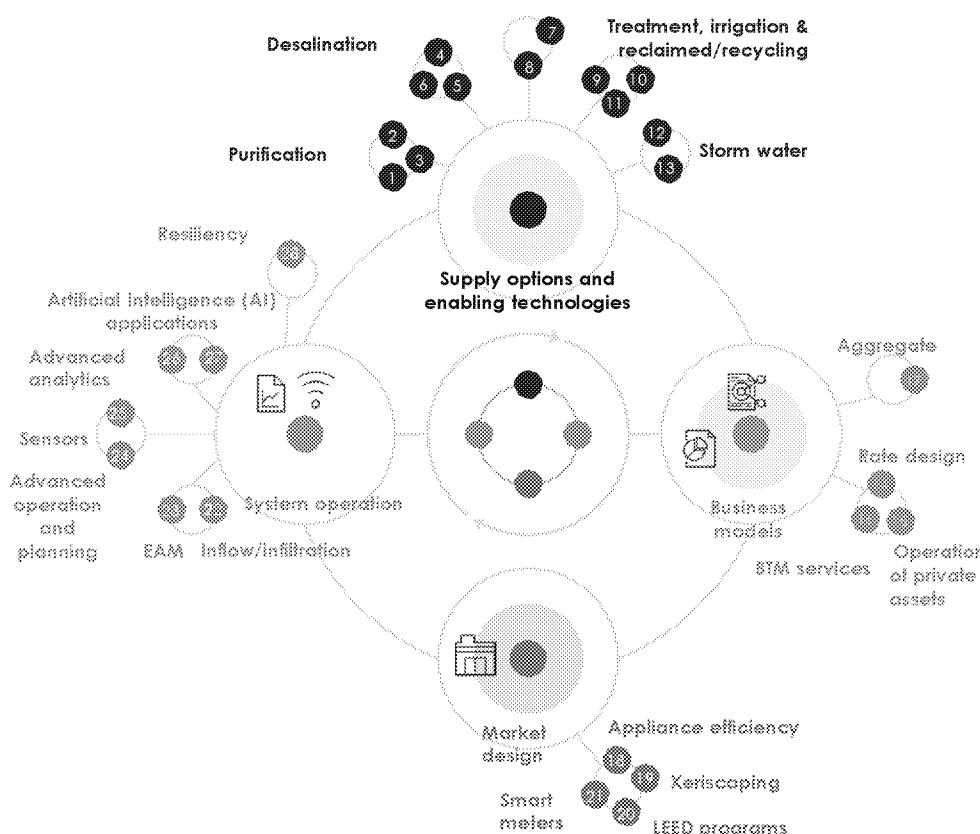
Facility	Capacity (mgd)
Arlington East (Public Access)	8.00
Mandarin (Public Access)	4.00
Blacks Ford (Public Access)	6.00
Julington Creek (Public Access)	1.00
Ponte Vedra (Public Access)	0.80
Nassau (Public Access)	1.55
Buckman (Non-Public Access)	7.70
District 2 (Non-Public Access)	6.00
Southwest (Non-Public Access)	0.80
Ponce De Leon (Non-Public Access)	0.24
Total	34.09

¹Since the rated maximum daily treatment capacity of each wastewater treatment plant is approximately twice the rated average daily treatment capacity, the Sewer System is able to accept and handle surges that come with peak usage periods (morning and evening) and heavy rains. On-going system maintenance and improvements are aimed at continuing to decrease peak surges from heavy rains and infiltration into the collection system and inflow.

Vision for the Water and Sewer of the Future

Water and Sewer Innovation Initiatives

JEA's water supply and demand program will integrate sustainability with demand-side programs through the Integrated Water Resource Plan. Outcomes of the study will select the most beneficial incremental water supply within an overall comprehensive plan.



Supply options and enabling technologies

1. Purified water for aquifer recharge
2. Direct potable reuse
3. Expanded reuse
4. Desalination: Brackish groundwater
5. Desalination: Lower St. Johns
6. Desalination: Upper St. Johns
7. Regional surface water storage for potable
8. Regional surface water storage for irrigation
9. Surficial/intermediate aquifer for private irrigation
10. Distributed treatment for STPO and new development in lieu of grid expansion
11. Production of reclaimed at the neighborhood level utilizing scavenger plants
12. Distributed storm water collection and dual reclaimed storage

Business models

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

Market design

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

System operation

21. Inflow and infiltration initiatives
22. EAM – Asset life extensions
23. Advanced operation and planning
 - * Real-time state estimation
 - * Distribution automation (leak location, restoration, reconfiguration, etc.)
 - * Demand forecasting
 - * Energy production
24. Sensors
 - * Leak detection
 - * Pressure
 - * Wastewater stoppages in gravity and high pressures in force mains
 - * Water quality
25. Advanced analytics
 - * Predictive
 - * Prescriptive
 - * Cognitive
26. AI applications
 - * Efficient asset operation
 - * Condition-based maintenance
27. Resiliency
 - * Cyber and physical security standards
 - * Weather hardening

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

Senior Leadership Team

Building a Team for the Future

April 2018:

- ✓ John McCarthy named VP & Chief Supply Chain Officer
- ✓ Paul Steinbrecher named VP & Chief Environmental Services Officer
- ✓ Melissa Dykes named President & Chief Operating Officer

July 2018:

- ✓ Deryle Calhoun named VP / General Manager Water & Wastewater Systems

October 2018:

- ✓ Ryan Wannemacher promoted from Interim to Permanent Chief Financial Officer

November 2018:

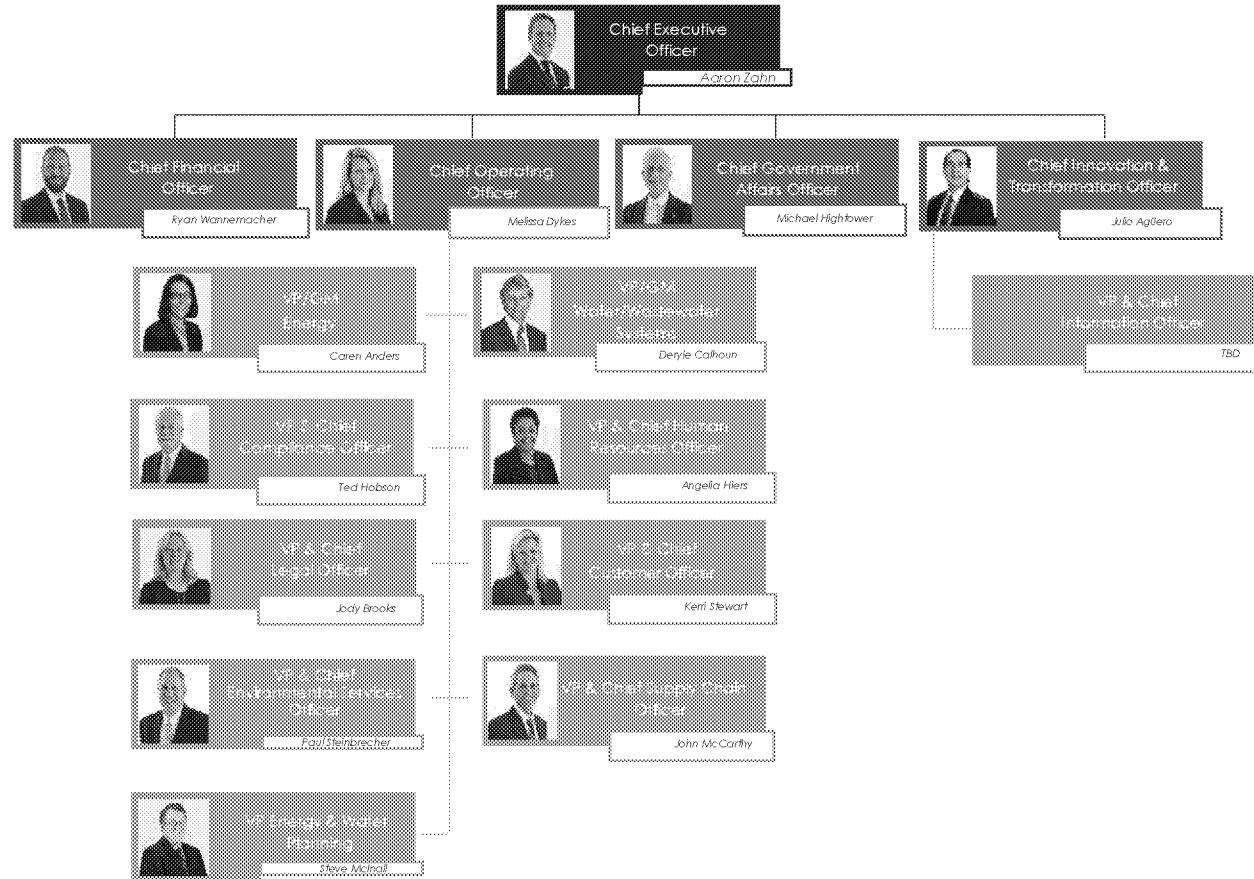
- ✓ Aaron Zahn named Permanent Chief Executive Officer

January 2019:

- ✓ Caren Anders named VP / General Manager of Energy
- ✓ Steve McInall named VP of Energy & Water Planning

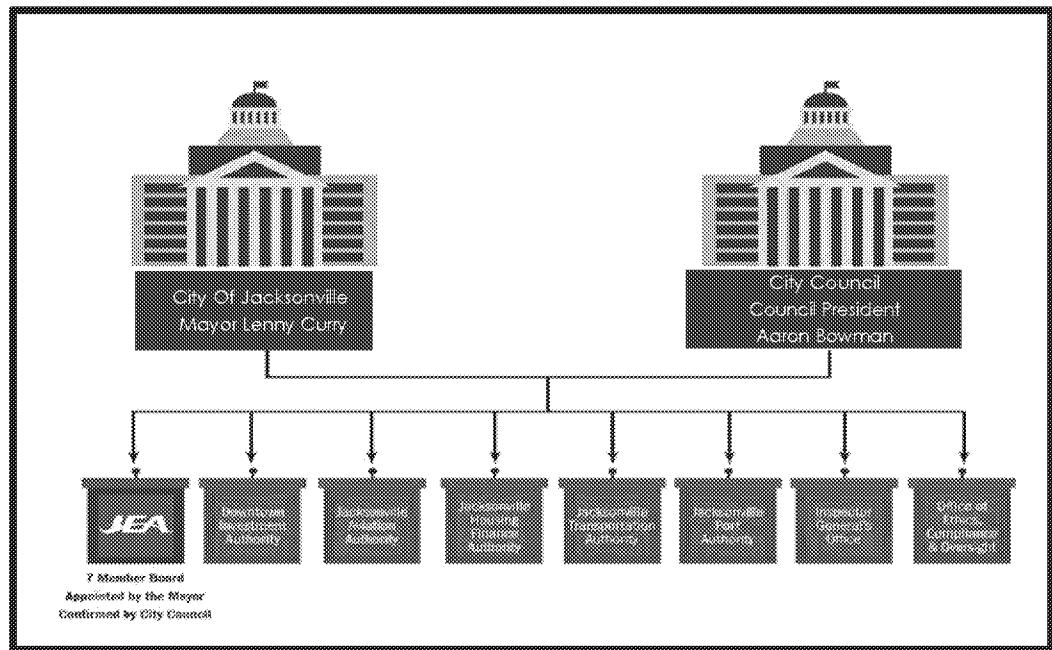
February 2019:

- ✓ Julio Aguero named JEA's first Chief Innovation & Transformation Officer



JEA and the City of Jacksonville

- ✓ JEA's service territory includes the entire Jacksonville Metropolitan Statistical Area (MSA) which has an estimated population of 1.5 million
- ✓ The Jacksonville MSA saw a 11.8% increase in population from April 2010 to July 2017
- ✓ JEA's service territory also includes 130,454 meters in neighboring St. Johns, Nassau, and Clay Counties
- ✓ JEA is governed by a Board of Directors appointed by the Mayor and confirmed by City Council
 - The Board is comprised of community leaders, professionals, and business people



