JEA
PUBLIC POWER PARTNERS

REVISED REPLY - **REDACTED COPY**

INVITATION TO NEGOTIATE #127-19 FOR STRATEGIC ALTERNATIVES

NOVEMBER 26, 2019

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JENNY MCCOLLUM AND JOHN MCCARTHY, JEA PROCUREMENT BID OFFICE
21 WEST CHURCH STREET, 1ST FLOOR, ROOM 202, JACKSONVILLE, FLORIDA 32202

JEA PUBLIC POWER PARTNERS

November 26, 2019

Dear Jenny McCollum and John McCarthy,

I am pleased to submit this Revised Reply on behalf of JEA Public Power Partners, LLC (FEDERAL TAX IDENTIFICATION NO. 84-3240168), a consortium among Bernhard Capital Partners, Emera, and SUEZ.

We have assembled a team that brings extensive experience and historical commitment to the residents of Florida and operates best-in-class services in the electrical, water, wastewater, and financial markets. Our team understands the local landscape, as we have previous and current experience within JEA's geographic footprint. We believe our proposal offers JEA a path to long-term success.

Our proposal is built on the concept of a concession structure in order to capitalize on the current advantages of a municipally owned utility, while providing the expertise and financial resources of an investor-owned utility. We are devoted to partnering with JEA to ensure rates are affordable, investments are made to keep Jacksonville competitive, and JEA remains in the hands of Jacksonville and its customers.

We appreciate the opportunity to submit our Revised Reply to support JEA's future, and we affirm that we are able to not only meet, but exceed, the minimum requirements outlined in JEA's Invitation to Negotiate (ITN). Thank you for your consideration.

Sincerely,

Jeff Yuknis

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JEA Public Power Partners

Florida Limited Liability Company, established September 20, 2019

Headquartered in Baton Rouge, LA

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IDENTIFICATION OF THE RESPONDENT

JEA Public Power Partners ("Respondent" or "JEA PPP") represents a consortium of Bernhard Capital Partners ("Bernhard Capital"), Emera Inc. ("Emera"), and SUEZ North America ("SUEZ"). JEA PPP is a Florida limited liability company established September 20, 2019 and headquartered in Baton Rouge, Louisiana. It is an indirect subsidiary of Bernhard Capital.

We propose a concession structure whereby our consortium will have the right to use JEA's assets and assume the responsibilities for management, operations, maintenance, finance, billing, and collection for JEA on behalf of the City of Jacksonville (the "City") over a 50-year period. The concession will enable us to align our interests with those of the City and other stakeholders and ensure minimal disruption for JEA employees, customers, and vendors. Through this arrangement, JEA PPP uniquely brings together electric and water utility experience and value in one package.

The City will retain ownership of JEA during the term of the concession. At the end of the 50-year period, the operation of and economic benefits derived from JEA's assets will revert to the City. Alternatively, the City has the option to extend the concession and retain JEA PPP to continue operating the JEA assets.

The terms of the concession will be memorialized in a concession agreement ("Concession Agreement") and will include a well-defined set of performance standards to ensure the continued high levels of performance and services to customers. JEA's assets will be managed by a best-in-class team of electric (Emera), and water and wastewater (SUEZ) providers. The JEA Board will remain, and Jacksonville will be represented on the board of the concessionaire.

Benefits of our proposed structure include:

- Immediate Gross Proceeds of $8.0 billion to be paid in cash at closing to the City, customers, and employees of Jacksonville;
- $4.4 billion in net proceeds directly to the City, plus a further $2.9 billion in JEA debt defeasance;
- In addition to the $8.0 billion in Gross Proceeds, a net present value benefit of over $1 billion to the City through continued ownership of JEA as a going concern at the end of the 50-year Concession Agreement, a benefit unavailable in an outright sale;
- Expectation that excess cash flow above what is required for debt service and contingencies that is generated over the term of the Concession Agreement could be returned to the City in the form of charitable contributions, or used to create value for customers, benefits which are not incorporated in our $8.0 billion Gross Proceeds amount; and
- The flexibility to extend the 50-year period and retain JEA PPP as operator.
- Rate making authority does not devolve to the state regulator, therefore the City can continue to meaningfully manage future rates for JEA customers.

Our proposal includes a tax-exempt bond financing structure. We are confident this offers the City the most economic and financial benefits, including the highest possible Gross Proceeds and lowest financing cost that will deliver benefits to JEA customers throughout the concession term.

Under our proposed concession, Provident Resources Group ("Provident"), our 501(c)(3) nonprofit partner, will form a separate, special purpose nonprofit limited liability company or corporation (the "Provident SPE"), which will serve as concessionaire and be the principal contracting party with JEA. The Provident SPE would also contract with our operating partners Emera, SUEZ, and Bernhard Capital to operate and manage JEA's assets, pursuant to Qualified Management Agreements complying with applicable IRS regulations.

To ensure we can provide the Gross Proceeds in mid 2020, JEA PPP has retained Jefferies, UBS, and Wells Fargo as financial advisors, bond underwriters, and placement agents. As outlined in Tab 10, JEA PPP will also receive additional support from legal, tax, accounting, and regulatory advisors with experience executing transactions similar to our proposal.

