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**From:** Nunn, Veronica T. <veronica.nunn@pillsburylaw.com>  
**Sent:** Thursday, November 14, 2019 12:04 PM  
**To:** Alan Howard  
**Cc:** Amdur, Stephen B.;Murphy, Jarrod D.;Lima, Augusto C.;Powers, Ted;McCartin, Harriet  
**Subject:** Scampi - Community Commitments  
**Attachments:** Community Commitments - APA provision.docx; COJ and Community Commitments Summary.docx

Alan,  
We understand that the Franchise Agreement will contain a provision on community commitments. To the extent useful, I'm attaching (i) a provision we have in our current working draft of the Asset Purchase and Sale Agreement, and (ii) a draft document from Steven McInall at JEA that provides some of the community commitments that would be the substance of the exhibit referenced in the attached provision.

Also, we wanted to confirm that you are reviewing the District Energy documents for assignment or any actions that may be required with such documents? Is that correct? Please let us know how that is progressing and if we can be helpful.

Thanks,  
Veronica

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**Section 5.14 - Customer and Community Commitments.**<sup>1</sup>

(a) After the Closing, Purchaser shall uphold, abide by, and effect the Interagency Agreements and Community Commitments, between the City of Jacksonville and Seller, set forth on Exhibit H, as such were committed to by Seller on [•], 20 [•].

(b) After the Closing, Purchaser shall take the following actions, in the respective time frames set forth below, for the benefit of the City of Jacksonville and its residents:

(i) implement its operational plan, attached hereto as Exhibit I;

(ii) make such capital investment in the Business as is required by Prudent Utility Practice;

(iii) develop and provide the City of Jacksonville, Florida and the Duval County Public School System with 100% renewable electricity by year 2030;

(iv) develop and provide 40 million gallons per day of alternative water capacity to Northeast Florida by year 2035;

(v) open a new headquarters for the Business in the downtown area of the City of Jacksonville, Florida and undertake a development plan to invest at least \$[•] to advance the economic development of the community;

(vi) **[encourage volunteerism by all employees of the Business in the community of the City of Jacksonville through event programming, publicized achievements, and incentives];** and

(vii) **[implement a charitable matching program, whereby all dollars donated to a 501(c)(3) organizations by employees of the Business will be matched 100% by Purchaser].**

(c) For a period of three years from the date of Closing, Purchaser shall provide base rate stability for all customers of the Business.

(d) After the Closing Date, Purchaser shall assist the City of Jacksonville with disaster preparedness and response measures, including training and community education initiatives.

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<sup>1</sup> Note to JEA: To discuss the desired community commitments in further detail and to build out this Section 5.13.

## **INTERAGENCY AGREEMENTS AND COMMUNITY COMMITMENTS**

JEA has a number of outstanding commitments to the City of Jacksonville and the community as a whole. The following list enumerates the key commitments.

### **1. BMAP CREDITS**

JEA has committed to transfer to the City of Jacksonville Basin Management Action Plan (BMAP) water quality credits through December 31, 2033, with intended 10 year renewals. Transfers are based on an initial amount in 2016 of 30.34 MT/yr of Total Nitrogen. This agreement is outlined in the March 22, 2016 Interagency Agreement, and the February 28, 2019 amendment to that agreement.

### **2. SEPTIC TANK PHASEOUT**

The current septic tank phase out program (2016) modified the approach to prioritization and allocation of funding to include community, health and welfare considerations in addition to environmental considerations. Central water lines will be installed as a companion component of this program if not available. The program also requires a commitment by eligible neighborhoods to agree to commit to connection to the new systems for a project to proceed forward. There are currently three projects that have been ranked and approved for phase out with the first two projects, Biltmore and Beverly Hills, underway. The third project will move forward when additional funding is identified. The approach in this program pays for all costs of installation

JEA supports the City's program by providing project management services and annual support services funding. In addition, JEA has provided \$30 M of the current \$45 M program.

JEA provides \$1.65 M in annual project support including \$1 M in design, project management and project outreach support and \$650K in sewer only capacity fees for those septic tanks that contribute to BMAP credits for septic tank phase out. The work is managed through an Interagency Agreement between the City of Jacksonville and JEA.

Background: Providing central water and wastewater infrastructure has been a decades long issue for the City of Jacksonville. The issue was highlighted in the work leading up to city and county consolidation in the late 1960s and remains a concern within the community. The City of Jacksonville historically led multiple septic tank phase out programs for areas without central water and sewer infrastructure. Many infrastructure projects were accomplished over the years through City capital project initiatives and the work continues today with the current septic tank phase out program.

Approximately 65,000 septic tanks remain in the City. There are suburban and rural areas where septic tanks continue to be an adequate solution for on-site treatment due to lower density development, soil conditions and expense to connect to existing central mains and plant. Approximately 35,000 residential customers have private water wells.