Largest Water Customer Accounts	Annual \$ Billed	Percentage
City of Jacksonville	\$2,215,500	1.2
Duval County School District	1,149,128	0.6
St. Johns County Utility	771,120	0.4
Southern Baptist Hospital of Florida Inc.	540,573	0.3
The American Bottling Company	405,992	0.2
American Homes for Rent LP	394,243	0.2
St. Vincent's Health System Inc.	388,147	0.2
DR Horton, Inc. Jacksonville	357,536	0.2
Mayo Clinic Jacksonville	322,921	0.2
Jacksonville Housing Authority	314,430	0.2
Total	<u>6,859,588</u>	3.7

Largest Energy Customer Accounts	MWh Purchases	Percentage
United States Navy	327,704	2.7
CMC Steel	321,224	2.6
WestRock	231,702	1.9
City of Jacksonville	190,163	1.5
Duval County Public Schools	156,320	1.3
Anheuser Busch	135,251	1.1
Southern Baptist Hospital	102,633	0.8
Publix Supermarkets	100,481	0.8
Johnson & Johnson Vision Care	95,568	0.8
Winn-Dixie Stores, Inc.	91,294	0.7
Total	<u>1,753,040</u>	14.2

JEA Financial Performance

Annual Combining Statement of Revenues and Expenses (September, 30, 2018)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating Revenues								
Electric	1,253,139	87,749	(56,982)	1,283,906	-	-	(16,704)	1,267,202
Water and Sewer	-	-	-	-	424,121	-	(641)	423,480
District Energy System	-	-	-	-	-	8,756	(408)	8,348
Other	22,116	60,089	-	82,205	11,561	-	(3)	90,952
Total Operating Revenues	1,275,255	147,838	(56,982)	1,346,111	435,682	8,756	(20,567)	1,289,982
Operating Expenses								
Operations and Maintenance								
Fuel	356,877	64,175	-	421,052	-	-	-	421,052
Purchased Power	166,176	-	(56,982)	109,194	-	-	-	109,194
Maintenance and Other	244,011	52,296	-	296,307	149,646	4,603	(20,567)	429,982
State Utility / Franchise Taxes	60,831	-	-	60,831	10,476	-	-	71,307
Recognition of deferred costs / revenues	1,546	(857)	-	687	6,169	-	-	6,856
Total Operating Expenses	829,441	115,612	(56,982)	888,071	166,291	4,603	(20,567)	1,038,398
EBITDA								
Depreciation	-	-	-	478,040	270,671	4,153	-	752,864
Operating Income	242,739	21,239	-	214,062	144,144	2,403	-	360,609
Nonoperating Revenues								
Interest on debt	(86,208)	(20,292)	-	(107,100)	(58,034)	(1,374)	-	(166,508)
Investment Income	6,910	1,196	-	8,106	3,617	103	-	11,826
Allowance for construction funds	3,912	-	-	3,912	7,802	50	-	11,764
Other nonoperating income	6,025	1,068	-	7,093	2,764	-	-	9,857
Earnings from The Energy Authority	4,074	-	-	4,074	-	-	-	4,074
Other interest, net	(1,597)	-	-	(1,597)	(288)	-	-	(1,825)
Total nonoperating expenses	(67,484)	(18,026)	-	(85,512)	(44,079)	(1,221)	-	(130,812)
Income before contributions	175,255	3,211	-	178,466	81,168	529	-	260,163
Contributions (to) from								
General Fund, City of Jacksonville, FL	(91,472)	-	-	(91,472)	(25,148)	-	-	(116,620)
Developers and Other	1,597	-	-	1,597	80,560	-	-	82,157
Reduction of Plant Cost	(1,597)	-	-	(1,597)	(52,517)	-	-	(54,114)
Total Contributions, net	(91,472)	-	-	(91,472)	2,895	-	-	(88,577)

JEA Financial Performance

Annual Combining Statement of Cash Flows (September, 30, 2018)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of Intercompany Transactions	Total JEA
Operating activities								
Receipts from customers	1,249,048	104,261	(34,089)	1,319,220	430,685	8,446	(17,753)	1,740,596
Payments to suppliers	(655,986)	(81,496)	34,089	(703,393)	(104,124)	(4,012)	20,567	(790,962)
Payments to employees	(160,943)	(44,669)	-	(205,612)	(61,403)	(554)	-	(267,759)
Other operating activities	25,123	60,089	-	85,212	11,504	-	(2,814)	93,902
Net cash provided by operating activities	457,242	38,185	-	495,427	276,682	3,880	-	775,779
Noncapital & related financing activities								
Contribution to City General fund	(91,538)	-	-	(91,538)	(25,031)	-	-	(116,569)
Net cash used	(91,538)	-	-	(91,538)	(25,031)	-	-	(116,569)
Capital and related financing activities								
Defeasance of debt	(405,105)	(128,280)	-	(533,385)	(460,305)	-	-	(993,690)
Proceeds from issuance of debt, net	363,840	-	-	363,840	437,160	-	-	821,000
Acquisition and capital asset construction	(180,050)	-	-	(180,050)	(203,474)	(1,053)	-	(384,577)
Repayment of debt principal	(135,105)	(41,330)	-	(176,435)	(51,020)	(1,640)	-	(229,095)
Interest paid on debt	(97,134)	(16,625)	-	(113,819)	(67,659)	(1,371)	-	(182,849)
Capital contributions	-	-	-	-	38,043	-	-	28,043
Other capital financing activities	44,011	(6,974)	-	37,037	26,160	-	-	63,197
Net cash used	(389,543)	(193,269)	-	(582,812)	(291,095)	(4,064)	-	(877,971)
Investing Activities								
Purchase of investments	(506,359)	(252,593)	-	(758,952)	(279,014)	-	-	(1,037,966)
Proceeds from investment sale / maturity	462,211	428,653	-	890,864	238,607	-	-	1,179,471
Investment Income	10,225	(2,050)	-	8,175	7,923	103	-	15,301
Distributions from The Energy Authority	3,513	-	-	3,513	-	-	-	3,513
Net cash provided (used)	(30,410)	174,010	-	143,600	16,616	103	-	160,319
Net change in cash and cash equivalents								
Cash and cash equivalents at year-start	(54,249)	18,926	-	(35,323)	(22,848)	(81)	-	(58,442)
Cash and cash equivalents at year-end	340,963	121,027	-	461,090	145,909	7,035	-	614,034
Cash and cash equivalents at year-end	285,814	139,953	-	425,767	123,061	6,954	-	555,592

JEA Financial Performance

Annual Combining Statement of Cash Flows (September, 30, 2018) - Continued

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Elimination of Intercompany Transactions	Total JEA
Reconciliation of operating income to net cash provided by operating activities								
Operating Income	242,739	21,239	-	263,978	128,247	1,750	-	390,975
Adjustments:								
Depreciation and amortization	203,075	10,987	-	214,062	145,424	2,403	-	361,889
Recognition of deferred costs / revenues	1,546	(359)	-	697	6,169	-	-	6,856
Other nonoperating income	103	700	-	803	270	-	-	1,073
Changes in noncash assets and liabilities								
Accounts receivable	13,184	15,812	-	28,996	(2,200)	(310)	-	26,486
Accounts receivable, restricted	13	-	-	13	3	-	-	16
Inventories	2,136	52,297	-	54,433	(8,014)	-	-	46,419
Other assets	5,626	-	-	5,626	733	-	-	6,421
Accounts and accrued expenses payable	10,076	(10,441)	-	(365)	1,330	14	-	979
Current liabilities payable from restricted liabilities	-	(49,998)	-	(49,998)	-	-	-	(49,998)
Other noncurrent liabilities and deferred inflows	(21,318)	(1,562)	-	(22,870)	7,700	23	-	(15,147)
Net cash provided by operating activities	457,242	38,185	-	495,427	276,662	3,880	-	775,969
Non-cash activity								
Contribution of capital assets from developers	1,597	-	-	1,597	62,517	-	-	54,114
Unrealized gains (losses) on fair value of investments	(4,052)	4,146	-	94	(3,480)	-	-	(3,386)

JEA Financial Performance

Annual Combining Statement of Net Position (September, 30, 2018)

(All numbers \$000)	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany Transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	285,611	65,840	-	351,451	84,219	3,536	441,206
Investments	83,268	2,042	-	85,310	-	-	85,310
Accounts and interest receivable (net)	197,041	790	(1,912)	195,919	54,369	860	251,148
Inventories:							
Fuel	35,256	1,016	-	36,871	-	-	36,871
Materials and Supplies	2,189	665	-	2,854	56,350	-	59,204
Total current assets	603,965	70,352	(1,912)	672,405	196,938	4,396	873,739
Noncurrent Assets:							
Restricted assets:							
Cash and cash equivalents	203	74,113	-	74,316	36,842	3,418	114,576
Investments	419,536	23,330	-	442,866	288,761	-	731,627
Accounts and interest receivable	7	47	-	54	8	-	62
Total restricted assets	419,746	97,490	-	517,636	325,611	3,418	846,265
Costs to be recovered from future revenue	301,805	261,277	-	563,082	244,987	27	808,096
Investment In The Energy Authority	6,811	-	-	6,811	-	-	6,811
Other assets	12,032	-	-	12,032	3,843	-	15,875
Total noncurrent assets	740,394	358,767	-	1,099,161	574,441	3,446	1,677,047
Net capital assets	2,632,224	10,144	-	2,662,368	2,682,864	35,027	5,380,259
Total Assets	3,996,583	439,263	(1,912)	4,433,934	3,454,243	42,868	7,931,045
Deferred outflows of resources							
Unrealized pension contributions/losses	83,649	34,238	-	117,887	53,480	-	171,367
Unamortized deferred losses on refundings	85,165	4,185	-	89,350	54,178	194	143,722
Accumulated decrease in derivative value	70,103	-	-	70,103	16,253	-	86,356
Unrealized asset retirement obligation	-	29,173	-	29,173	-	-	29,173
Unrealized OPEB contributions/losses	2,428	-	-	2,428	1,590	-	4,078
Total deferred outflows of resources	241,405	67,596	-	309,001	125,501	194	434,696
Total assets and deferred outflows	4,237,988	506,659	(1,912)	4,742,935	3,579,744	43,062	8,365,741

JEA Financial Performance

Annual Combining Statement of Net Position (September, 30, 2018) - Continued

(All numbers \$000)	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	118,901	7,668	(796)	125,773	21,485	103	147,361
Customer deposits	44,267	-	-	44,267	15,616	-	59,883
Total current liabilities	163,168	7,668	(796)	170,040	37,101	103	207,244
Current liabilities payable from restricted assets							
Debt due within one year	130,690	1,720	-	132,410	51,720	1,660	185,790
Renewal and replacement reserve	-	54,370	-	54,370	-	-	54,370
Interest payable	37,613	5,603	-	43,216	29,841	680	73,737
Construction contracts and accounts payable	16,596	1,742	(1,116)	17,222	35,886	261	53,369
Total payable from restricted assets	184,897	63,436	(1,116)	247,216	117,447	2,401	367,266
Noncurrent liabilities							
Net pension liability	321,885	16,523	-	338,408	205,795	-	544,203
Asset retirement obligation	-	22,526	-	22,526	-	-	22,526
Net OPEB liability	11,489	-	-	11,489	7,346	-	18,835
Other liabilities	40,344	-	-	40,344	8,849	34	49,227
Total noncurrent liabilities	373,718	39,049	-	412,757	221,990	34	634,791
Long-term debt							
Debt payable less current portion	2,019,350	278,885	-	2,298,035	1,480,620	34,825	3,813,620
Unamortized premium (discount)	76,748	2,474	-	79,222	73,703	(34)	152,091
Fair value of debt management instruments	70,103	-	-	70,103	16,256	-	86,356
Total long-term debt	2,166,201	281,359	-	2,447,560	1,670,579	34,791	4,052,927
Total liabilities	2,887,986	391,511	(1,912)	3,277,575	1,947,117	37,829	5,262,228
Total deferred inflows of resources	283,185	17,715	-	300,900	47,304	-	348,204
Net position							
Net investment in capital assets	530,479	2,138	-	532,617	1,325,600	(1,492)	1,856,725
Restricted							
Debt Service	130,072	1,843	-	131,915	53,799	1,660	187,374
Other purposes	186,628	24,321	1,116	212,065	141,520	1,078	354,663
Unrestricted	219,638	69,331	(1,116)	257,853	64,407	4,287	356,547
Total net position	1,066,817	97,633	-	1,164,450	1,585,326	5,533	2,755,309
Total liabilities, deferred inflows, and net position	4,237,988	506,859	(1,912)	4,742,925	3,579,747	43,062	8,365,741

