

JEA
BOARD AGENDA

DATE: August 16, 2016

TIME: 12:00 PM

PLACE: JEA
21 West Church Street
19th Floor

I. WELCOME

- A. Call to Order
- B. Time of Reflection
- C. Pledge to Flag
- D. Adoption of the Agenda
- E. Safety Briefing
- F. Sunshine Law/Public Records Statement – Jody Brooks, Office of General Counsel

II. PRESENTATIONS AND COMMENTS

- A. Comments from the Public
- B. Council Liaison's Comments – Greg Anderson
- C. Office of the Mayor Liaison's Comments – Dr. Johnny Gaffney
- D. Nassau County's Ex-Officio Representative's Comments – Mike Mullin
- E. J. D. Power Wave 1 Business Customer Satisfaction Results – Monica Whiting, Chief Customer Officer – presentation/information
- F. Talent Acquisition – Angie Hiers, Chief Human Resources Officer – presentation/information

III. FOR BOARD CONSIDERATION

- A. Consent Agenda – The Consent Agenda consists of agenda items that require Board approval but are routine in nature, or have been discussed during previous

public meetings of the Board. The Consent Agenda items require no explanation, discussion or presentation, and are approved by one motion and vote.

1. Approval of Board Meeting Minutes July 19, 2016 – action
 2. Monthly JEA Financial Review & Statements – information
 3. Monthly JEA Operations Report – information
 4. Monthly FY16 Communications & Engagement Calendar and Plan Update – information
- B. Strategic Discussions/Action
1. Monthly Operational and Financial Review – Paul McElroy, Managing Director/CEO – 10 minutes – discussion/information
- C. Open Discussion
- D. Other New Business
- E. Old Business – none

IV. REPORTS

- A. Finance & Audit Committee Report – Kelly Flanagan, Committee Chair
1. Approval of Minutes from May 9, 2016 – action
 2. Approval of Annual Internal Audit Plan – action
 3. Adoption of Changes to the Finance & Audit Committee Operating Policy – action
 4. Annual Approval of Audit Services Charter – action
 5. Audit Services – Quarterly ERM/Audit Update – information
 6. Coordinated Dispatch Agreement and Pricing Policy Revisions – action
 7. Ethics Officer Quarterly Report – information
 8. External Auditors
 - a. Schedule of Expenditures of Federal Awards – information
 - b. Ernst & Young FY2016 Annual Financial Audit Plan – action
 9. Treasury
 - a. Electric System and Water and Sewer System Reserve Fund Quarterly Report – information
 - b. JEA Investment Policy Revisions – action
 10. JEA Energy Market Risk Management Policy Report – information
 11. Update on Procurement for External Auditor – action

12. Announcements – information

- a. Tentative Special Meeting, September/October 2016
- b. Next Meeting, December 2016 8:00 – 10:00 AM (Date to be determined)

13. Committee Discussion Sessions

- a. Director, Audit Services – information
- b. Ernst & Young – information
- c. Council Auditor’s Office – information

B. Managing Director/CEO’s Report

C. Chair’s Report

V. CLOSING CONSIDERATIONS

- A. Announcements – Next Board Meeting – September 20, 2016
- B. Adjournment

Board Calendar

Board Meeting: 12:00 PM – Third Tuesday of Every Month

Committees

Finance & Audit

Special Committee: TBD – September/October 2016

Finance & Audit Committee: TBD – December 2016

Compensation Committee: TBD

Government Affairs Committee: December 13, 2016 – 10:30 AM

A. If you have a disability that requires reasonable accommodations to participate in the above meeting, please call **665-7550** by **8:30 AM** the day before the meeting and we will provide reasonable assistance for you.

B. If a person decides to appeal any decision made by the JEA Board with respect to any matter considered at this meeting, that person will need a record of the proceedings, and, for such purpose needs to ensure that verbatim record of the proceedings is made, which record includes the evidence and testimony upon which the appeal is to be based.



INTER-OFFICE CORRESPONDENCE

August 10, 2016

SUBJECT: BOARD MEETING AGENDA

FROM: Melissa Charleroy and Cheryl Mock, JEA Executive Assistants

TO: All Members, JEA Board of Directors

Scheduled times and locations for JEA meetings to be held **Tuesday, August 16, 2016**, are as follows:

**12:00 PM Board Meeting
19th Floor, JEA Tower**

We are looking forward to seeing you on the 16th. Please call Melissa Charleroy at 665-7313 or Cheryl Mock at 665-4202 if you require additional information.