### **3. JEA/SIERRA CLUB AGREEMENT – NORTHSIDE REPOWERING**

As part of the Northside Generating Station (NGS) Repowering Project, JEA made several commitments relative to NGS. These commitments include:

- Limits on NO<sub>x</sub>, SO<sub>2</sub>, PM, CO, and VOCs

- Limit on consumptive use of groundwater (208.4 MG per year)

#### **4. FIRST COAST RADIO**

JEA and the City of Jacksonville jointly operate a Motorola P25 emergency radio system. The term of this agreement extends through 9/30/2025. JEA has the following obligations under the agreement:

- JEA provides Tower space for P25 Radio Sites (SJRPP, Greenland, Firestone, Yellow Water, Garden City, Center Park, T18) at no cost to the City.
- JEA provides Fiber Backhaul from all of the JEA owned Tower Sites to the City at no cost to the City.
- JEA provides space on our tower at Community Hall for a microwave link that supports the P25 Radio System at no cost to the City.
- JEA currently holds the contracts for all towers leased to support the P25 Radio system (Hogan, Jacksonville Beach, Lloyd Rd) – The City reimburses us for these charges annually.
- JEA currently has an account with Jacksonville Beach for power costs for Jacksonville Beach Tower - The City reimburses us for these charges annually
- JEA provides space on T18 for core radio equipment to COJ at no cost to the City. (Master Site)

#### **5. CUSTOMER DRIVEN INFRASTRUCTURE PROJECTS/NEIGHBORHOOD ASSESSMENT PROGRAM**

The City of Jacksonville allows neighborhoods seeking to convert electric utilities from overhead to underground and neighborhoods seeking to install central water and/or sewer infrastructure on a voluntary, customer paid basis, to finance such projects through a special assessment on the property tax bill. The overhead to underground option has been in place since 2008 and the water and sewer option was added in 2019.

##### **a. Customer Requested Overhead to Underground Electric Conversion Program**

For those neighborhoods interested, JEA offers an overhead to underground electric conversion program. This program provides a means for neighborhoods to finance the conversion of overhead utility lines to underground systems through a special assessment process.

This program is currently available in the City of Jacksonville, not including the other municipalities located in Duval County or in other counties where JEA provides electric service. Other municipalities would need to adopt a separate special assessment option for their jurisdictions.

This program focuses on undergrounding overhead electric, telephone, cable television, communication or other overhead distribution line facilities located within the public rights of way in a defined neighborhood boundary.

Several things should be considered when deciding on this program:

- Two-thirds of the property owners within a neighborhood must agree to the program.
- One hundred percent of the property owners within the neighborhood will be assessed a pro rata portion of the total cost of the project, if approved by the governing body - currently limited to the City of Jacksonville.

- The neighborhood representative is responsible for coordinating participants

JEA coordinates with communications and cable television utilities to move all utilities underground and finances the full construction. JEA is repaid over time through a special assessment to each property owner including interest on the loan, administrative fees from the Property Appraiser and Tax Collector and recovery of early payment property tax payment discounts.

**Project Summary:**

<b>OH to UG Project</b>	<b>Project Status</b>	<b>Number of Parcels</b>	<b>Length of Loan</b>	<b>Years Remaining</b>
Seminole Road	Complete	10	10 Years	4 Years
Ortega Point North	Pre-construction, approved by COJ	122	20 Years	20 Years likely commencing 2022

**b. Customer Requested Central Water and/or Sewer Infrastructure**

For those neighborhoods interested, JEA offers a water and/or sewer main extension program. This program provides a means for neighborhoods to finance the extensions through a special assessment process.

This program is currently available in the City of Jacksonville, not including the other municipalities located in Duval County or in other counties where JEA provides water service. Other municipalities would need to adopt a separate special assessment option for their jurisdictions.

This program focuses on water and/or sewer main extensions located within the public rights of way in a defined neighborhood boundary.

Several things should be considered when deciding on this program:

- Two-thirds of the property owners within a neighborhood must agree to the program.
- One hundred percent of the property owners within the neighborhood will be assessed a pro rata portion of the total cost of the project, if approved by the governing body - currently limited to the City of Jacksonville.
- The neighborhood representative is responsible for coordinating participants.

JEA will work with neighborhoods to design and construct these projects. The costs will be recovered through a special assessment on the property tax bill. This option was made available by the City of Jacksonville in spring 2019. No projects have been constructed to date under this program.

**6. BIG JIM STEAM WHISTLE**

Big Jim is located at JEA’s Main Street Water Plant in Springfield. The century-plus old copper whistle blows four times each weekday at 7 a.m., noon, and 1 and 5 p.m. Big Jim dates back to the 1890s. The whistle blows for 80 seconds and can be heard for miles, especially on clear days.

JEA reworked the whistle operating system in 2002 when it was relocated back to Main Street from Southside Generating Station. The whistle operates using hydrodynamic cavitation instead of burning fuel to heat water to create steam.

## **7. JEA PRESERVATION PROJECT**

JEA acquired several tracts of land during the late 1990s and early 2000s in a companion Preservation Project to the City of Jacksonville's Preservation Project. Lands purchased by JEA were intended to buffer existing JEA facilities and could be used for passive utility functions and lateral transmission crossings. A portion of JEA's purchase power solar farms are located within these lands. JEA committed to the City to allow trail crossings through several of the parcels to connect a larger trail system that is still being developed by the City. JEA is currently working with OGC to develop language to encumber these properties with the future trails.

## **8. PELOTES ISLAND**

Pelotes Island and several buffer lands are situated north and west of the St. Johns River Power Park (SJRPP) property that is currently being decommissioned. SJRPP was co-owned by JEA and FPL for decades. The property is still under joint ownership and will transfer to JEA upon completion of demolition. There is a community commitment that Pelotes would be transferred to the City parks system or federal parks system. Pelotes Island was run as a nature preserve primarily for school tours during its operating period. It has remained pristine and largely unused since the mid-2000s.