JEA Capital Improvement Program

Fiscal Years 2020-2024

Project Title	FY2020	FY2021	FY2022	FY2023	FY2024	Project Total
Electric System Generation	68,740	189,482	300,312	140,132	17,605	716,271
Electric System Transmission / Distribution	140,556	103,430	68,491	69,441	82,379	464,297
Electric System Other	51,704	56,482	40,310	40,313	41,690	230,499
Total Electric System	261,000	349,394	409,113	249,886	141,674	1,411,067
Water Treatment and Distribution	74,581	76,330	76,077	64,426	69,558	360,972
Sewer, Wastewater and Reclaimed	161,716	147,998	147,335	114,297	94,117	665,463
District Energy System	3,830	880	2,750	450	3,250	11,160
Other Capital	23,703	24,533	30,708	27,111	37,808	143,863
Total Water, Sewer and District Energy System	263,830	249,741	256,870	206,284	204,733	1,181,458
Total JEA	524,830	599,135	665,983	456,170	346,407	2,592,525



JACKSONVILLE MARKET OVERVIEW

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# [REDACTED]

Jacksonville Metropolitan Statistic Area (“MSA”) Overview

The Jacksonville MSA is composed of Duval, Clay, Nassau, St. Johns and Baker Counties, an area covering 3,202 square miles. It is currently the fourth most populous MSA in the State of Florida, with a population of 1,534,701⁽¹⁾.

Jacksonville MSA's economy is comprised most heavily of trade, transportation services, manufacturing, insurance, banking, and tourism. Jacksonville has established itself as an intermodal transportation hub and leading distribution center, with a transportation network embracing port and air cargo facilities, rail and trucking routes. The Port of Jacksonville is a crucial component of the City, as one of the largest ports on the South Atlantic seaboard and ranking third in the State of Florida in terms of tonnage.

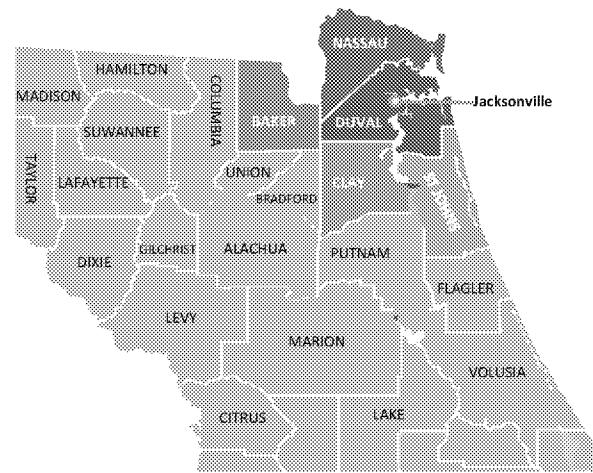
Additionally, two large United States Navy bases are also located in the City of Jacksonville.

Source: Company Filings, Bureau of Labor Statistics, US Census Bureau

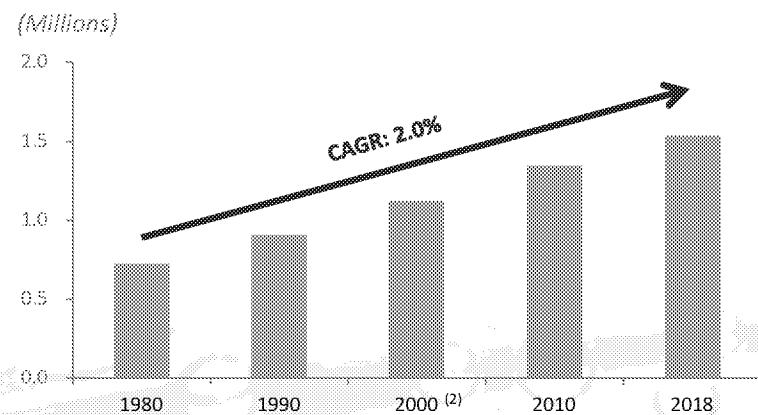
Notes:

1. As of July 1, 2016

2. Baker County was included in the Jacksonville MSA starting with the 2000 United States census



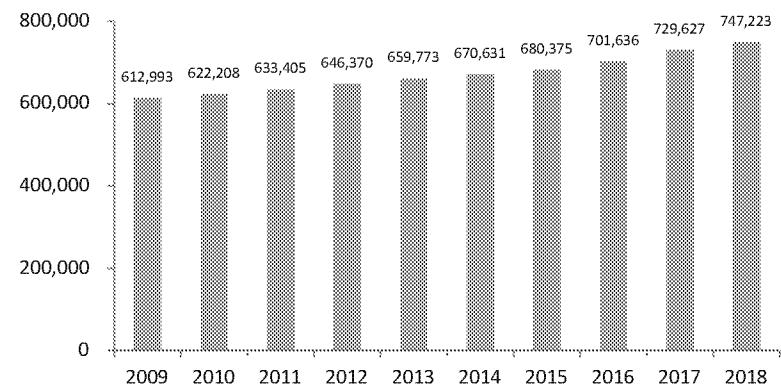
Jacksonville MSA Population



Recent Economic Performance

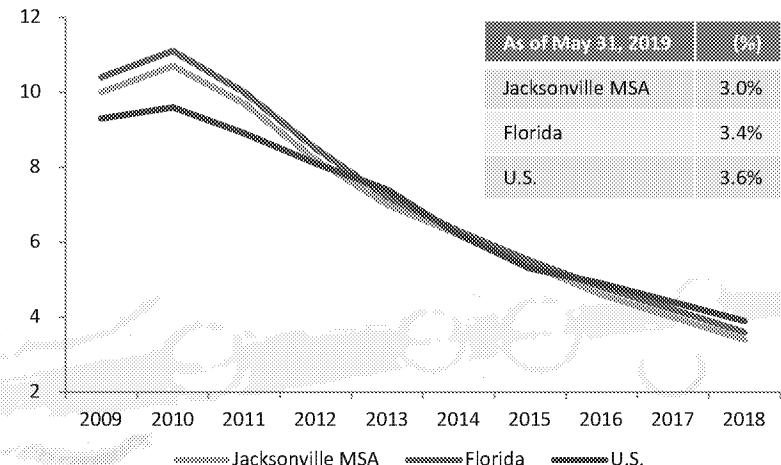
In recent years, Jacksonville has been one of the fastest growing cities in the United States, posting the nation's 13th largest population gain in 2017 and seventh largest population gain in 2018. In-migration to the Jacksonville MSA remains very strong, acting as a real-time measure of the relative economic strength of the Jacksonville area. Jacksonville's population growth has been driven primarily by prime working-age adults, whereas other fast-growing cities in Florida have seen an outsized portion of retiree relocation. This is reflected in the recent growth in the metropolitan area labor force, which has resulted in the steady decline in the unemployment rate to a 13-year low of 2.8% in April 2019.

Jacksonville MSA Labor Force



Unemployment Rate Comparison

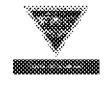
(%), Average Annual Unemployment Rate



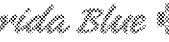
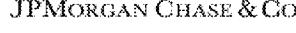
Source: Moody's Economics, Company Filings, Equity Research, Bureau of Labor Statistics

Employer Landscape

Government Employers

Name of Employer	Type of Entity / Activity	Approx. No. of Employees
	United States Navy	19,800
	Public Education	11,876 ⁽¹⁾
	United States Navy	9,000
	Municipal Government	7,471 ⁽²⁾
	Public Education	5,039 ⁽³⁾
	Public Education	5,000
	Maintenance / Repair Overhaul	3,850
	United States Government	3,800

Non-Government Employers

Name of Employer	Product / Service	Approx. No. of Employees
	Healthcare	10,500
	Banking	8,000
	Health Insurance	7,000
	Healthcare	6,000
	Supermarkets	5,700
	Healthcare	5,300
	Banking	4,200
	Banking	3,900
	Healthcare	3,600
	Banking	3,500

Source: Jacksonville Regional Chamber of Commerce Research Department employer survey, as partially amended through December 2018, Company Filings

Notes:

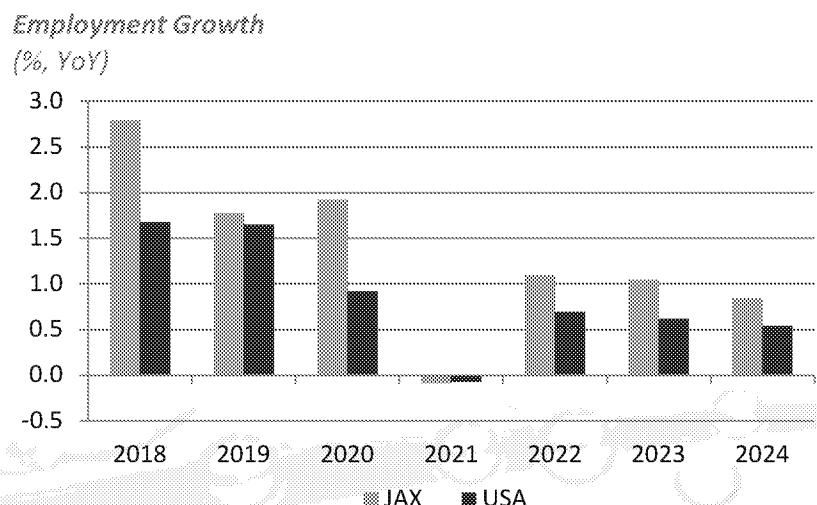
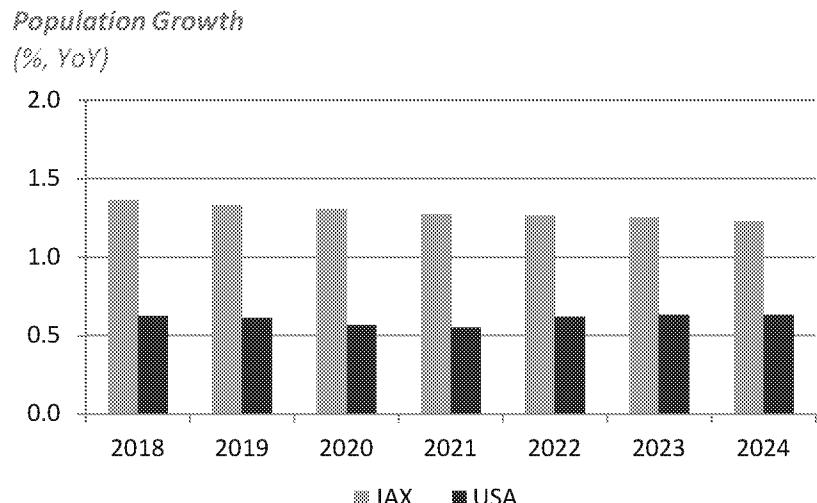
1. Duval County Public Schools website, full-time staff
2. City of Jacksonville Annual Budget 2018 – 2019
3. St. Johns County School District Website

Economic Outlook

Over the next several years, the economy in Jacksonville is expected to outperform the Florida and national economies. Population growth is forecasted to continue at an average annual pace of approximately 1.3% per year through 2024, outpacing the national average of 0.6% over that same period.