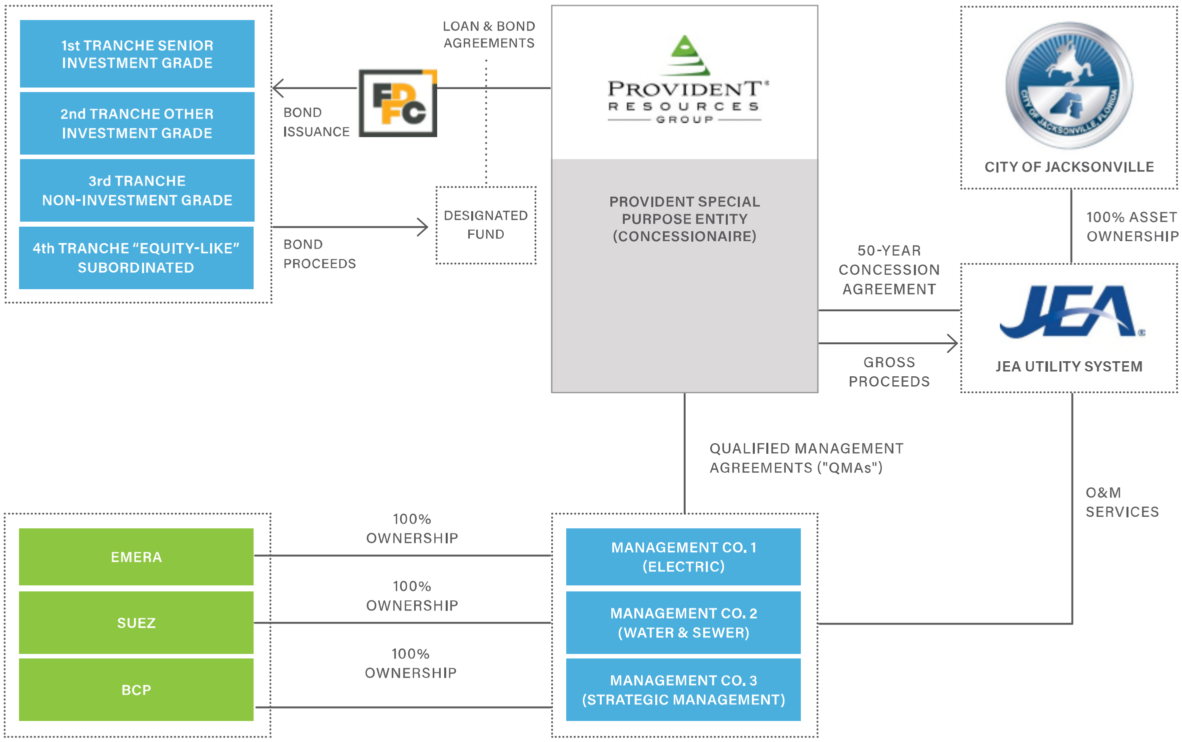
Emera	Emera is a geographically diverse energy and services company primarily focused on regulated utilities, with approximately $24 billion in assets and 2018 revenues of approximately $4.9 billion.
suez	As the world's largest water provider, SUEZ provides water and waste management solutions that enable cities and industries to optimize their resource management and strengthen their environmental and economic performances.
BERNHARD CAPITAL PARTNERS	Bernhard Capital Partners is a private equity management firm that creates sustainable value by leveraging its founding partners' experience in operating and growing industrial, energy, and infrastructure services businesses.
PROVIDENT RESOURCES GROUP	Provident Resources Group, founded in 1999, is a national nonprofit and 501(c)(3) asset development and asset management organization.
Jefferies	Jefferies is the largest full-service independent investment bank in the U.S. and is a global leader in providing insight, expertise, and execution to its issuer and investor clients.
UBS	UBS Group AG is a multinational investment bank and financial services company founded in 1862 and headquartered in Zurich, Switzerland.
WELLS FARGO	Wells Fargo Bank, NA ("WFBNA") is a "well capitalized" bank under the Office of the Comptroller of the Currency's capital regulations given WFBNA's robust capital position.

For additional details about our consortium, please see Exhibit 1.

THE NONPROFIT CONCESSION STRUCTURE

We would engage the Florida Development Finance Corporation ("FDFC"), a Florida-based conduit issuer, to issue tax-exempt bonds (the "PRG Bonds"), which would be underwritten and/or placed by Jefferies, UBS, and Wells Fargo, our underwriting partners. Once sold, the proceeds of the PRG Bonds would be loaned to the Provident SPE through a to-be-determined trustee bank, and all up-front proceeds would be distributed accordingly to the City, JEA, and all other beneficiary parties. On November 22, 2019, FDFC executed a Declaration of Intent to issue up to $10 billion of PRG Bonds for the Provident SPE.

Upon the retirement of the PRG Bonds and termination of the Concession Agreement, utility operations would revert to JEA and the City or, at its option, JEA could continue the Concession Agreement.



As an IRS Section 501(c)(3) organization, Provident has access to tax-exempt financing due to its recognition by the IRS as exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the "Code"). Provident is organized exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Code and is therefore permitted to pursue certain activities, including lessening the burdens of government.

The fundamental economic benefits of the proposed financing structure include:

- The IRS requires Provident to serve its charitable purpose above all other aspects of the financing. Provident's interest will be aligned with the City's because Provident's charitable mission is to lessen the City and JEA's burden of providing services to their residents/customers.
- Subject to local law, securing and retaining an exemption from property taxes on the improvements, a significant financial benefit to Concession operations. Given the municipal nature of the utilities in their current form, we would anticipate property tax exemption to be readily available.
- Depending on the long-term objectives of the City and JEA, the ability to benefit from incremental utility revenues in the form of charitable contributions to the City or other designated governmental or 501(c)(3) entity.
- Access to tax-exempt financing, which arguably provides the lowest possible cost of capital and therefore the maximum upfront benefit.
- No transfer of utility ownership or improvements from the City and/or JEA and therefore maintenance of status as a municipal utility.

The proposed concession structure would provide for substantial upfront proceeds to the City for purposes of managing its outstanding debt burden, retaining employees, and addressing other policy objectives of Jacksonville and its residents.

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GROSS PROCEEDS

JEA PPP is prepared to provide Gross Proceeds of $8.0 billion in cash at closing, in return for a 50-year Concession Agreement. Our Initial Reply proposed a 30-year concession term, but with the benefit of further diligence and information provided by JEA, we have chosen to propose a 50-year term in this Revised Reply to maximize value provided to JEA and the City. Upfront value to the City is directly impacted by the concession term.

The $8.0 billion in Gross Proceeds includes $4.4 billion of value delivered directly to the City, $2.9 billion in JEA debt defeasance, $400 million distributed to customers in the form of rebates, $165 million for employee retention bonuses, and $132 million devoted to pension protection.

In addition to the Gross Proceeds amount, our Concession Agreement allows the City to benefit from the economic return of JEA's assets at the end of the 50-year concession term. Our calculation of the then-current enterprise value (based on a multiple of future estimated EBITDA), discounted back to today at a proxy for the regulated utility industry capital cost implies over $1 billion of additional net present value to the City.

Further, our nonprofit transaction structure embeds the expectation that excess cash flow above what is required for debt service and contingencies that is generated over the term of the Concession Agreement could be returned to the City in the form of charitable contributions, or used to create value for customers, benefits which are not incorporated in our $8.0 billion Gross Proceeds amount.

USES OF FUNDS (IN MILLIONS)

PROCEEDS TO CITY OF JACKSONVILLE	$4,400
DEFEASE NET DEBT	2,677
INCREMENTAL DEFEASANCE COSTS	233
CUSTOMER REBATES	400
EMPLOYEE RETENTION BONUSES	165
EMPLOYEE PENSION PROTECTION	132
CASH PROVIDED AT CLOSING	**$8,007**

VOGTLE SCENARIOS

RESPONDENT-PREFERRED SCENARIO

JEA PPP's preferred scenario is an Alternative Scenario. It is a modification of Scenario A that provides certainty for customers and reduces JEA's exposure to Vogtle cost increases: Legacy JEA will retain the Vogtle PPA, and the concessionaire will manage the energy delivered thereunder as part of its operation of JEA's electric assets. Costs would be dealt with as follows:

- Costs associated with the Vogtle PPA will be billed to customers, up to an agreed-upon cap. For example, the cap could be equal to the Projected PPA Costs shown in the Scenario A Vogtle Adjustment in the Respondent Financial Model.
- Costs in excess of the cap will be borne by the concessionaire up to a further agreed upon cap (the "Second Cap"), however the term of the Concession Agreement will be extended for a period necessary to repay additional debt financing raised in connection with the Second Cap costs. JEA would also have the option to choose not to extend the term and instead pay the concessionaire the net present value of the Second Cap costs at the time they arise.
- Any costs that exceed the Second Cap will be the responsibility of JEA. Such costs could be paid out of the rate stabilization fund, at JEA's option and to the extent of funds available.