/mmc

cc:

P. McElroy
M. Brost
P. Cosgrave
M. Dykes
A. Hiers
M. Hightower

T. Hobson
B. Roche
M. Whiting
J. Upton
G. Boyce
J. Gutos

S. Tuten
M. Charleroy
C. Mock
B. Taylor
M. Ruiz-Adams
W. Stanford

M. Evans
V. Wright
L. Bartley
C. Edgar
B. Fore
J. Bryant

J. Brooks, OGC
J. Gabriel, OGC

e-copy:

Patrick Maginnis
Security Desk
Security Office
Brandi Sneed
Russell Park
Ted Delay
Timothy Chrisp

I. F.

Sunshine Law/Public Records Statement

Return to Agenda

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

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

II. E.

J. D. Power Wave 1 Business Customer
Satisfaction Results

II. E.

J. D. Power Wave 1 Business Customer Satisfaction Results

The results of the J. D. Power Wave 1 Business Customer Satisfaction survey will be distributed at the Board Meeting.

II. F. Talent Acquisition

II. F.

Talent Acquisition

A presentation will be provided by Angie Hiers, Chief Human Resources Officer, at the Board Meeting

III. A. 1.

Approval of Board Meeting Minutes July 19, 2016

JEA
BOARD MINUTES
July 19, 2016

The JEA Board met in regular session on Tuesday, July 19, 2016, on the 19th Floor, 21 W. Church Street, Jacksonville, Florida. Present were Tom Petway, Kelly Flanagan, Warren Jones, and Alan Howard. Delores Kesler and Husein Cumber attended telephonically. Ed Burr was absent and excused.

Agenda Item I – Welcome

- A. The meeting was **called to order** at 12:00 PM by Chair Petway. Jody Brooks, Office of General Counsel called roll and a quorum was established.
- B. A **Moment of Reflection** was observed by all.
- C. The **Pledge of Allegiance** was led by Chair Petway.
- D. **Adoption of Agenda** – *The adoption of the agenda was reordered within the agenda; however, the minutes reflect the original order of the agenda.* The agenda was approved on **motion** by Mr. Howard and second by Mr. Jones.
- E. The **Safety Briefing** was given by Paul McElroy, Managing Director/Chief Executive Officer.
- F. **Sunshine Law/Public Records Statement** – Jody Brooks, Office of General Counsel (OGC), stated this Board Meeting is being held in compliance with Florida's Government in the Sunshine Law, §286.011. The complete statement can be found in section I. F. of the Board package.

Agenda Item II – Presentations and Comments

- A. **Comments from the Public** – none
- B. **Council Liaison's Comments** – Chair Petway recognized JEA's new City Council Liaison, Greg Anderson, who expressed how thrilled he is to be the new liaison and he requested the position. Council Member Anderson advised the mayor presented his budget to city council on July 18, 2016.
- C. **Office of the Mayor Liaison's Comment** – Dr. Johnny Gaffney advised the Board today is the mayor's birthday. Chair Petway asked him to convey best wishes from JEA to the mayor.
- D. **Nassau County's Ex-Officio Representative – Mike Mullin** – Mr. Mike Mullin was not in attendance.
- E. **J.D. Power Residential Customer Satisfaction Results – Monica Whiting, Chief Customer Officer**, presented the J.D. Power Residential Customer Satisfaction results to the Board. Ms. Whiting stated JEA started with the goal of reaching first quartile in electric services in both residential and business. JEA far exceeded the goal in the business market earning not only the top quartile, but also J.D. Power's top ranking for the top mid-size utility, highest Florida utility in the business market, and the highest score in the nation. For the first time JEA earned a residential total index score over 700, landing at 703. Ms. Whiting advised that despite the tremendous results, JEA is 2 points away from earning the top quartile in the residential market. Ms. Whiting stated that being at the top is challenging, as other utilities are striving to also achieve the top quartile ranking and we are competing for top spots among the best of the best. Ms.

Whiting also indicated that JEA started below the national average in every driver, and has moved to above the national average in every driver, with the biggest areas of improvement being in price, power quality and reliability and communications. Ms. Whiting congratulated JEA's employees and stated the goal is to earn our customer's loyalty, which is done through excellence and continued improvement year-over-year. Mr. McElroy advised that leaders of JEA would be meeting for a strategy session later in the week and JEA will stay focused on customer loyalty, as well as the other drivers of customer satisfaction. Mr. McElroy also advised that jea.com is the front door to the company and JEA will continue to focus on this area due to customer demand. This presentation was received for information.

Agenda Item III – For Board Consideration

A. Consent Agenda – used for items that require no explanation, discussion or presentation and are approved by one motion and vote. On **motion** by Mr. Jones and second by Ms. Kesler, item 1 on the Consent Agenda was unanimously approved and items 2 through 4 were received for information.