Similarly, total employment is positioned to benefit from a continued surge in domestic migration providing Jacksonville with a highly skilled workforce that will help the metro area remain a top performer in the long-run. Total employment is projected to increase approximately 1.1% per year through 2024, also outpacing the average expected employment growth rate of 0.7% for the nation as a whole. The Jacksonville area unemployment rate is expected to average 3.6% through 2024, notably lower than the national average of 4.1% over the same period.

Source: Moody's Economics

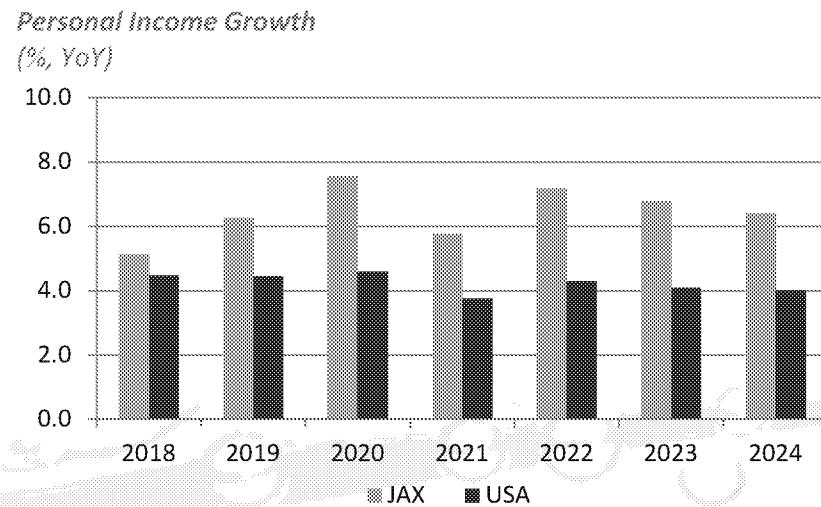
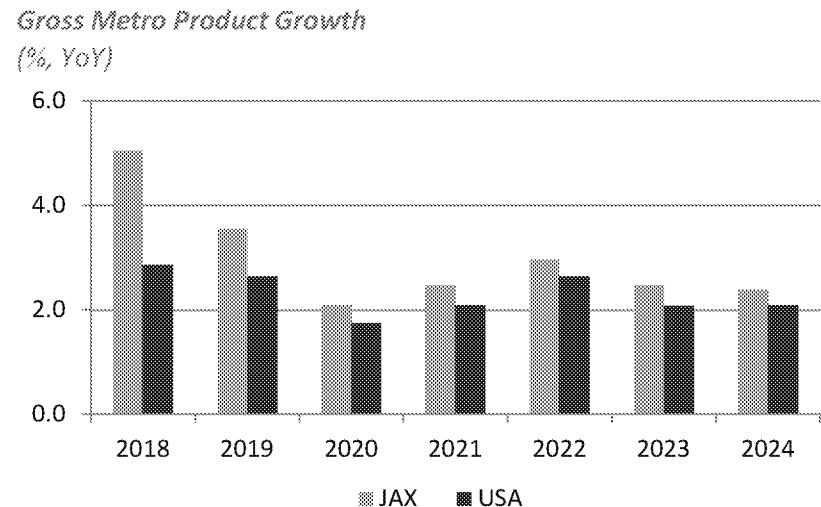


Economic Outlook (cont'd)

The economic expansion in Jacksonville is expected to continue through the near-term as indicated by the forecasted continued Gross Metro Product Growth and Personal Income Growth, which are both projected to outperform the U.S.

Jacksonville has positioned itself as not only a robust shipping and distribution center, but also a financial hub. Jobs in the financial services sector account for approximately 10% of the area's private workforce and form Jacksonville's economic foundation. As financial institutions have relocated jobs to the Jacksonville area to take advantage of lower costs, personal income across the metro region has benefitted. This trend is expected to continue over the longer term.

Source: Moody's Economics





STRATEGIC ALTERNATIVES

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# []

Invitation to Negotiate for the Evaluation of Any and All Strategic Alternatives

We are pleased to submit this Invitation to Negotiate ("ITN") to the investment and development community, for the evaluation of any and all strategic alternatives that will allow JEA to maximize value for its key stakeholders over the long-term. JEA welcomes proposed strategic alternatives that operate pursuant to JEA's existing charter and applicable legislation as well as those proposals that seek to eliminate certain of JEA's existing business constraints. Submittals will be evaluated and pursued if JEA views the proposed strategic alternative(s) to be aligned with JEA's goal of maximizing value for its key stakeholders over the long-term.

Current State of JEA

JEA currently faces a rapidly changing utility landscape resulting from a push for decarbonization and energy efficiency, as well as increased customer awareness of, and demand for, emerging technologies. Given JEA's existing business constraints, JEA has faced difficulty adapting to this evolving landscape.

JEA's financial results are a clear indicator of the need to evaluate any and all strategic alternatives. From 2007 to 2017, JEA lost approximately [\$1.4] billion of free cash flow from its Electric System. Over [90%] of the Electric System's reduction in sales over that period can be attributed to energy efficiency. Additionally, electricity sales in 2017 were ~[30%] lower than JEA's 2006 forecast. The City of Jacksonville has in turn received ~[\$80] million less per year than had originally been expected.

JEA has responded to market changes through the only avenues available to the organization. At the Electric System, JEA reduced capital expenditures from an average of ~[\$200] million per year during the period of 1999-2013 to an average of ~[\$130] million per year from 2013 to present. Additionally, base electric rates were increased each year from 2008-2012 and again in 2017.

The Water System has undergone similar changes. Capital expenditures on water infrastructure have been reduced from an average of ~[\$200] million during the period of 1998 to 2007 to an average of ~[\$185] million from 2013 to present. The Water system also increased rates by approximately [50%] from 2006 to 2012.

Due to the rate adjustments placed in effect at both the Electric and Water Systems, customer rates have increased by over [70%] since 2006. This increase in customer rates caused the Electric System, which in 2006 had the lowest rates in the State, to move in line with the median for Florida electric utilities. At the same time, in an effort to reduce costs, JEA's combined enterprises reduced its total headcount by over 400 employees. Finally, due to the need to manage the organization's debt service coverage ratio in line with decreased funds available to service debt, JEA was forced to reduce its long-term debt capitalization by nearly [50%] when compared to 2010 levels.

JEA's ability to adapt to market changes over the last decade were limited by its existing business constraints.

Traditional Utility Response and JEA's Existing Business Constraints

JEA is subject to unique constraints due to:

- The Constitution of the State of Florida
- The Florida Public Service Commission
- The City of Jacksonville Charter
- Florida Statutes
- JEA's Bond Resolutions
- Policy Considerations
- JEA's Business Structure as defined by its Corporate Charter

The business constraints outlined above, limit JEA's ability to evolve and thus maximize value to its key stakeholders.

The Traditional Utility Response

The traditional utility, however, has a number of levers to pull to enable the organization to maximize value for key stakeholders over the long-term. When faced with a cash gap or other headwind, the traditional utility can adapt its business model, invest in new technologies, sell new products, acquire new businesses, modify its capital structure, sell non-core assets or create partnerships / joint ventures.

What other companies do when faced with a cash gap...

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

JEA's Purpose and Vision

JEA is soliciting responses from the investment and development community proposing strategic alternatives and initiatives that will position JEA for the future. JEA will consider proposed strategic alternatives that operate pursuant to JEA's existing charter as well as those that seek to eliminate certain existing business constraints. Potential alternatives can include, but are not limited to:

- Operational changes
- Structural changes
- Joint ventures
- Development partnerships
- Recapitalization of the business

JEA's Guiding Principles

JEA will evaluate responses by their ability to allow JEA to maximize value for its key stakeholders over the long-term, ensuring that they meet the minimum requirements outlined in the ITN. Submittals should also be consistent with our stated 10-year strategy goals which include:

- Position JEA to succeed in the face of trends
- Proactively shape talent and culture
- Drive growth
- Identify and enable investments
- Maintain affordability and reliability





GENERAL STANDARD CONDITIONS

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# []

General Standard Conditions

A. Cone of Silence/Ex Parte Communications

This ITN process is subject to the "Cone of Silence," or ex parte communications, which mandates that, except for public hearings and scheduled presentations, contact with JEA regarding this ITN process or any aspect of a Response by the "Respondent" or their representative(s), including lobbyists, shall be limited to written communications until such time as JEA recommends a selected Respondent for Board consideration. All questions or requests for additional information must be in writing by e-mail or mail to the CBRE representative Michael Harrell at michael.harrell@cbre.com, or 225 Water St., Suite 110, Jacksonville, FL 32202. The request must contain the ITN title, Respondent's name, contact person name, address, and phone number. CBRE and JEA shall furnish any Responses to written questions or requests through an Addenda to this ITN following receipt of the written communication. -----
the ITN will be published on the JEA website at <http://www.JEAheadquarters.org> and on the JEA website at <http://www.JEA.com>. The deadline for responses is 12/14/2018 by 3:00 p.m.

B. Respondent's Responsibility

The information contained in this ITN is published solely for the purpose of inviting Respondents to consider the project described herein. Prospective Respondents should perform their own due diligence investigations, projections and render their own conclusions. JEA shall bear no responsibility for Respondents' design decisions or assumptions.

Testing, audits, appraisals, inspections, or other non-invasive studies that are necessary or desired to submit a Response, shall be conducted at the sole expense of the prospective Respondent.

C. Payment and Performance Bond

Prior to the commencement of any construction, the selected Respondent may be required to provide a Payment and Performance Bond, as applicable, satisfying the requirements set forth by JEA as well as those set forth by Section 255.05, Florida Statutes. The Payment and Performance Bond will

be posted in an amount representing at least one hundred (100%) percent of the sum of the construction cost of the improvements. The Payment and Performance Bond shall name JEA as a co-obligee and will be in a form satisfactory to JEA Risk Manager and Office of General Counsel.

D. Regulatory Process: Permitting and Licensing

The specific plans to build a new facility or retrofit an existing facility will require various permits and approvals, and each Respondent to the ITN is responsible for determining which permits and approvals will be required for the construction, operation and completion of the Project. The successful Respondent, at its sole cost and expense, shall be responsible for applying for and acquiring all required permits, licenses, contests, and approvals from all appropriate governmental agencies. Additionally, all improvements must comply with applicable Building, Zoning, Health and all other requirements.

Permits and approvals of design drawings and plans, owner sign-offs required for the issuance of building permits, and appropriate regulatory permits from local, state, and federal agencies. JEA will not be responsible for securing or paying for such regulatory permits.

Regulatory permits may be necessary from the following agencies, including but not limited to: The City of Jacksonville building and zoning department (COJ); State of Florida Department of Environmental Protection (DEP); and the Federal Aviation Administration.

This information is intended to help the Respondent determine the applicable requirements and is not meant to be an exhaustive summary of all permits, licenses and approvals required.

E. Impact Fees

The successful Respondent must pay for any Impact Fees related to its improvements. Impact fees by Code requirement must be paid prior to issuance of a Building permit.