In all of the Scenarios described in the Process Letter other than the Current Pro Forma Scenario, Legacy JEA or customers pay for Vogtle cost overruns, which are uncapped and unknown. The above Respondent-Preferred Scenario provides a solution where JEA PPP is compensated for taking on this risk while having no or significantly limited reduction in Gross Proceeds to JEA and prudently managing the additional costs to customers.

CURRENT PRO FORMA SCENARIO

The Current Pro Forma Scenario is not workable in a concession structure. Under a concession, none of JEA's assets are acquired or contracts assumed, including the Vogtle PPA. Accordingly, JEA PPP cannot pursue the current pro forma scenario.

ADJUSTED SCENARIO A

There would be no change to Gross Proceeds under this Scenario; however we prefer the Respondent-Preferred Scenario as described above.

ADJUSTED SCENARIO B

There would be no change to Gross Proceeds under this Scenario. This Scenario could be modified in a manner similar to the Respondent-Preferred Scenario described above so that costs above the Avoided Cost and up to an agreed upon cap could be financed by JEA PPP and recovered through extending the concession instead of from the Stabilization Fund.

ADJUSTED SCENARIO C

There would be no change to Gross Proceeds under this Scenario. This Scenario could be modified in a manner similar to the Respondent-Preferred Scenario described above so that a shortfall in the amount available in the Stabilization Fund up to an agreed upon cap could be financed by JEA PPP and recovered through extending the concession instead of recovering from customers.

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MATERIAL CONDITIONS, TERMS, OR ASSUMPTIONS

VALUATION METHODOLOGY

Our primary valuation methodology is a discounted cash flow analysis that discounts the pre-tax cash flow at our envisioned capital cost over the Concession Agreement's 50-year term. Our capital cost is a function of the expected multi-tranche tax-exempt debt offering we would complete to determine the initial funding requirements, including a portion of capital expenditures during the concession period.

KEY CHANGES TO THE CAPITAL INVESTMENT PLAN AND FINANCIAL MODEL

We made very few changes to the financial information as showed in the Capital Investment Plan (CIP) and inputs in the Respondent Financial Model, which we extrapolated out to 50 years to match our envisioned Concession Agreement term. Of note:

- We used Seller-provided electric and water rate bases and capex through 2030.
- After 2030, rates are calculated using the following methodology:
  - Electric and water capex is escalated at 1.00% annually until the end of the 50-year term (2070)
  - Other operating metrics inflated at 2.00% annually until the end of the 50-year term
- We removed income taxes and deferred income taxes, given JEA PPP's structure's tax-exempt status.
- We included an annual $120 million payment to the City for the first three years.
- We removed property taxes after 2020, given the City would continue to own the assets.
- We assumed Adjusted Scenario A as outlined by the Seller.

KEY FUTURE OPERATIONAL CHANGES

JEA PPP regards the continued participation of JEA's senior management and employees as critically important to the success of JEA going forward and intends to work collaboratively with all stakeholders to create value for JEA customers. As part of our due diligence, we will continue to work with JEA in identifying areas to improve and optimize operations, while delivering on customer expectations.

Based on our due diligence to date, we propose to implement an enhanced “asset management” methodology across the electric business to achieve the future operational enhancements outlined in the CIP. This business feature will also provide other key strategic benefits, including:

- Risk-based decision making in support of short- and long-term investment planning.
- Deep understanding of “state of plant and system” to enable long-term asset planning and effective long-term capital scenario planning.
- A systematic approach to assess major asset options (sustain, grow, retire, and repurpose) based on latest externalities and evolving business goals and objectives.
- A structured approach to implementation of emerging operational technologies including:
  - Staging implementations based on asset criticality and de-risking deployments.
  - Linking technological advancements with process needs and opportunities.

This enhanced business capability will be managed within an Enterprise Asset Management ("EAM") department, which would be largely populated with existing but repurposed roles (expertise) from within the business. For more information on the EAM refer to Exhibit 2.

In addition to the operational improvements and capital investment opportunities that would be realized through enhanced asset management, Emera is well positioned to achieve other JEA strategic goals set out in the CIP. At this time, there has not been sufficient due diligence completed to provide detailed plans, therefore we have not changed the financial assumptions set out in the CIP and Financial Information. However, Exhibit 2 contains information on how Emera has demonstrated capability to successfully advance many of JEA's strategic initiatives, from microgrids to electrified transport to distributed generation and others.