1. Approval of Board Meeting Minutes June 21, 2016 – approved
2. Monthly JEA Financial Review & Statements – received for information
3. Monthly JEA Operations Report – received for information
4. Monthly FY16 Communications & Engagement Calendar and Plan Update – received for information

B. Strategic Discussions/Action

1. Monthly Operational and Financial Review – Paul McElroy, Chief Executive Officer, provided a review of JEA's operational and financial metrics for electric, and water and wastewater services. Mr. McElroy also shared the safety results and information provided during the daily safety calls. This presentation was received for information.
2. Jacksonville Small & Emerging Business Program – John McCarthy, Director, Supply Chain Management, provided information on the Jacksonville Small & Emerging Business Program (JSEB), JEA's partnership with other agencies and events that have been held to assist vendors in learning about the program. This presentation was received for information.

C. Open Discussion

1. Chair Petway led an open discussion which included topics such as JEA's security, the pension reform referendum and the septic tank initiative being led by the city. Chair Petway indicated that he is looking forward to meeting with the rating agencies in December, and would like to include the same participants as last year's meetings.

Mr. Cumber stated there has been discussion in Tallahassee regarding funding from the state for the removal of septic tanks. Mr. McElroy indicated JEA would engage in any discussions to assist in obtaining additional funds.

Mr. Howard requested a blanket statement that JEA is testing security and that it is in good stead. Mr. McElroy advised that JEA is in a good position regarding security and that, while it cannot be discussed in an open forum, Board Members have an open invitation to receive detailed information on an individual basis.

D. Other New Business – none

E. Old Business – none

Agenda Item IV – Reports

A. Managing Director/CEO’s Report – Mr. McElroy reviewed the following items:

1. Mayor Curry has been invited to speak to JEA employees regarding the upcoming pension referendum and will meet with employees at the Jacksonville Main library July 22, 2016.
2. Mr. McElroy followed up with Mr. Cumber’s question from the June 21, 2016 Board meeting regarding Directors’ and Officers’ Liability insurance. Mr. McElroy stated JEA would fall under the cap for sovereign municipalities; however, this insurance provides an additional layer of coverage in the event that a case progresses through the court system.
3. JEA has been recognized in the St. Johns River Water Management District Summer/Fall newsletter regarding the River Accord, the partnership with the city of Jacksonville and JEA to improve the health of the St. Johns River’s lower basin.
4. Mr. McElroy recognized Liz Columbo and Barry Rothchild , JEA’s bond counsel with Nixon Peabody, who were in attendance at today’s meeting.

B. Chair’s Report – The Chair indicated he had finished with his reporting.

Agenda Item V – Closing Considerations

A. Announcements – Finance & Audit Committee Meeting – August 8, 2016

Next Board Meeting – August 16, 2016

B. Adjournment

With no further business claiming the attention of the Board, Chair Petway adjourned the meeting at 1:05 PM.

APPROVED BY:

SECRETARY

DATE: _____

Board Meeting recorded by:

Cheryl W. Mock
Executive Assistant

III. A. 2.

Monthly JEA Financial Review & Statements



JEA Monthly Financial Summary

as of July 31, 2016

III. A. 2.
8/16/2016

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Board of Directors

August 16, 2016

Key Financial Metrics

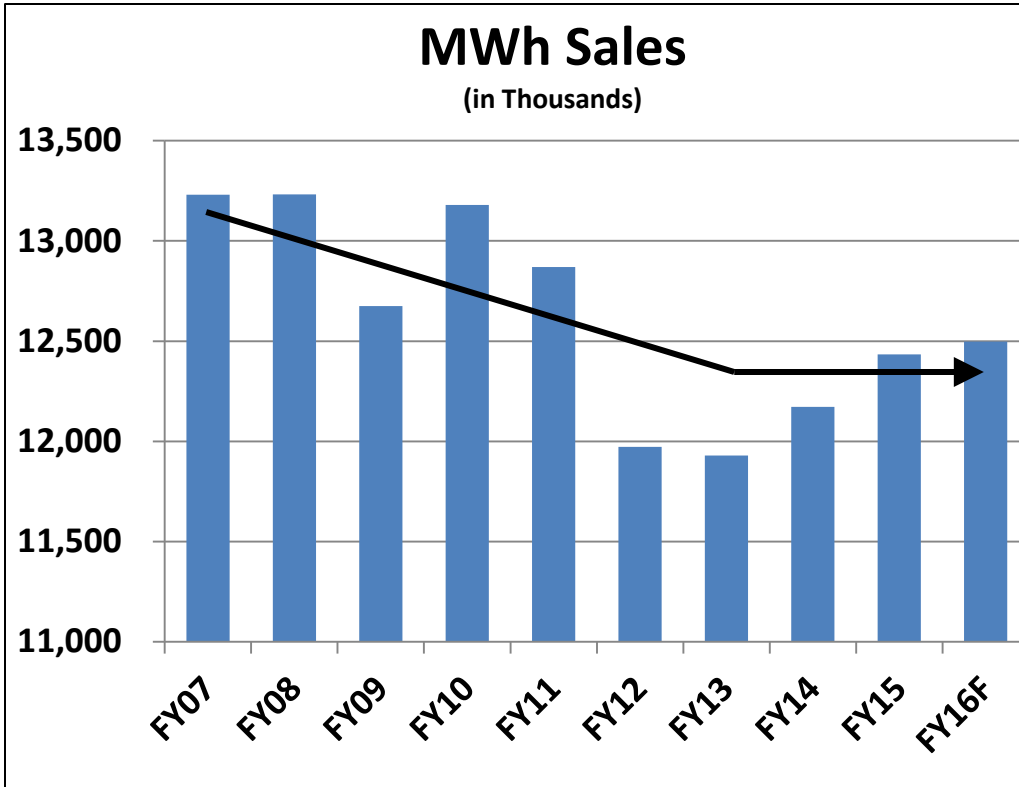
Electric System	Year-to-Date		FY2016 Full Year		Result
	FY2016	FY2015	Forecast	Target	
Debt Service Coverage	2.8x	2.7x	2.8x	≥ 2.2x	✓
Days Liquidity	327	273	327	150 to 250 days ¹	✓
<i>Days Cash on Hand</i>	204	154	206		✓
Debt to Asset %	66%	70%	66%	72% ²	✓