F. Office of Foreign Assets Control

Respondent hereby certifies, represents and warrants to JEA that (a) neither Respondent nor any principal of Respondent, is acting directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control, and (b) neither Respondent nor any principal of Respondent, is engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity, or nation. Respondent hereby agrees to defend, indemnify and hold harmless JEA from and against any and all claims, damages, losses, risks, liabilities and expenses (including attorney's fees and costs) arising from or related to any breach of the foregoing certification, representation and warranty.

G. Response Submissions

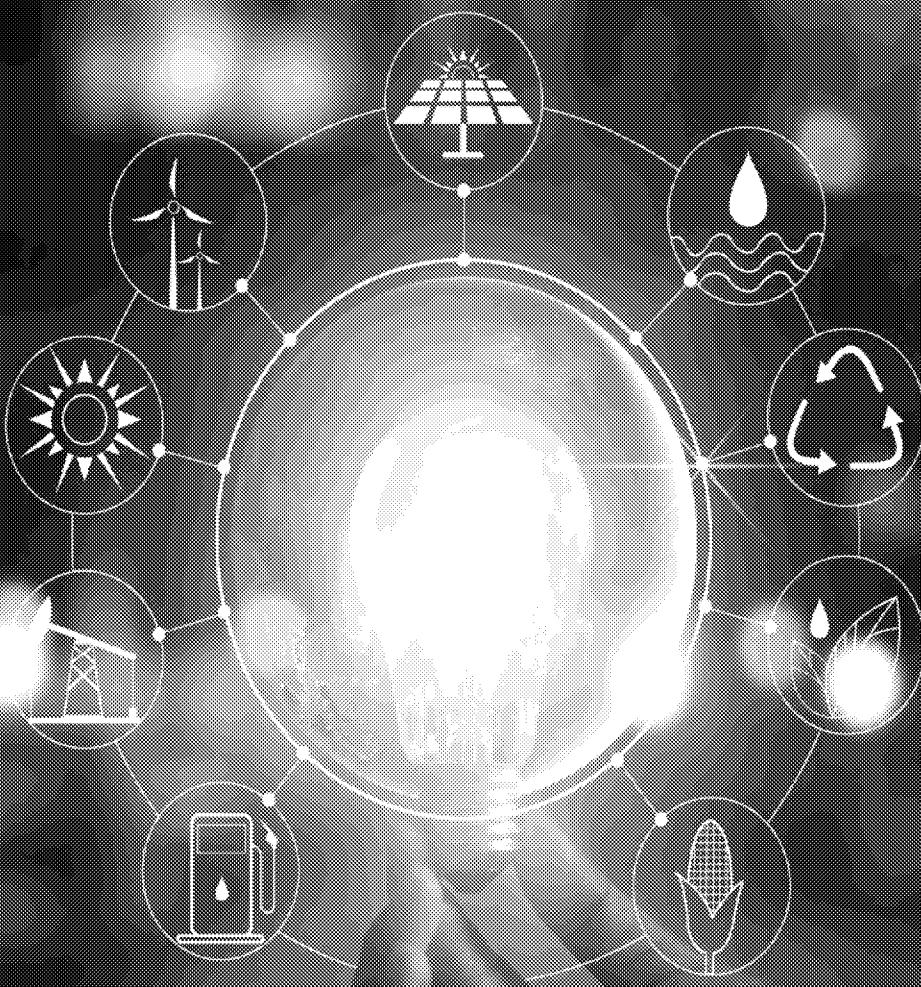
This project has been identified in accordance with the procedures, the selection criteria and the terms set forth herein. Any and all Responses shall be submitted in writing and in compliance with the terms of this ITN.

H. JEA's Real Estate Development Advisor / Broker

JEA has engaged the services of CBRE, a real estate development advisor/ broker for this assignment. CBRE shall represent JEA in all negotiations concerning this project and the fiduciary responsibilities of CBRE exist only to and on behalf of JEA. CBRE shall be entitled to a commission.

The terms and conditions of said commission or success fee have been agreed to by JEA and CBRE in advance. CBRE's compensation is a market based fee stipulated in the Commission Agreement in Exhibit E. Said Commission Agreement must be executed by Respondent and returned with Respondent's Response to this ITN.

TBU – From Foley





SUBMITTAL REQUIREMENTS

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# []

Instructions for Responses

All Respondents must provide qualifications and other information, following as closely as possible the order and identification of the requested information outlined as follows.

1) Executive Summary

Respondents must provide a narrative discussion of their proposal including its structure, advantages, impacts to JEA and the City of Jacksonville including consumer impacts, and key considerations of the Respondents' proposal.

Statement of Interest and Qualifications

Respondents must state clearly its interest in the potential purchase, recapitalization, and/or operation of the JEA utility systems, including how the utility systems may be an attractive and beneficial addition to the Respondent's organization. Respondents must clearly identify within their response the expectation for the future partnership, ownership, or management structure of generation, transmission, distribution, and associated electric power assets as well as for the water utility and associated assets.

3) Organization Overview

Respondents must provide a description of its business and organization including:

- organizational structure,
- operations details,
- financial details,
- number of current electric and water customers,
- existence of unions, if any, of which the Respondent's current employees are members and a brief history of past collective bargaining agreement negotiations with each union,
- extent of involvement in economic development activities and any funding provided in communities where current service is provided, and
- other relevant information

4) Process Goals

Responses will be weighed against the following goals:

- \$_____ billion net cash to the City of Jacksonville
- \$_____ billion net cash to ratepayers
- Stable rates for _____ years
- Employees retained
- Commitment to carbon-free resources by _____

5) Response to Evaluative Criteria

Full purchase proposals must provide responses for each item below. Proposals contemplating an alternative other than full purchase should provide information as relevant to these areas, as well as any additional information believed to be relevant to the evaluation of the proposal.

Additional information regarding the evaluation criteria is found in the Section below titled "Evaluative Criteria".

a) Value Creation

Respondents should include a comprehensive response outlining the value being proposed. For Respondents proposing to purchase JEA assets, this will include purchase price and/or consideration that will be realized as the result of any proposed transaction. These Respondents must provide their indicative purchase price for the purchase of the Integrated Utility, the Electric System and / or the Water System as well as any the key terms and conditions that will be critical to the evaluation of the response. Responses must clearly delineate all assets included within the indicative purchase price.

To the extent that the Respondent does not intend to purchase all of JEA's assets or is proposing to purchase the Electric System or Water System, the response must clearly indicate the operational relationship the Respondent expects to undertake with JEA, the City of Jacksonville or any partner or owner of the assets not acquired.

For Respondents that are interested in entering in to a long term management agreement, lease or other public-private partnership for the Integrated Utility, the Electric System or the Water System, Respondents should clearly outline the total valuation that is being proposed, the proceeds that would be realized, and any costs that would be required and for what term.

For Respondents that are interested in submitting proposals that the Respondent believes will more effectively deliver value to the City of Jacksonville or JEA's customers than those provided herein, please provide a clear qualitative and quantitative outline of the value that is being proposed and to the extent the transactions involves cash proceeds, the form and timing of any expected consideration.

b) Rate Impact

Respondents must include a statement of projected future rates on an annual basis including average system rates and average wholesale rates. Estimated system rates must be provided annually for the [20]-year time horizon beginning with the calendar year 2020. Responses must also provide annual wholesale end-user rates for a [20] year period beginning in 2020. For all other customer rate classes envisioned, responses shall include expected annual rates for other end-user classes where possible, but must at a minimum include a narrative description of the expected changes to the historical relationship of average wholesale rates to other end-user classes. Respondents shall also identify and describe any advantages envisioned in their proposal that would assist in maintaining rate stability and advantageous rates to customers.

All assumptions made by Respondents regarding forward rate drivers must be provided in a clear and concise manner. Assumptions should include but are not necessarily limited to; expectations of forward commodity prices; load, generation dispatch; dispatch costs and/or drivers; demand growth; and financial parameters including general inflation, expected revenue requirements; the size of the rate base, the targeted rate of return; assumed debt rates; and debt cost pass through to customers. To the extent that spreadsheets are provided, working models in Microsoft Excel are preferred and would be beneficial to facilitate review of responses.

c) Innovation Plan

Respondents should provide initiatives that they will be committed to provide that leverage that tangible and intangible assets of JEA in order to

- 1) Position the business for the future,
- 2) Create new revenue channels
- 3) Monetize pent up value for the benefit of JEA's customers and the community of Jacksonville
- 4) Future-proof the utility business
- 5) [Reserved]

JEA has investigated a number of these potential initiatives which are highlighted in the "JEA Overview" section of the ITN. Responses are not be limited to these initiatives.

d) Qualifications and Experience

Respondents must provide information regarding their experience, knowledge, skills, and abilities for owning, operating, and managing electric and water facilities and systems including generation, transmission, and distribution.

e) Financial Information

Respondents must provide the following financial information:

- Summary of its current financial condition
- Statement of expected financing plan including information on credit sources
- Statement of expected protections and safety mechanisms to be in place that would limit the financial risk exposure to consumer (e.g. ring-fencing)

Respondents should provide a description of the advantages believed to be provided to JEA based on the Respondents proposed financial structuring.

f) Plan for Transition and Operation

Respondents have the opportunity to offer terms which may be of interest to the City of Jacksonville and to customers of JEA. Respondents shall provide a description of the potential benefits of their offer to the City of Jacksonville and customers of JEA. The Respondent must include a description of its plan for transferring the assets and operations of JEA into its organization.

g) Impact to Jacksonville

Respondents must clearly indicate their intent to maintain, abandon or alter the existing structure of on-site a corporate presence and operating entity within the Jacksonville area, along with any associated impact on employment within JEA's service territory.

h) Employee Retention and Benefits

Responses must clearly indicate expectations for retention and maintenance of the City's general employees pension plan as well as descriptions of forward plans for employee pension or other retirement savings plans.

i) Economic Development Activities

Responses must clearly indicate the ability of the Respondents to contribute to economic development activities in the City of Jacksonville. Responses should provide a description of the expected regional economic impact of the Respondents' proposal. Respondents should provide examples of verifiable, quantifiable positive economic impact within their existing service areas.

j) Integrated Resource Investment and Evolution

Responses must provide expected forward plans for the JEA generation fleet, including expected generation mix and changes to the generation mix over time. Responses must discuss expectations for environmental benefits based on modifications to the generation fleet or generation mix over time. [Specifically, Respondents submitting offers to purchase the Electric System will be expected to commit to the City's goal of 100% carbon-free generation sources.] Responses must also provide an indication of any expected reductions to financial risk exposure resulting from expected operations and management of the generation fleet.

k) Feasibility

Responses must clearly indicate any contingencies associated with the Respondents' proposal. Furthermore, the response must identify any proposed or required legal changes to ensure the feasibility of the proposal. Respondents must also provide a narrative indication of any changes to the regulation of JEA and expected regulatory approvals that will be required to effect any proposed transaction. Responses must also include a modifications required under their proposal to the current Project J PPA and JEA's obligations to MEAG. The discussion should highlight key issues and concerns with each area identified for modification. Proposed benefits resulting from a specific modification to Project J PPA.

l) Emergency and Disaster Assistance

Respondents must fully describe their expected funding sources and levels available for emergency operations. Respondents qualified for Federal Emergency Management Agency ("FEMA") funding must so indicate.

6) Additional Information

Respondents may provide additional information as relevant. Information regarding perceived benefits to customers is of particular interest.