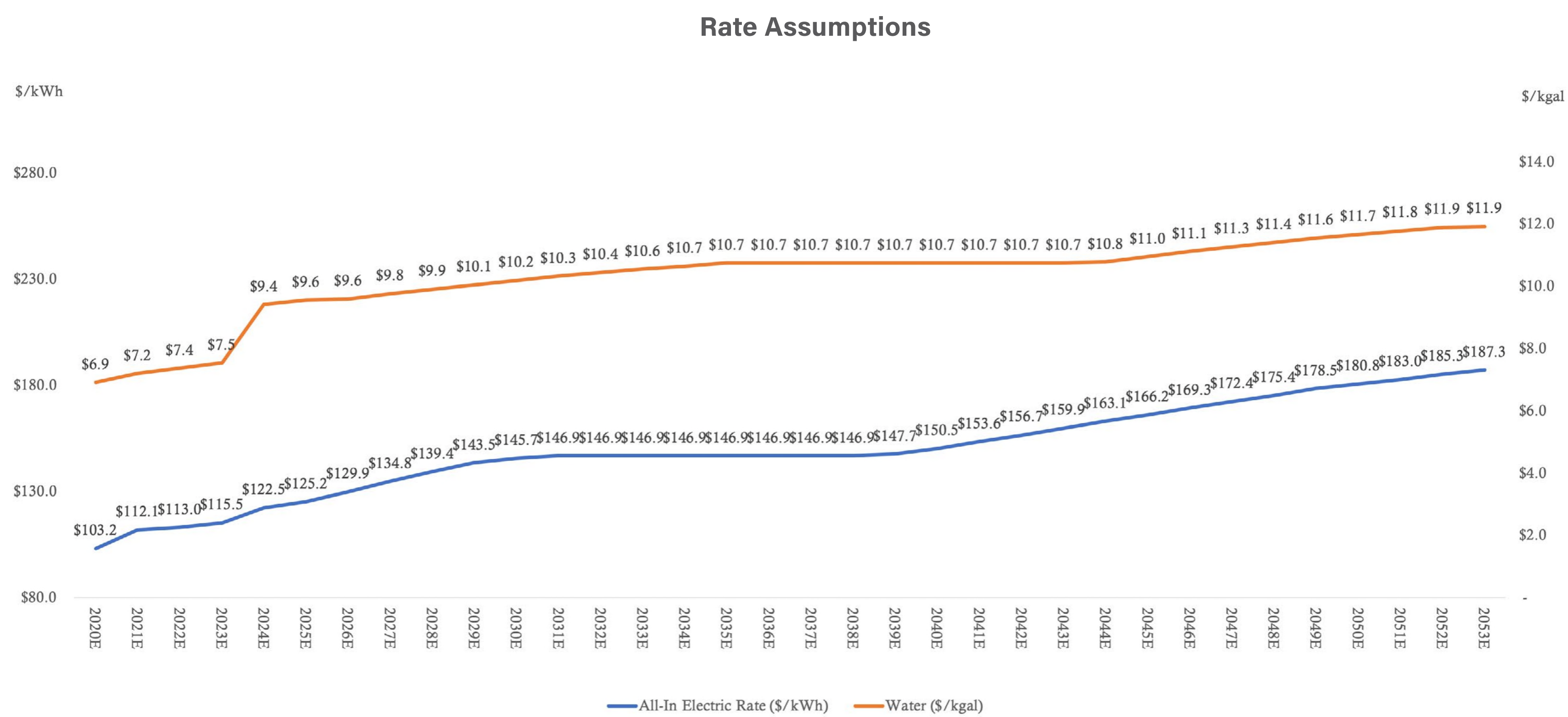
KEY COMMUNITY ENGAGEMENT FACTORS

Because our proposal does not result in a change to JEA’s ownership, JEA PPP intends to maintain continuity across all of JEA’s existing community engagement initiatives. As a partner to JEA, our goal is to expand on community engagement efforts both by deepening the commitment to current efforts and establishing additional initiatives that align the strengths of our world-class operators with the unique needs of the Jacksonville area. Please see Exhibit 3 for more information about community engagement, emergency operations, environmental stewardship, and community programs that have been undertaken by our team in other communities and that we are prepared to extend and/or adapt to Jacksonville.

Further, JEA PPP is committed to maintaining the quality of electric, water, and wastewater service to JEA’s customers at or better than current levels. Accordingly, we will include specific commitments in the Concession Agreement that our team will maintain such service levels in accordance with established criteria, e.g., standard electric service reliability criteria based on agreed-upon metrics.

RATES

We assumed both the electric and water rates provided in the Seller Model through 2023 and then calculated rates based on our cost of service and assumptions in the table below through 2030. Please see below for a chart summarizing the rate path beyond the Committed Stability Period and a table highlighting other key assumptions.



ITEM	CHANGE / ASSUMPTION
RATE BASE AND CAPEX	Provided by Seller Model through 2030 (adjusted to exclude accumulated deferred tax liability); thereafter rate base is a function of capex, which we assume grows at 1% annual rate
TARGETED EQUITY LAYER AND RETURN ON EQUITY	Provided by Seller Model; select future years that have a depreciation decrease see actual return on equity in excess of targeted return on equity because we hold rates flat (in such years and thereafter) until enough additional capex has been spent to build rate base and depreciation back up to prior levels
DEBT CAPITALIZATION AND COST OF DEBT	See Tab 6: Financing Sources
CUSTOMER DEMAND	Provided by Seller Model through 2023; thereafter (i) electricity load held flat at 2023 level and (ii) water usage grows consistent with its 2020-2023 growth rate
STATE AND LOCAL TAXES	None, per our tax-exempt structure
O&M EXPENSE	Provided by Seller Model through 2023, inflated by 2.0% thereafter
ANTICIPATED TIMING OF O&M SAVINGS	Provided by Seller Model
CAPITAL EXPENDITURES BY FUNCTIONAL AREA AND UTILITY SYSTEMS	Provided by Seller Model through 2030, inflated by 1.0% thereafter
EXPECTED BASE REVENUE REQUIREMENT	Provided by Seller Model through 2023; post-2023, base revenue requirement is set to provide for the recovery of allowed expenses consistent with those expected to be borne by a taxable, regulated utility earning the targeted return on equity consistent with the Seller Model
DISPATCH COSTS AND DRIVERS (INCL. FUEL AND PURCHASED POWER)	Provided by Seller Model through 2023, inflated by 2.0% thereafter
ANTICIPATED AMOUNT AND TIMING OF ANY FUEL OR PURCHASED POWER SAVINGS	Provided by Seller Model
ESTIMATES OF FORWARD COMMODITY PRICES	Provided by Seller Model through 2023, inflated by 2.0% thereafter
FRANCHISE TAXES	Provided by Seller Model (2.30%)
OTHER REVENUE	Provided by Seller Model through 2023, inflated by 2.0% thereafter
EXPECTED ALL-IN REVENUE REQUIREMENT	Provided by Seller Model through 2023 (Adjusted Scenario A case)

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MINIMUM REQUIREMENTS

FINANCIAL

Greater than $3 billion of value to the City of Jacksonville

The $8.0 billion in Gross Proceeds paid at closing include $4.4 billion in cash value delivered directly to the City of Jacksonville, $2.9 billion in JEA debt defeasance, $400 million distributed to customers in the form of rebates, $165 million for employee retention bonuses, and $132 million devoted to pension protection.

In addition to the Gross Proceeds amount, our concession structure allows the City to benefit from the return of JEA's assets at the end of the 50-year Concession Agreement. Our calculation of then current enterprise value (based on a multiple of future estimated EBITDA), discounted back to today at a proxy for the regulated utility industry capital cost implies over $1 billion of additional net present value to the City from this benefit of the concession structure compared to a sale. This could be realized through a follow-on concession, sale of the asset, or by reverting to a traditional, municipally owned structure and collecting revenue.

CUSTOMERS

Greater Than $400 Million of Value Distributed to Customers ($350+ Paid to Each JEA Account; $1,400+ for Customers with Electric, Water, Sewer, and Irrigation Accounts)

Included in the $8.0 billion of cash at closing is $400 million of cash distributed to customers.

At least three years of contractually guaranteed base rate stability for customers

We are dedicated to continuing JEA's commitment to serve its customers. Consequently, JEA PPP is assuming in our reply rate stability for a period of three years after the closing of the Proposed Transaction. Further, through 2030 we assumed both the electric and water rates provided in the Seller Model. JEA PPP believes that the proposed three-year base rate stability guarantee is a good start, however JEA customers should have longer-term certainty that a transaction will not result in significant rate escalation. Accordingly, JEA PPP is willing to discuss adjusting its proposed base rate assumptions and entering into a 10-year rate stability agreement under which JEA PPP would commit to non-fuel base rates increasing at an estimated rate of inflation throughout that period. The only exception to this commitment would be for matters outside the control of JEA PPP, including legislative changes that impose additional compliance costs on JEA. For each subsequent 10-year period throughout the concession term, JEA PPP would make a further commitment on non-fuel base rates that will be determined by circumstances in effect at the time. The 10-year rate stability agreement would be agreed to as part of the rate-setting mechanism in the Concession Agreement that would provide clear methodology for obtaining rate increases throughout the term. JEA PPP envisions having a rate stability fund as part of its financing strategy in order to smooth and balance rates to deal with changes that could occur over time. We believe our Reply is the only one where rate making authority does not devolve to the FPSC and, therefore, is proposed to remain local and, therefore, the only one where the City can continue to meaningfully manage future rates for JEA customers.