SELECTION PROCESS AND EVALUATION CRITERIA

JEA | INVITATION TO NEGOTIATE (“ITN”) FOR STRATEGIC ALTERNATIVES | ITN# [REDACTED]

Selection process and Evaluation Criteria

Background Information and Intent

Pursuant to Florida statutes [], JEA has been authorized to issue this Invitation to Negotiate (this "ITN") which is soliciting competitive and creative proposals that will allow JEA to achieve the following goals:

- \$3 billion of value to the City of Jacksonville
- Approximately \$350 of value per JEA account
- Acceleration of vesting of certain employee pension obligations
- Guarantee of employee compensation and benefits at substantially the same as current levels for three years
- Retention bonuses to all employees of 100% of current compensation
- Procurement for the City of Jacksonville and the surrounding public education systems of 100% of its electricity from renewable resources by 2030
- Sourcing of 40 million gallons of alternative water capacity for Northeast Florida by 2035
- Construction of new headquarters in downtown Jacksonville

[NTD: to conform to "table stakes" once language agreed upon]

Potential proposals to achieve these goals can include, but are not limited to operational changes, structural changes, joint ventures, development partnerships, and a recapitalization of the business. [NTD: do we want to / can we call out a whole or partial sale explicitly?]

Parties interested in providing proposals related to JEA's operations are strongly encouraged to participate in this ITN process which will be integral to the report and recommendations that will be provided to the Board of Directors and the Jacksonville City Council.

Any future process initiated by JEA may be limited to only those interested parties who participate in this ITN process, may give preference to those interested parties who participate in the ITN process, or may otherwise reward participation. [NTD: Necessary? What is the "future process" contemplated here?]

Advisors

JEA has engaged J.P. Morgan and Morgan Stanley & Co, LLC (the "Advisors") to assist in conducting a review of potential strategic alternatives that may be available to JEA. All communications regarding this process should be directed to the Advisors. [NTD: Should we be more specific? Refer to page with contact information?]

Selection Process

All responses submitted will be reviewed and considered on the basis of the merits and benefits provided to JEA, its customers and the City of Jacksonville in light of JEA's goals as described herein. Responses will be qualified for detailed review using a set of threshold criteria (the "Threshold Criteria") and will be assessed based on certain evaluation criteria (the "Evaluation Criteria"). The Threshold Criteria and Evaluation Criteria are provided in this ITN and will be used to inform the Committee of the extent to which proposals will allow JEA to meet its goals.

JEA reserves the right to reject any and all responses or parts thereof, to waive any irregularities or informalities in review procedures, to amend the Evaluation Criteria, and to proceed with or discontinue the exploration of any matter contemplated herein in a manner best serving the interest of JEA.

Qualification Review

In order for proposals to be evaluated using the Evaluation Criteria below, they must first meet the Threshold Criteria.

JEA staff shall conduct an initial minimum qualification review of the Responses received for completeness and compliance with all content requirements set forth in this ITN. During this review, and prior to the start of evaluation process by a Selection Committee, JEA staff may contact Respondents [NTD: defined elsewhere?] to cure any defects in any Responses [NTD: defined elsewhere?]. If notified of such a deficiency, the Respondent shall correct such deficiency within five (5) business days of notification. The Responses that comply with all requirements will be deemed responsive. The Respondent(s) by their submission of their Response(s) acknowledge and accept the foregoing options to be exercised at the discretion of JEA. Should the Respondent(s) have any questions concerning the qualification process, they must refer to the JEA Purchasing Code, Article 5, Administrative Remedies located on www.JEA.com.

Selection Process and Evaluation Criteria

Selection Committee Review

After taking into consideration the findings of the qualification review, the Selection Committee shall separately evaluate each Response deemed responsive.

Chief Procurement Officer shall constitute, appoint, and designate individuals to serve on the Selection Committee. Members of the Selection Committee shall not have any financial interest and shall not have played any role whatsoever in any Responses being submitted for consideration to this ITN.

The Selection Committee shall evaluate Responses individually and will be based upon the Evaluation Criteria specified within this ITN. [The Selection Committee may require oral presentations. In the event the Selection Committee elects to require the presentation, each Respondent shall be allotted approximately the same amount of time to present. The Selection Committee will: (i) evaluate Responses using the Evaluation Criteria and may further define each of the criteria on the evaluation matrix so long as it is consistent with the information in this ITN; (ii) evaluate criteria and scoring values assigned; and (iii) consider comments made by the minimum qualification review.] [NTD: Necessary? Do we expect that we will require parties to make oral presentations? If we request that one party present to us, must we give each other party the same opportunity?] JEA further reserves the right to waive minor irregularities or technicalities in Responses.

Evaluation Process

Based upon the Evaluation Criteria provided in this ITN, the Selection Committee will individually evaluate and rank Responses, in accordance with the requirements of this ITN, using the Threshold and Evaluation Criteria provided by JEA. Each Response will be reviewed to determine if the Response is responsive to the submission requirements outlined in the ITN. Responses that deviate from JEA's "Must", "Shall" or "Mandatory" requirements may be found "non-responsive" without further evaluation.

Short-Listed Respondents

The Selection Committee will recommend that those Respondents (the "Short-Listed Respondents") who satisfy the Threshold Criteria be invited into the negotiation phase.

JEA reserves the right to request from the Short-listed Respondents: written clarifications; non-material revisions to Responses, if deemed necessary by JEA; and any supplemental information, such as additional references, deemed necessary for proper evaluation of Responses.

Should the Respondent(s) have any questions concerning the determination of the Short-list, they must refer to the JEA Purchasing Code, Article 5, Administrative Remedies located on www.JEA.com or <http://www.JEAHead>



Selection Process and Evaluation Criteria

Negotiation Phase

The Negotiation Phase will, in turn, be divided into two phases:

Phase I:

In Phase I, Short-Listed Respondents will be asked to enter into a non-disclosure agreement (the "NDA") in order to receive certain material non-public information. [NTD: Foley to confirm appropriate language] Subject to execution of the NDA, each Short-Listed will be granted access to the JEA Virtual Data Room, which will include a confidential information presentation on JEA and certain financial projections. Within a period to be determined by the [Selection Committee], such Short-Listed Respondents will be asked to submit an updated Response addressing specifically their approach to addressing each of the Evaluation Criteria. On the basis of these Responses, JEA may elect to cease negotiations with certain Short-Listed Respondents.

Phase II:

Following the updated Response, those Short-Listed Respondents with whom JEA elects to continue to negotiate [NTD: Foley – is there a defined term we can use for these ongoing participants?] will gain access to additional information that will allow them to further update their Responses to address in greater detail the Evaluation Criteria. This Phase II is expected to involve meetings with JEA management and an opportunity for Short-Listed Respondents to submit questions, requests for additional information or clarification via email to [x] using the log file provided in Appendix [x]. Questions and requests will be regularly monitored; however, Short-Listed Respondents, to the extent possible, are requested to aggregate their questions and requests within the log file, rather than send individual questions. All data responses made available will be subject to posting in the JEA Virtual Data Room for access to all Short-Listed Respondents. Responses to questions may also be posted for access to all Short-Listed Respondents.

During this Phase II, depending on the nature of the proposals received, JEA may elect to provide draft transaction documents to be marked-up by Short-Listed Respondents. On a date to be determined by the [Selection Committee], the Short-Listed Respondents with whom JEA is continuing to negotiate will be asked to submit their updated Responses including potentially such marked-up transaction documents. On the basis of these updated Responses, JEA may elect to cease negotiations with certain Short-Listed Respondents, including potentially engaging exclusively with one Short-Listed Respondent.

Oral Presentations

JEA may choose to conduct an oral presentation with the Short-listed Respondents. In the event the Selection Committee conducts oral presentations, all Respondents will be afforded the same time limits, and will be asked the same questions, if relevant, so as not to place one firm at an advantage. JEA reserves the right to ask questions specific to the oral presentation to gain more clarity on the information provided.

Oral presentations, hand-outs, and written clarifications will be attached to the Respondent's Response and will become a part of the Response as if originally submitted.

Communications

All communications regarding this ITN should be directed to the Advisors.

Only information submitted directly to the Advisors in conformance with this ITN will be considered. Respondents making any contact regarding this ITN or any matter contemplated herein, with any member of the Jacksonville City Council, the Mayor, JEA, advisors to JEA, or any other official or employee of these agencies or individuals following the release of this ITN, other than in the manner and to the person(s) designated herein may be disqualified. In the event that new material information becomes available, such information will be provided by the Advisors or will be posted at www.JEAXXXX.com as well as any corresponding change to the ITN, the schedule, or content.

Form of Submittal

Responses to this ITN must be submitted as specified within this document [insert specific reference once docs are integrated]

Certification and Authorization

Submittals must be signed by an authorized officer or executive manager of the Respondent(s). If the Respondent is a corporation, it must bear the name of the corporation and be signed by a designated authorized officer. Appendix [] provides the Certification and Authorization Form.

Selection Process and Evaluation Criteria

Incurred Costs

All costs of preparation and submission of a response are the sole responsibility of the Respondent and its agents. Neither JEA nor the City of Jacksonville will be liable in any way for any costs incurred by Respondents or any other party for the preparation or submission of a response to this ITN.

Technical Conference

A Technical Conference for Respondents has been scheduled for []. Respondents are required to pre-register to participate in this conference. Attendance is not mandatory, and no Respondent will be penalized for deciding not to attend; no supplemental meetings are scheduled or contemplated at this time. Respondents may attend via web conference or in-person.

[NTD: Is this relevant?]

Confidentiality

Respondents participating in the ITN process will be required to produce sensitive, proprietary information. Respondents must provide clear written indication of sensitive and confidential information. The Advisors will analyze the information received from interested parties and will produce a report for the Committee regarding its analysis. The report will endeavor to maintain the confidentiality of all Respondents.

[Note: language / protections to be discussed as well as whether NDA will be utilized prior to the next round of the process]

Multiple Proposals

Subject to the process outlined in this ITN, Respondents shall not be limited in the number or type of responses submitted. In the event Respondents elect to provide multiple responses, each response must be provided separately and distinctly to permit independent review based on the individual proposal. In the case of multiple responses, Respondents submitting multiple responses must identify their preferred or primary proposal. If multiple full purchase options are provided by a single Respondent, the complete and detailed review of any secondary full purchase responses is not guaranteed due to time constraints of this process.

[Discuss partnering]

Response Submission

Responses to this ITN will be received by the Advisors by 5:00 PM Eastern Time on September 15, 2019. Submittals must be mailed or couriered to the Advisors at the below address and must include 1 printed copy and 1 electronic copy on a USB drive. Electronic text file submissions should be in Microsoft Word or Adobe Acrobat.

[]

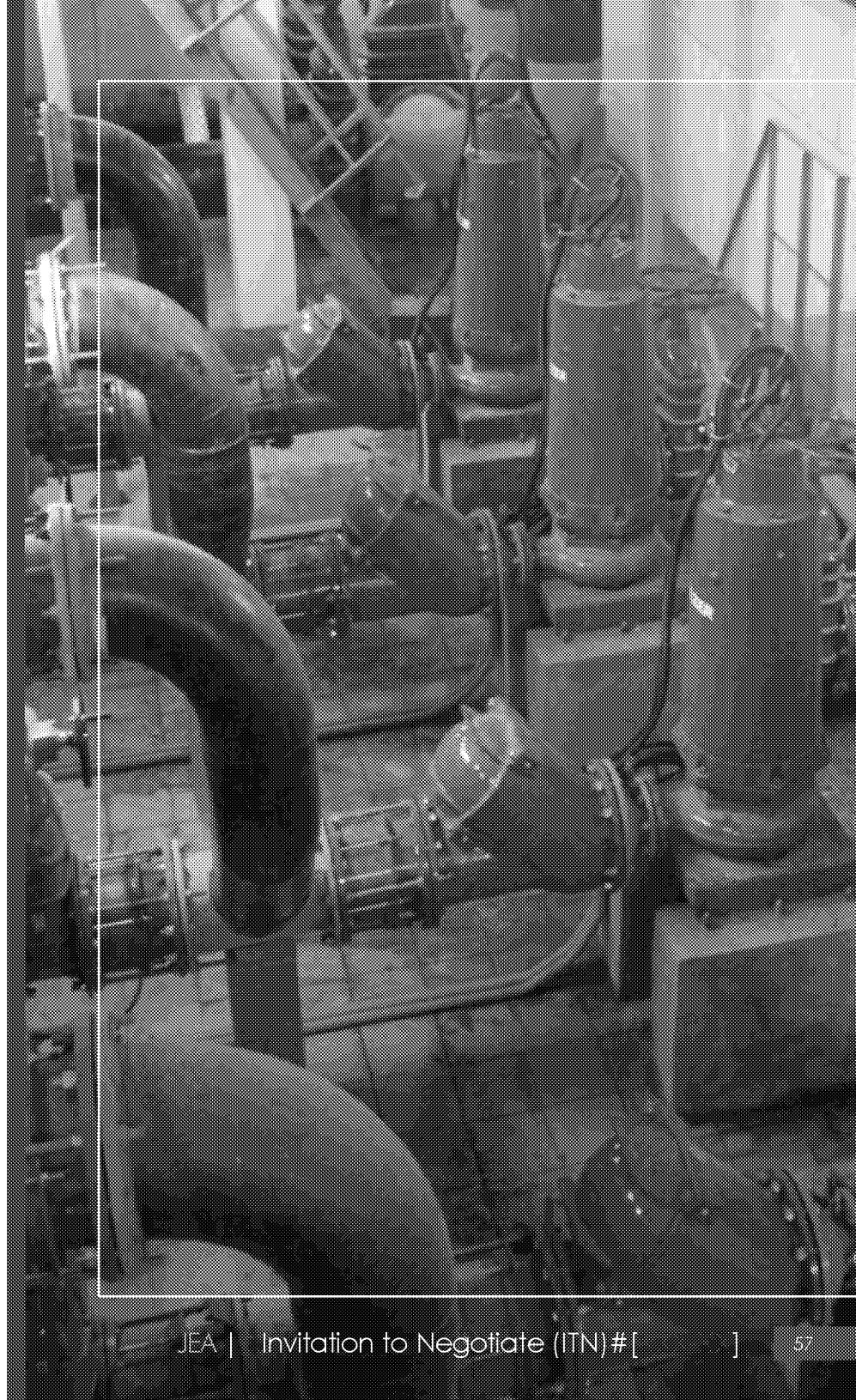
Proposals submitted in response to this ITN will not be returned to Respondents. At the conclusion of the process, all proposals will either be archived or destroyed.

Threshold Criteria

1. Proposal to Achieve JEA's Goals in this ITN
2. Financial Capability to Execute the Proposal
3. Relevant Operational or Technical Expertise
4. No Record of Corporate Fraud or Malfeasance
5. No Conflict of Interest
6. Submission of Complete Response
7. [Reserved]

	Weighted Value
Proposal to Achieve JEA's Goals in this ITN	Pass/Fail
Financial Capability to Execute the Proposal	Pass/Fail
Relevant Operational or Technical Expertise	Pass/Fail
No Record of Corporate Fraud or Malfeasance	Pass/Fail
No Conflict of Interest	Pass/Fail
Submission of Complete Response	Pass/Fail
Meet Stated Thresholds	Pass/Fail

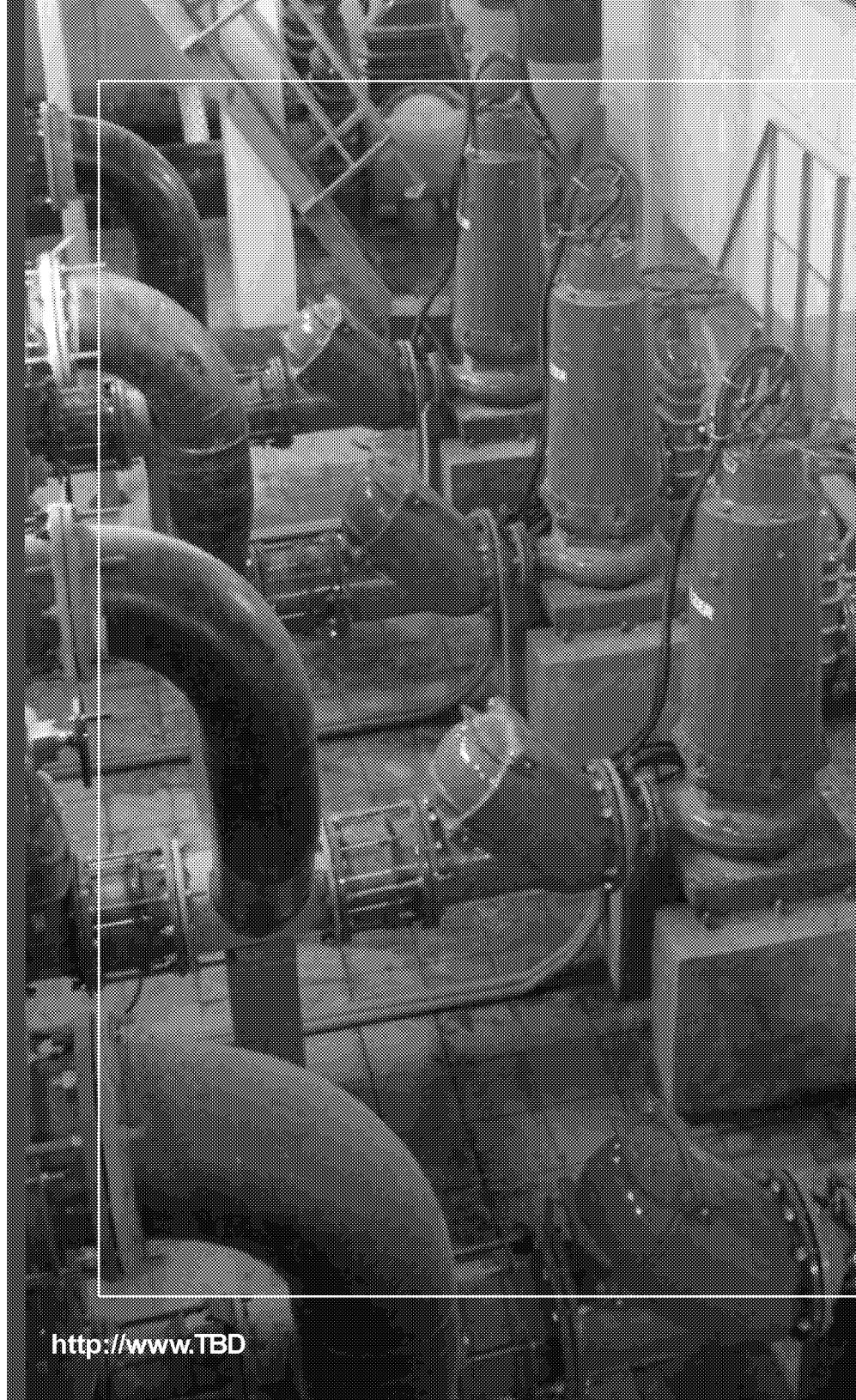
<http://www.TBD>



Evaluation Criteria

1. Value to the City of Jacksonville and JEA's Customers
2. Impact to Customer Rates
3. Innovation Plan
4. Experience and Customer Commitment
5. Financial Capability
6. Transition Plan
7. Maintenance of Local Operations
8. Economic Development and Benefits to Jacksonville
9. Employee Retention and Benefits
10. Integrated Resource Evolution and Rationalization
11. Ability to Consummate Plan Contemplated by Proposal on a Timely Basis and Feasibility
12. Emergency and Disaster Assistance
13. [Reserved]

Evaluation Criteria	Weighted Value
Value to the City of Jacksonville and JEA's Customers	[]
Impact to Customer Rates	[]
Innovation Plan	[]
Experience and Customer Commitment	[]
Financial Capability	[]
Transition Plan	[]
Economic Development and Benefits to Jacksonville	[]
Employee Retention and Benefits	[]
Integrated Resource Evolution and Rationalization	[]
Ability to Consummate Plan Contemplated by Proposal on a Timely Basis and Feasibility	[]
Emergency and Disaster Assistance	[]
[Reserved]	[]
Total Score	100



<http://www.TBD>

Criteria for ITN Responses

Threshold Criteria

Threshold criteria are applicable to proposals that contemplate a purchase, long term management agreement, agreement or similar public private partnership related to the full integrated utility, the Electric System, or the Water System. In order for proposals to be evaluated using the Evaluation Criteria below, they must first meet these threshold criteria.

Threshold Item	Requirement
Proposal to Achieve JEA's Goals in this ITN	Respondents must indicate clearly and specifically how their proposals would allow JEA to achieve the goals outlined in this ITN
Financial Capability	Respondents must submit a description of their financial capability, including information relating to access to sufficient debt and equity capital to consummate the transaction contemplated by their proposal (as applicable) and an overview of relevant transaction experience (or experience implementing similar proposals)
Relevant Operational and Technical Expertise	Respondents must provide information regarding their experience in owning, operating and managing assets similar to those of JEA, including the number of years owned and/or operated, the number of employees of such operations and other relevant metrics associated with such assets
No Conflicts of Interest	Any conflict of interest with JEA will automatically disqualify the Respondent
No Record of Corporate Fraud or Malfeasance	Respondents must affirmatively and truthfully state that they have no record of corporate fraud or malfeasance
Submission of Complete Response	Responses which do not satisfy the above Threshold Criteria will not be considered against the Evaluative Criteria in this process. Further, responses which do not contain complete responses to the required information contained within the instructions for Respondent Responses and the Evaluation Criteria will not be evaluated against the Evaluative Criteria in this process.

Criteria for ITN Responses

Evaluative Criteria

Short-Listed Respondents will be evaluated using the Evaluation Criteria. While the Evaluation Criteria (as described herein) will be utilized for purposes of the initial evaluation, at later stages, the Committee, individual committee members and the City Council may assign different criteria and weights. The maximum possible score for the evaluative criteria is [] points;

Category	Description	Weight
	<p>Short-Listed Respondents should include a comprehensive response outlining the value proposition in their proposal to the City of Jacksonville and JEA's customers.</p> <p>To the extent the proposal involves a purchase of the Integrated Utility, the Electric System and / or the Water System, this will include purchase price and/ or consideration that will be realized as the result of any proposed transaction. Short-Listed Respondents must provide their indicative purchase price for the purchase of the Integrated Utility, the Electric System and / or the Water System as well as any key terms and conditions that will be critical to the evaluation of the response. Responses must clearly delineate all assets included within the indicative purchase price.</p>	
Value to the City of Jacksonville and JEA's Customers	<p>To the extent that the Respondent does not intend to purchase all of JEA's assets or is proposing to purchase the Electric System or Water System, the response must clearly indicate the operational relationship the Respondent expects to undertake with JEA, the City of Jacksonville or any partner or owner of the assets not acquired.</p> <p>For Short-Listed Respondents that are interested in entering in to a long-term management agreement, lease or other public-private partnership for the Integrated Utility, the Electric System or the Water System, Short-Listed Respondents should clearly outline the total valuation that is being proposed, the proceeds that would be realized, and any costs that would be required and for what term.</p> <p>For Short-Listed Respondents that are interested in submitting other proposals that the Respondent believes will more effectively deliver value to the City of Jacksonville or JEA's customers consistent with the goals reflected herein, please provide a clear qualitative and quantitative outline of the value that is being proposed and to the extent the transaction involves cash proceeds, the form and timing of any expected consideration.</p>	[X]
Impact on Customer Rates	<p>Short-Listed Respondents should include a comprehensive description of the impact to customer rates of their proposal, recognizing JEA's objective of providing approximately \$350 of value per JEA account. Short-Listed Respondents will be treated favorably based on the size of their commitment to reducing customer rates. Short-Listed Respondents should illustrate their expected rate trajectory for the period beginning on January 1, 2021 and should clearly indicate all assumptions utilized in their rate forecast</p>	[X]