ENVIRONMENTAL

Commitment to develop and provide the City of Jacksonville and the Duval County Public School system with 100% renewable electricity by the year 2030

JEA PPP is fully committed to developing and providing the City of Jacksonville and the Duval County School Board system with 100% renewable electricity by 2030. In fact, we believe this goal is attainable well in advance of 2030.

Emera has quickly gained traction in investing in the transformation to cleaner generation in Florida. When Emera acquired Tampa Electric just over three years ago it only had nominal amounts of solar installed an in its generating plan. Since that time, when there was approximately 4MW of solar installed, Emera has undertaken a program to install an additional 600MW of large-scale solar, a substantial portion of which is already installed. This $850 million investment will include six million solar panels in 10 new projects in West Central Florida. Completion is planned for 2021. Once in service, approximately 7% of Tampa Electric's generation will come from the sun - the highest percentage of solar generation in the state.

Emera has experience offering its customers innovative solar programs similar to JEA SolarSmart and JEA SolarMax initiatives. Tampa Electric's Sun SelectSM program allows residential and small business customers to choose to receive 25%, 50%, or 100% of their power from solar energy. Larger commercial customers can subscribe in increments of 1,000 kilowatt hours (kWh). These programs are designed for customers who want renewable energy but are unable to, or do not want to, install solar panels on their home or business. Customers pay no upfront costs, sign no contract, and can leave the program at any time.

To meet the current and future needs of the City and the Duval County School Board system, we envision a system that will include roof top solar panels coupled with storage located at City and School Board facilities. Assuming roughly 50 MW of energy use and a 50% load factor, approximately 250 MW of capacity would be required to satisfy this load. Current costs of solar and storage suggest capital costs of $500 million in 2030 dollars according to industry sources, however with expected cost curves incorporated, this estimate falls to about $315 million in 2030 dollars. Accordingly, the energy would be offered to the City and School Board system through a tariff at or below current cost. To the extent these co-located solar and storage installations do not fully meet the renewables needs of the City and School Board system, we would envision procuring the balance from a significantly expanded version of the existing JEA SolarMax program. Our approach will ensure all the renewable generation will be located entirely within JEA's service territory, creating local employment and investment opportunities. It is a made in Duval County solution to delivering 100% renewables to the City and School Board system.

We would also work with the School Board system to develop educational modules that could be included within the curriculum to teach students about renewable generation and the path to 100% renewables for the School Board system.

Commitment to develop and provide 40 million gallons per day of alternative water capacity for Northeast Florida by the year 2035

SUEZ operates, manages, and invests in alternative water sources across the globe – in 2018 alone, SUEZ produced 290 billion gallons of alternative water – and is prepared to leverage this expertise to provide 40 million gallons per day of alternative water capacity in Northeast Florida by 2035 or sooner.

This effort will be initiated in the first years of the partnership and will be integrated alongside a progressive master planning process that will align with JEA's current roadmap, enhanced with additional elements around protecting the existing resources through innovative water management and use practices, conservation, and non-revenue water and leakage control. The ultimate goal will be to right-size and right-time the project, potentially with phasing, to limit the impacts to the customer's supply and demand needs, costs of service, and the environment. To facilitate the technical activities, SUEZ intends to partner with local firms to align its resources with experience of the local context, including JEA system constraints, environmental considerations, regulatory permitting, and stakeholder dialogue.

SUEZ is a leader in the design, engineering, manufacturing, commissioning, operation, and maintenance of sustainable water and wastewater equipment solutions throughout the world. SUEZ has the flexibility and capabilities to answer any client challenge in terms of technology, delivery model, contract approach, and add-on services. As an owner of many similar water supply assets in the U.S., SUEZ has experience in developing additional water supplies over the past 150 years. Whether the source is groundwater, surface water, reclaimed or reused wastewater, or a combination, these types of projects require extensive planning, piloting, demonstrating, permitting, and stakeholder engagement that typically spans many years. SUEZ intends to validate JEA's phased approach that is currently underway and will consider additional research and development options and seek any additional alternatives that may be viable for consideration.

SUEZ draws upon a complete portfolio of proven technologies to meet industrial and municipal client needs for a wide range of applications: industrial water, water reuse, desalination, municipal potable water and biosolids management. A strong service offering – equipment operation and maintenance, mobile treatment options – complements the range of available solutions and makes SUEZ one of the only players in North America with the capacity to offer fully integrated treatment solutions from a single-source provider.

See Exhibit 4 for a sample of SUEZ' robust and relevant project experience for alternative water generation, as well as commitment to capital investment and optimization of its operations worldwide.

COMMUNITY IMPACT

As part of this proposal, JEA PPP is committing to:

- Protection of certain employee retirement benefits as set out in the minimum requirments;
- Maintenance of substantially comparable employee compensation and benefits for three years; and
- Retention payments to all full-time employees of 100% current base compensation.

JEA PPP is also fully supportive of JEA's plan for a new headquarters and employees in downtown Jacksonville, contributing to the economic development of the community. Emera knows firsthand the benefits that can come from developing new headquarters facilities in terms of urban renewal and employee engagement and recruitment. Emera looks forward to working with the team at JEA as they finalize plans for the new headquarters and make it the center of customers' energy and water experience. For additional details, please see Exhibit 5.

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FEASIBILITY

JEA PPP, in consultation with our advisors, feels confident that there are no legal, political, or financial issues or modifications that are necessary to ensure the feasibility of the Proposed Transaction.

Our concession model provides for the delivery of tax-exempt financing through the public offering or institutional placement of municipal securities to finance a concession structure for the operation of JEA assets for the benefit of the City. This model is widely accepted in the national market and has been utilized and deployed by Provident in numerous prior situations across the U.S. Provident has successfully executed tax-exempt financing structures under its nonprofit model across 20 states – including Florida – and the District of Columbia over its 20-year history, working within its multiple IRS-recognized mission areas, which include lessening the burdens of state and local government, the mission area that applies to this transaction.

Provident brings its history of accessing the tax-exempt markets, as evidenced by the delivery of approximately $4.5 billion in capital to fund its projects serving its multiple charitable missions. None of these projects would be possible without the support of the nation's premier investment and commercial banking firms, working with established, market-accepted tax and bond counsel firms that are nationally recognized with a long history of in-depth knowledge of the internal Revenue Code and applicable regulations specific to Provident's status as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code and the issuance of tax-exempt bonds.

Provident has long-standing relationships with established tax and bond counsel professionals with a keen understanding of the Provident nonprofit concession model. With this important experience in hand, Provident would expect to engage Kutak Rock as bond counsel on the offering, along with Orrick Herrington & Sutcliff as its 501(c)(3) tax counsel, to ensure that all requirements of the IRS will be met well in advance of financial closing. Furthermore, Provident and its tax counsel will continue to monitor all operations to ensure ongoing compliance with all applicable tax-exempt bond regulations and 501(c)(3) regulations required in order to maintain the tax-exemption on the bonds and the tax-exempt status of Provident for the life of the transaction.