Criteria for ITN Responses

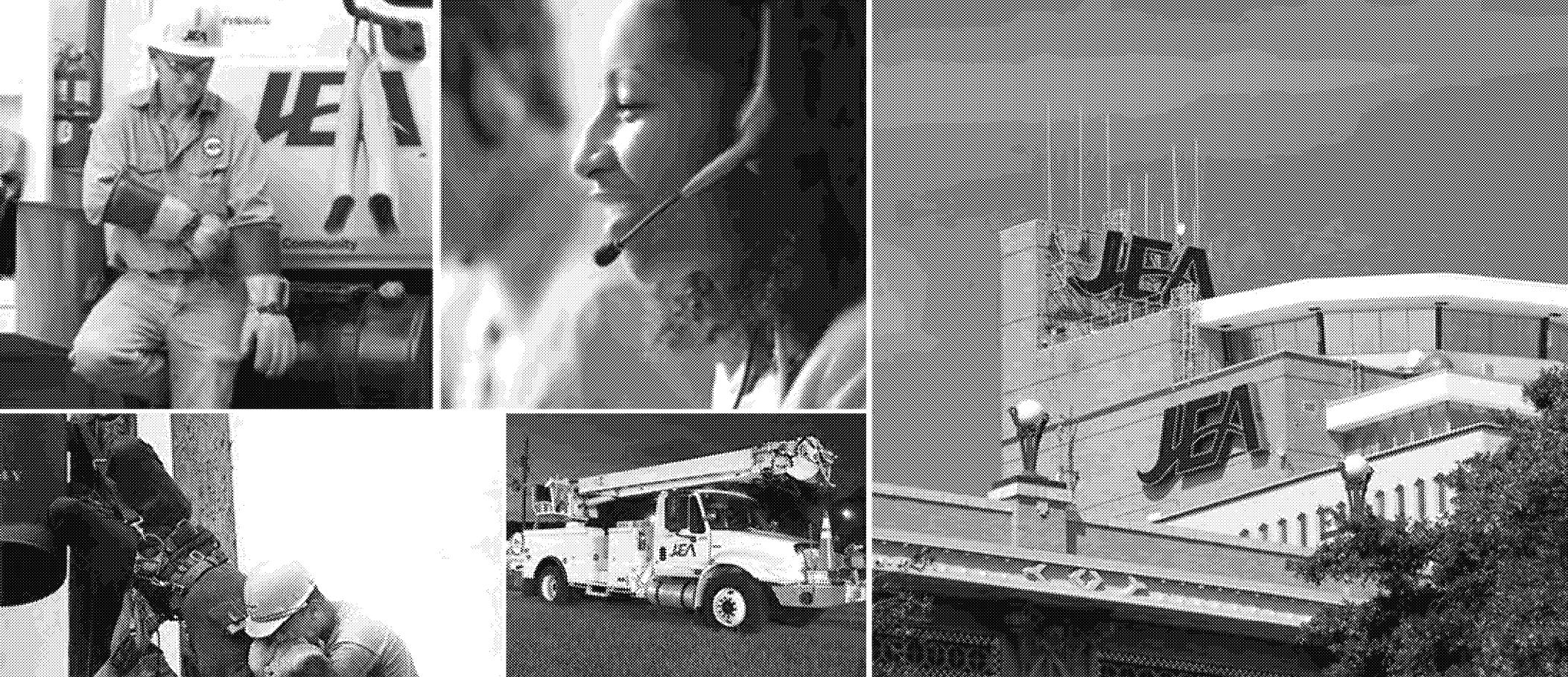
Category	Description	Weight
Innovation Plan	<p>Short-Listed Respondents should provide initiatives that they will be committed to provide innovative services or investments that leverage that tangible and intangible assets of JEA in order to achieve the following:</p> <ul style="list-style-type: none"> 1) Position the business for the future 2) Create new revenue channels 3) "Future-proof" the utility business 4) [Reserved] <p>Responses should include an assessment of the annual revenue and/ or cost reduction potential as well as any costs to implement each alternative. Short-Listed Respondents are encouraged to be creative and respond with multiple initiatives as the evaluation will be predicated on the size and feasibility of any initiative proposed.</p> <p>Separately, Short-Listed Respondents only interested in providing responses related to potential new business opportunities or innovation or disruption of JEA's business are strongly encouraged to respond. The Selection Committee may elect to select multiple alternatives to pursue as a result of this ITN and may elect to combine multiple complementary proposals.</p>	[X]
Experience and Customer Commitment	<p>A summary of experience managing related or similar operations of comparable size and scope to JEA is required. The Respondent must provide information regarding its experience, knowledge, skills, and abilities for owning, operating, and managing electric generation, transmission, distribution, and water utility systems. [Short-Listed Respondents must also indicate any current or previous experience the Respondent has with nuclear power plant ownership or operations in the United States.][NTD: Discuss whether this is leading]</p> <p>Specific information regarding experience in other customer service areas, including customer billing, complaint management and resolution history, experience with purchases of other utility systems, customer question management, and emergency repair response times should be included.</p> <p>Responses demonstrating the minimum threshold experience levels will be considered but will not receive scores in this category. Responses demonstrating the following will be treated favorably:</p> <ul style="list-style-type: none"> 1. Longevity of utility generation, transmission, and distribution operations greater than 5 years; 2. Successful customer relations demonstrated through customer outreach surveys such as JD Powers or other comparable sources; 3. Corporate culture demonstrating a long-term commitment to company operations; 4. Strong focus on maintaining reliability and minimizing time of disruptions; and 5. Focus on maintaining rate stability for customers as illustrated through historical rates. Where available, Short-Listed Respondents should also include a history of their customer rates for the past 10 years <p>Short-Listed Respondents are encouraged to provide any incremental information they believe relevant to demonstrate their experience and customer commitment.</p>	[X]

Criteria for ITN Responses

Category	Description	Weight
Financial Capability	<p>The Respondent shall provide a statement of their financial capability including contemplated financing structure (as applicable) and available liquidity. Additional information demonstrating financial stability and ability to meet the financial responsibilities to satisfy the proposal must be included.</p> <p>The Respondent shall submit a financing plan that provides an overview of their approach to financing the proposal (as applicable) including:</p> <ul style="list-style-type: none"> • Overall financing plan • Total sources and uses of funds for the project • Summary of key assumptions for debt structuring • [Reserved] • [Reserved] 	[X]
Transition Plan	<p>The Respondent should include a description of the proposed Transition Plan covering the following topics for the immediate-, the near- and the long-term:</p> <ul style="list-style-type: none"> • Anticipated corporate entity type and formation plan • A detailed organization chart of all firms and organizations • Management Team - experience of key personnel and history of key personnel working together in past • A detailed personnel chart of key roles • A description of the Respondent's plans for local presence and engagement within Florida including the use of local suppliers and employees, and employee retention or livelihood. An explanation of cost savings approaches for operational areas including timelines and tradeoffs between labor reductions and efficiencies • Implementation of a strategic plan for JEA including the expectations for handling of outstanding JEA debt • Long-term capital plan for all assets being included in the response • Implementation of the Innovation Plan • New services that will be implemented to stabilize the business and long term customer rates • Plan to management environmental requirements of the assets included • Human resource plan • [Reserved] • [Reserved] 	[X]

Criteria for ITN Responses

Category	Description	Weight
Economic Development and Benefits to Jacksonville	<p>Responses which maintain significant offices, employment, and operations in the Jacksonville area will be treated favorably. Among JEA's enumerated goals as described herein is the construction of a new headquarters in downtown Jacksonville.</p> <p>Responses demonstrating beneficial economic development in JEA's existing service territory. Short-Listed Respondents will be treated favorably for making commitments to the City of Jacksonville. Short-Listed Respondents should provide a narrative description of expected economic development including expected tax benefits, low-income programs, attraction of industry, recreational and community facilities, education funds, job creation, etc.</p>	[X]
Employee Retention and Benefits	<p>Responses will be evaluated on the basis of their ability to achieve JEA's goals of:</p> <ul style="list-style-type: none"> • Acceleration of vesting of certain employee pension obligations • Guaranteeing of employee compensation and benefits at substantially the same as current levels for three years • Delivering retention bonuses to all employees of 100% of current compensation 	[X]
Integrated Resource Evolution and Rationalization	Responses demonstrating strategies to diversify JEA's generation portfolio, including strategies providing environmental benefits and/or financial risk reduction benefits will be considered favorably. Short-Listed Respondents should provide a narrative description of their proposed diversification strategy and benefits, including their approach to procurement for the City of Jacksonville and the surrounding public education systems of 100% of its electricity from renewable resources by 2030, and sourcing of 40 million gallons of alternative water capacity for Northeast Florida by 2035	[X]
Ability to Consummate Plan Contemplated by Proposal on a Timely Basis and Feasibility	<p>Responses will be assessed based on the Short-Listed Respondents' ability to consummate the plan contemplated by their proposals on a timely basis, including with respect to satisfying any required conditions or obtaining any regulatory or other approvals. Short-Listed Respondents should provide a description of other relevant experience, including the timing required for completion and key conditions to completion.</p> <p>Responses will also be evaluated based on their feasibility related to changes in law, liability, implementation plans, likelihood of acceptance of modifications to the Project J PPA, number and type of contingencies, complexity of terms and conditions, etc. Responses should include the details of transitioning a municipally owned entity to a regulated electric, water or telecom utility in the State of Florida.</p>	[X]
Emergency and Disaster Assistance	Short-Listed Respondents should indicate if they qualify for FEMA assistance. Short-Listed Respondents who are not qualified for FEMA assistance should provide a description of their proposed reserve funding methods including funding sources and levels expected to be available over time. Responses indicating funding levels consistent with higher end event past expenditures will be treated favorably. Credit will be provided in this evaluative criteria category for Short-Listed Respondents who demonstrate a suitable plan in lieu of FEMA assistance.	[X]
[Reserved]	[Reserved]	[X]



EXHIBITS

JEA | INVITATION TO NEGOTIATE ("ITN") FOR STRATEGIC ALTERNATIVES | ITN# []

Exhibits

- EXHIBIT A - SELECTION PROCESS AND EVALUATION LANGUAGE
- EXHIBIT B - COMMISSION AGREEMENT
- EXHIBIT C - JEA OPERATIONAL PROCEDURES - DOCUMENT CAN BE FOUND ON [WEBSITE]
- EXHIBIT D - JEA PROCUREMENT CODE - DOCUMENT CAN BE FOUND ON [WEBSITE]

TBU

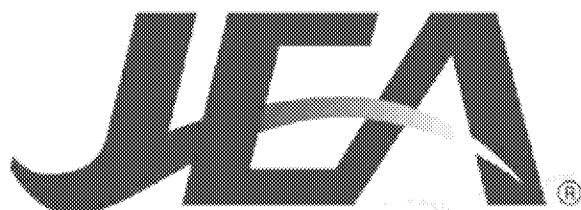
Required Attachment

- ATTACHMENT 1 - ITN RESPONSE SUMMARY FORM
 - ATTACHMENT 2 - TEAM EXPERIENCE
 - ATTACHMENT 3 - DEVELOPMENT TEAM EXPERIENCE
 - ATTACHMENT 4 - RESPONDENT'S CERTIFICATION
 - ATTACHMENT 5 - RESPONSE INFORMATION
 - ATTACHMENT 6 - CONFLICT OF INTEREST CERTIFICATE
- * ALL EXHIBITS AND ATTACHMENTS CAN BE FOUND AT [WEBSITE]



[TBU – Do We Include Advisor Contact Info?]

**INVITATION TO NEGOTIATE
("ITN") #[XXX-XX]
FOR STRATEGIC ALTERNATIVES**



[NAME]
[POSITION]
[ADDRESS]
[PHONE]
[EMAIL]

[NAME]
[POSITION]
[ADDRESS]
[PHONE]
[EMAIL]