BENEFITS OF THE CONCESSION STRUCTURE

JEA PPP offers Jacksonville the best of all alternatives: the continued ownership of JEA's assets, which is strongly preferred by the Jacksonville constituency, sustainable financial backing, a commitment to JEA employees, and rate stability for customers, among other benefits. The concession model has been successfully used for hospitals, toll roads, airports, schools, and utilities around the world, but in most cases, it involves a profit motive on the part of the concessionaire. The JEA PPP model employs tax-exempt, lowest cost financing, and a nonprofit concessionaire, delivering an evolution of the globally proven concession structure for the benefit of the City.

Additionally, a few other key considerations add to the strength of our proposal:

OPTIONS

Unlike if JEA were to become an investor-owned utility, our concession structure allows the City to maintain asset ownership while still receiving the benefits of private funding. At the end of the 50-year Concession Agreement, JEA can decide whether it is in the City's best interest to continue the arrangement. At a time when other municipal and state governments are trying to decide between the value and risk trade-off of investor-owned versus government-owned utilities, the concession structure provides the best of both, giving Jacksonville a solution that meets all current needs while providing the option to determine which structure makes the most sense for Jacksonville's future at the end of the concession term.

ACCOUNTABILITY

Because our proposed concession structure allows Jacksonville to retain ownership of JEA's assets, JEA and the City of Jacksonville will continue to have visibility into the operation and management of JEA's assets and the ability to provide input on positioning JEA for the future.

POST-DISASTER FEMA FUNDING

Our proposed structure ensures that JEA remains eligible for post-disaster FEMA assistance. In a region that is frequented by hurricanes, witnessed recently when the initial response deadline for this ITN was rescheduled due to Hurricane Dorian, Jacksonville cannot afford to forgo valuable disaster recovery assistance that would no longer be accessible if JEA lost its city-owned status and the benefits that come with it. The value of this benefit to JEA customers and the City could easily be in the hundreds of millions over the 50-year concession term.

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FINANCING SOURCES

Based on its available capital and extensive discussions with select financial institutions that have strong tax-exempt financing capabilities across the credit spectrum, JEA PPP is highly confident in its ability to raise the requisite $9 billion in total capital required to consummate this transaction. JEA PPP's cost-efficient structure splits the electric segment and the water segment into two distinct credits to maximize market appetite, and for each credit raises four tranches of tax-exempt capital in the form of amortizing bonds. Based on our review of available information, our initial proposed capitalization is shown below[1]:

	PROPOSED FINANCING (IN MILLIONS)		
	ELECTRIC	*WATER*	***TOTAL***
TOTAL PROCEEDS/PAR AMOUNT			
1st TRANCHE SENIOR INVESTMENT GRADE	2,766	2,613	5,380
2nd TRANCHE OTHER INVESTMENT GRADE	563	405	969
3rd TRANCHE NON-INVESTMENT GRADE	902	818	1,721
4th TRANCHE "EQUITY-LIKE" SUBORDINATED	524	476	1,000
TOTAL	**4,756**	**4,313**	**9,069**

We anticipate that the 4th Tranche will be fully committed by JEA PPP's principal partners – Bernhard Capital, Emera, and SUEZ – together with other investors, including [redacted], which plans to invest in excess of 20% of the 4th Tranche. [redacted] has reviewed our structure and provided a Letter of Intent (Exhibit 6) to invest in partnership with JEA PPP. It is expected that the capital providers to the 4th Tranche will provide a binding capital commitment post-completion of diligence in conjunction with any final proposal by JEA PPP.

The 3rd Tranche is expected to be filled by non-investment grade municipal debt investors. Jefferies, UBS, and Wells Fargo have advised us there is large demand that exceeds the supply of high-quality investible opportunities. We have spent significant time with several of the largest investors in the space, including [redacted], and we have incorporated their general market views into our planned financing.

Finally, we engaged Fitch to review our structure and provide feedback, which they have done. JEA PPP plans to have Fitch rate the 1st Tranche and the 2nd Tranche for both the electric credit and the water credit. Based on the feedback we have received, we believe both the 1st Tranche and the 2nd Tranche will be rated investment grade. Jefferies, UBS, and Wells Fargo have advised us there is a wide and deep market of investors for such investment grade municipal debt. This low-risk capital comprises the majority of our proposed capitalization.

Jefferies, UBS, and Wells Fargo are highly confident in JEA PPP's ability to execute the 1st, 2nd, 3rd, and 4th Tranches.

[1] In addition to funding the $8.0 billion of Gross Proceeds, funds will be used to pay transaction costs, financing costs, debt service reserve, and liquidity cash.

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INTERNAL APPROVALS PROCESS

JEA PPP consortium members include Bernhard Capital, Emera, and SUEZ, with Provident as concessionaire. As such, the internal approval processes for each entity are outlined below. We are confident that all required approvals can be accomplished within the timeline that has been established by JEA.

EMERA

The Emera executive committee has been closely involved in the review and approval of this Revised Reply and will be similarly involved through the signing of a definitive agreement with respect to the Transaction. Prior to executing a definitive agreement, Emera will require formal approval from its Board of Directors. Special shareholder approval is not required by Emera for the Transaction. Emera has kept and will keep its directors regularly updated throughout the process, and we can confirm that the Board of Directors of Emera will be available to deal with approval of the Transaction without delay upon completion of due diligence and finalization of a definitive agreement.

SUEZ

In accordance with SUEZ' internal approval policy, given the size of the JEA transaction, the submission of our final binding prices as well as the execution of the definitive agreements will require the approval of both SUEZ Water Inc.'s Executive Operations Committee in North America and SUEZ Groupe S.A.S.' Executive Operations Committee in Paris and is subject to the successful negotiation of mutually acceptable equity investment and operations agreements.

BERNHARD CAPITAL

Bernhard Capital's Investment Committee is responsible for approval of the Proposed Transaction prior to executing final documents. To date, the Investment Committee has been continually briefed on the proposed structure of the Proposed Transaction and has provided input as to the proposed structure. Upon completion of due diligence and finalization of the definitive agreement and related documentation, the Investment Committee will be able to consider approval of the Proposed Transaction without delay of closure.

PROVIDENT

Provident continues to directly involve Steve Hicks, its Chairman and CEO, in all aspects of Provident's participation in the Reply to this important opportunity. Mr. Hicks, as CEO, has been authorized by the Board of Directors of Provident to sign any and all documents required at this stage in the process. At such time as the financing is developed and structured, all major documents will be submitted to the Executive Committee for their approval and authorization for the CEO and other members of Provident senior management to execute all documents and certifications required to bring the financing to a successful close. It is also important to note that, as items arise and the transaction progresses, Provident's Executive Committee is able to meet on 24 hours' notice for any gating items requiring Provident's participation.

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REGULATORY / EXTERNAL APPROVALS AND CONDITIONS

JEA PPP is confident that we will be able to receive all third-party consents, approvals, notices, or conditions (including regulatory or governmental approvals) necessary to consummate the transactions.

FEDERAL ENERGY REGULATORY COMMISSION

JEA is generally exempt from FERC regulation pursuant to Section 201(f) of the Federal Power Act ("FPA"). The Proposed Transaction (the Concession Agreement) provides for Emera to operate the JEA facilities but reserves to JEA the right and authority to direct the operation of those facilities, including the dispatch of generation in order to meet JEA's needs and those of its customers. As a result, the Proposed Transaction is not a sale or transfer of the JEA facilities but is a consignment combined with a Management Agreement. The assets will continue to be owned by JEA during the consignment period in the same manner as is presently the case. In these circumstances, the Proposed Transaction does not require prior approval by FERC pursuant to FPA Section 203. Pursuant to the Consent Letter issued to Participants by JEA, representatives of JEA PPP met with senior FERC Staff members for a Consultation. JEA PPP Representatives described the Proposed Transaction and sought the Staff's opinions, which inform our assessment.

FLORIDA PUBLIC SERVICE COMMISSION

No approval of JEA PPP's Proposed Transaction (the Concession Agreement) involving the electric utility assets would be required from the Florida Public Service Commission ("FPSC") under any scenario. This is because the FPSC does not have the jurisdiction to approve sales, mergers, asset transfers, ownership changes, or the like (including a concession arangment as proposed by JEA PPP) with respect to electric utility systems or electric utility assets. While the FPSC has jurisdiction over certain asset transfers and acquisitions of water and wastewater utility assets, the entities here would be exempt pursuant to the FPSC's water and wastewater regulatory statute. Moreover, none of the entities on the JEA PPP side of the Concession Agreement with JEA would be subject to regulation as public utilities by the FPSC. Pursuant to the Consent Letter issued to Participants by JEA, representatives of JEA PPP met with senior FPSC staff members for a Regulatory Consultation, in which the JEA PPP representatives described the proposed Concession Agreement and sought the staff's opinions. Subject to their clarification that they were speaking only as staff, and not as the FPSC per se, the FPSC staff concurred with the foregoing conclusions.

OTHER

No approval is required for the Proposed Transaction by the Committee on Foreign Investment in the United States ("CFIUS") or notification under the Hart-Scott-Rodino Antitrust Improvements Act ("HSR").

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PRIOR ACQUISITIONS/ INVESTMENTS

The members of the JEA PPP consortium have a demonstrated track record of related successful investments. Through relevant investments such as those listed below, we have developed a keen understanding of the challenges and opportunities facing best-in-class utility like JEA, and this allows us to be a value-added to the City. Relevant investments include:

EMERA

TECO Energy: On July 1, 2016, Emera closed its acquisition of TECO Energy for US$10.4B, including assumed TECO debt. It was announced on September 4, 2015 and closed on schedule. The transaction was supported by $6.5B in fully committed bridge loans led by J.P. Morgan and Scotiabank

Bridgeport Energy, Tiverton Power, and Rumford Power, Inc: On November 19, 2013 Emera closed its acquisition of the combined assets for approximately $540 million. Bridgeport Energy LLC and Tiverton Power, Inc. and Rumford Power, Inc. own and operate natural gas-fired combined cycle power generation plants. These facilities were subsequently sold to an affiliate of The Carlyle Group in a transaction that closed in March 2019.

SUEZ

Mahoning Township: In 2019 SUEZ utility operations acquired Mahoning Township in Pennsylvania. The $9.5 million acquisition adds 1,200 new customers to the existing service territory.

New Jersey: In 2018, SUEZ utility operations acquired the towns of West Milford, Independence, East Brookwood, and Lake Glenwood in New Jersey. The $12.6 million acquisition adds nearly 9,000 residents and businesses to the 1 million utility operations already served across the state.

Odle: In 2017, SUEZ Advanced Solutions acquired Odle, Inc., an Indiana-based full-service painting and coatings contractor that specializes in large commercial and industrial projects. The acquisition of Odle expands SUEZ coatings offering and strengthens our delivery capabilities at a time when there is a large market for concrete rehabilitation and maintenance services.

Forest Park Water: In 2017, SUEZ' utility operations acquired New York-based Forest Park Water, which serves approximately 4,000 people in Putnam and Westchester counties.

GE Water: In 2017, SUEZ together with Caisse de dépôt et placement du Québec (CDPQ), completed the acquisition of former GE Water & Process Technologies (GE Water) for €3.2 billion. With this acquisition, SUEZ offers an unparalleled value proposition to the shareholders, including the expected commercial, operational, and technical synergies, SUEZ Water Technologies & Solutions operates with over 10,000 employees and addresses the needs of over 50,000 customers worldwide.

Bayonne: In 2012 SUEZ brought sustainable solutions to the City of Bayonne. Under the concession structure, SUEZ operates, maintains, and manages the City's water and wastewater systems and is also responsible for managing its $2.5-million annual capital improvement program, customer service, billing, collection, payment processing, and emergency services.

BERNHARD CAPITAL PARTNERS

Bernhard Capital is a private equity management firm established in 2013 that includes a number of portfolio companies with extensive, demonstrated success across the energy, infrastructure, and industrial industries, representing over 22,000 employees. Bernhard Capital's principals previously founded and were executives at The Shaw Group, Inc., which grew into a global, diversified industrial, energy, and infrastructure services company and was ultimately acquired in 2013 for $3.3 billion. The Shaw Group's footprint included 25,000 employees, $6 billion in revenue per year, and 150 locations worldwide. This success was attributable to the growth strategy developed and implemented by the Bernhard Capital founders. Bernhard Capital brings to bear this heritage, combined with collective generations of knowledge and expertise, resulting in an exceptionally strong investment team with a successful operational background in the services sector.

PROVIDENT RESOURCES GROUP

During our 20 years in business, Provident has served as the nonprofit partner on nearly $4.5 billion in projects across 20 states and the District of Columbia, financing 49 individual projects. More recently, over the last five years, we have completed over $2.5 billion across 21 projects serving our core mission areas. Nearly every transaction Provident is involved with requires timely execution and market access. Provident's success over the years and proven market access are a testament to our name in market, and the confidence placed in Provident by the premier investment banking firms in the municipal industry, including Bank of America, Merrill Lynch, Barclays, Citigroup, Goldman Sachs, and RBC Capital Markets, as well as our banking partners on this important Project, Jefferies, UBS, and Wells Fargo.

UNDERWRITING SYNDICATE

Collectively Jefferies, Wells Fargo, and UBS have extensive experience serving as underwriters and placement agents in the relevant financing markets. Selected recent transactions include:

- The Regents of the University of California: $653 million general revenue bonds
- Indianapolis Local Public Improvement Bond Bank: $624 million community justice campus bonds
- Statewide Mobility Partners: $5.7 billion sale of the Indiana Toll Road
- LaGuardia Airport: $2.4 billion Terminal B Redevelopment Project

Recent concession transactions include:

- Purple Line Light Rail Project: $313 million in private activity revenue bonds
- UC Riverside: $145 million student housing revenue bonds
- North Tarrant Express: $274 million development project funded with senior lien revenue bonds
- Oakland Corridor Partners: $610 private activity bonds to fund I-75 Modernization Project
- Luis Munoz Marin International Airport: Advisor to winning bidder for the concession to operate the airport
- Aecon Concessions: $375 million redevelopment of Bermuda Airport and associated private placement of US $285 million of senior notes

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ADVISORS / CONTACT LIST

ADVISORS

JEA PPP is already working with a variety of financial, legal, accounting, and other advisors to help with diligence and consummate the Proposed Transaction. Advisors we have engaged or plan to engage include:

FINANCIAL

JEFFERIES	SCOTT BEICKE	SBEICKE@JEFFERIES.COM	212-336-7479
WELLS FARGO	JIM PERRY	JIM.PERRY@WELLSFARGO.COM	601-503-1053
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LEGAL

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TECHNICAL DILIGENCE

Emera and SUEZ will retain advisors for electric and water diligence.

CONTACT LIST

The following individuals may discuss this Revised Reply with JEA's Negotiation Team and will coordinate with the larger JEA PPP team as appropriate.

BERNHARD CAPITAL PARTNERS	JEFF YUKNIS	JYUKNIS@BERNHARDCAPITAL.COM	312-420-2710
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BERNHARD CAPITAL PARTNERS	LUCIE KANTROW	LUCIE@BERNHARDCAPITAL.COM	225-228-2500

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DUE DILIGENCE

JEA PPP plans to conduct a timely and thorough diligence process if invited to move forward in the next phase of JEA's process. Operating partners Emera and SUEZ bring a wealth of general industry as well as local knowledge to the consortium that should facilitate diligence efficiency. We plan to supplement our extensive internal expertise with traditional assistance from our third-party advisors and consultants, including Deloitte as our accounting advisor. We have already spent substantial time evaluating JEA – including extensive review of the financial, operational and market information posted in the data room and in the Confidential Information Presentation, as well as other information in the public domain. Based on extensive engagement with our advisors, we are highly confident that we can complete our required due diligence in any reasonable timeframe JEA establishes for the next phase of this process.

Some expected areas of focus for due diligence include:

- On-site inspection of JEA's facilities;
- Confirmation of no material undisclosed liabilities, including any related to environmental proceedings;
- Meeting with JEA management and operations personnel;
- Review of commercial status and all material records and contracts of JEA;
- Review of the development plans, permits, regulatory approvals, and related documentation;
- Review of accounting and financial information, including operating, maintenance, and capital assumptions and plans;
- Review of operating, maintenance, planning, performance, and asset management processes and programs;
- Review of any debt financing and hedging arrangements, including existing credit agreements;
- Review of tax returns and information for all applicable taxes, including state sales and use tax matters;
- Review of insurance policies;
- Review of legal and regulatory agreements, permits, franchises, licenses, and documents (to the extent not included above);
- Review of employment arrangements, pension, and benefit plans and collective bargaining agreements;
- Review of any pending or threatened litigation, claims, investigations and proceedings, and relationships with key customers;
- Review of corporate information and minute books of JEA, and any relevant subsidiaries or affiliates owning assets contemplated by this proposal; and
- Review of shared services cost allocations between the City of Jacksonville and JEA.

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INNOVATION

The utility landscape is changing rapidly – a fact that JEA is aware of and part of the rationale for initiating this process. New players and new technologies are challenging the way utilities have traditionally done business, and customer expectations about environmental stewardship, energy choice, and control grow stronger every year.

As JEA plans for the future and positions itself for long-term success in the energy, water, and wastewater space, it needs a team that has world-class experience delivering on sound business practices and a global network of subject matter experts prepared to leverage their expertise in the interest of JEA.

Emera has always included embracing innovation to deliver clearer, affordable energy. Innovation is a key driver of how we continue to improve and grow as a business – and it will play a critical role in getting us to a sustainable energy future that's "always on" – reliably available to meet the needs of our customers anywhere, anytime. Emera is building that future by investing in renewables, by making other kinds of energy use cleaner through the electrification of transport and heating and cooling, and by investing in technologies that make the increasingly complex energy grid more reliable and intelligent.

Likewise, innovation is a core strategic element of SUEZ business philosophy. With its worldwide network of research and expertise centers, SUEZ offers advanced technical and scientific know-how in water and waste that is capable of solving the new challenges facing water and wastewater customers. SUEZ calls on its international network of 17 research and expertise centers employing over 400 experts and researchers to ensure SUEZ remains an industry leader in the advancement of the water and wastewater equipment, solutions, and services. This network develops new solutions and tests technologies that are then deployed to its customers. SUEZ technologies have demonstrated success with thousands of installations around the world.

More information about Emera's and SUEZ' innovative initiatives is presented in Exhibit 7.

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COORDINATION

JEA PPP is fully committed to working collaboratively with JEA to develop a comprehensive transition plan and coordinated communication to JEA's Board of Directors, the Jacksonville City Council, employees, vendors, state and local community leaders, and customers – recognizing that our proposed concession structure would not result in a sale of the utility, but rather the gaining of a strategic partner. As such, the transition in of JEA PPP would be done jointly alongside JEA, with minimal disruption to existing operations.

Because of our unique structure, our proposal requires far fewer closing conditions than a sale of JEA. Specifically, this transaction does not require the approval of FERC, the Florida PSC, or approvals under HSR or CFIUS, and it may not require that the City seek approval in a referendum for this proposal given that we are not proposing a change in ownership. Additionally, because the assets will remain owned by JEA, JEA's current employees will remain employees of JEA, meaning there will be no transfer of assets, vendor contracts, or employees to a new entity as would be required under a sale transaction. Further, because no assets are being sold, the rights of first refusal on certain water assets as described in the CIP are not triggered. Collectively, these benefits of our concession structure over the requirements of an outright sale materially simplify the closing process. This results in less execution risk, more certainty of closing, and lower costs for both JEA PPP and JEA.

Our proposal offers a true win for JEA and the people of Jacksonville. The gaining of a partnership that would strengthen JEA with the operational expertise of a world-class team that will ensure JEA is on track to be future-ready, with a low cost of capital and continued access to post-disaster FEMA funding, and with customer service and reliability matching or exceeding current levels. And at the end of the Concession Agreement, throughout which the City would retain ownership of JEA's assets, JEA could decide whether to continue the arrangement, based on what makes the most sense for Jacksonville.

We see the completion of the Proposed Transaction as only the beginning of a long-term partnership. We look forward to working with the City as its needs evolve in order to address the demands of the growing city of Jacksonville. We are eager to work together to continue to provide reliable and high-quality service to JEA's customers.

KEY CONSIDERATIONS	STATUS QUO	SELL TO A PRIVATE UTILITY	JEA PUBLIC POWER PARTNERS
UPFRONT PAYMENT TO ADDRESS CITY OF JACKSONVILLE NEEDS	X	✓	✓
UPFRONT PAYMENT DELIVERED IN 2020	X	X	✓
JEA OWNED BY THE PEOPLE OF JACKSONVILLE	✓	X	✓
JEA EMPLOYEES REMAIN JEA EMPLOYEES WITH CITY BENEFITS	✓	X	✓
RATES DETERMINED LOCALLY	✓	X	✓
POST-DISASTER FEMA ASSISTANCE (FEDERAL GOVERNMENT PICKS UP THE TAB, NOT RATEPAYERS)	✓	X	✓
LOCAL REGULATION	✓	X	✓