Water and Sewer System	FY2016	FY2015	Forecast	Target	Result
Debt Service Coverage	3.2x	2.8x	2.9x	≥ 1.8x	✓
Days Liquidity	258	280	282	≥ 100 days	✓
<i>Days Cash on Hand</i>	135	164	161		✓
Debt to Asset %	53%	53%	53%	55% ³	✓

¹ Moody's Aa benchmark: 150 to 250 days

² Long-term target is 52%: per Moody's Sector In-Depth Report "Top 30 City Owned Utilities (by debt outstanding)", Sept. 2015

³ Long-term target is 50%: calculated peer group from Moody's 214 Aa rated public water-sewer utilities, Dec. 2015



Month	FY15	FY16	%
Oct	971,595	952,515	(2.0%)
Nov	895,617	923,705	3.1%
Dec	943,753	922,956	(2.2%)
Jan	1,035,621	1,049,897	1.4%
Feb	934,102	894,563	(4.2%)
Mar	898,524	893,954	(0.1%)
Apr	954,803	900,013	(5.7%)
May	1,062,459	1,089,555	2.6%
Jun	1,187,741	1,231,251	3.7%
Jul	1,254,252	1,336,836	6.6%
Year-to-Date	10,138,467	10,195,244	0.6%
Aug	1,212,295		
Sep	1,083,446		
Total/Forecast	12,434,208	12,497,334	

Unit Sales Driver: Degree days 4% lower than last year.

YTD Degree Days		
<u>30-yr. Avg.</u>	<u>FY15</u>	<u>FY16</u>
3,097	3,241	3,124

YTD Customer Accounts		
<u>FY15</u>	<u>FY16</u>	<u>%</u>
446,337	454,362	1.8%

Total System	0.6%
Residential	(0.3%)
Comm./Industrial	2.5%
Interruptible	(3.9%)
Wholesale (FPU)	(6.1%)

JEA Electric System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY16 Forecast	FY15 Actual	FY16 Budget	FY16 vs FY15 (\$)	Variance (%)
Fuel Revenue	\$ 423,970 ¹	\$ 486,362 ²	\$ 485,631	\$ (62,392)	-12.8%
Base Revenue	744,799	741,411	711,502	3,388	0.5%
Other Revenue	37,822	38,183	51,716	(361)	-0.9%
Total Revenues	\$ 1,206,591	\$ 1,265,956	\$ 1,248,849	\$ (59,365)	-4.7%
		\$ (42M)			
Select Expenses					
Fuel Expense	\$ 394,021	\$ 441,076	\$ 460,315	\$ 47,055	10.7%
Fuel Fund Transfers	29,949	45,286	25,255	15,377	
O & M Expense	196,624	191,764	222,827	(4,860)	-2.5%
Non-fuel Purchased Power	91,920	114,804	113,015	22,884	19.9%
Net Revenues	\$ 478,955	\$ 461,604	\$ 405,311	\$ 17,351	3.8%
		\$74M			
Capital Expenditures	\$ 162,884	\$ 116,728	\$ 153,200 ³	\$ (46,156)	-39.5%
Debt Service	\$ 173,632	\$ 175,778	\$ 185,614	\$ 2,146	1.2%

Electric Costs / MWh	Non-Fuel
Target	\$ 49.44
Forecast	<u>50.92</u>
Difference	\$ (1.48)

Fuel Fund (\$ in millions)	
Beginning Balance	\$ 151
Surplus/(Deficit)	87
Fuel Credit	<u>(57)</u>
Ending Balance	\$ 181

¹ Net of \$57 million fuel credit in October bill and fuel rate reduction in February

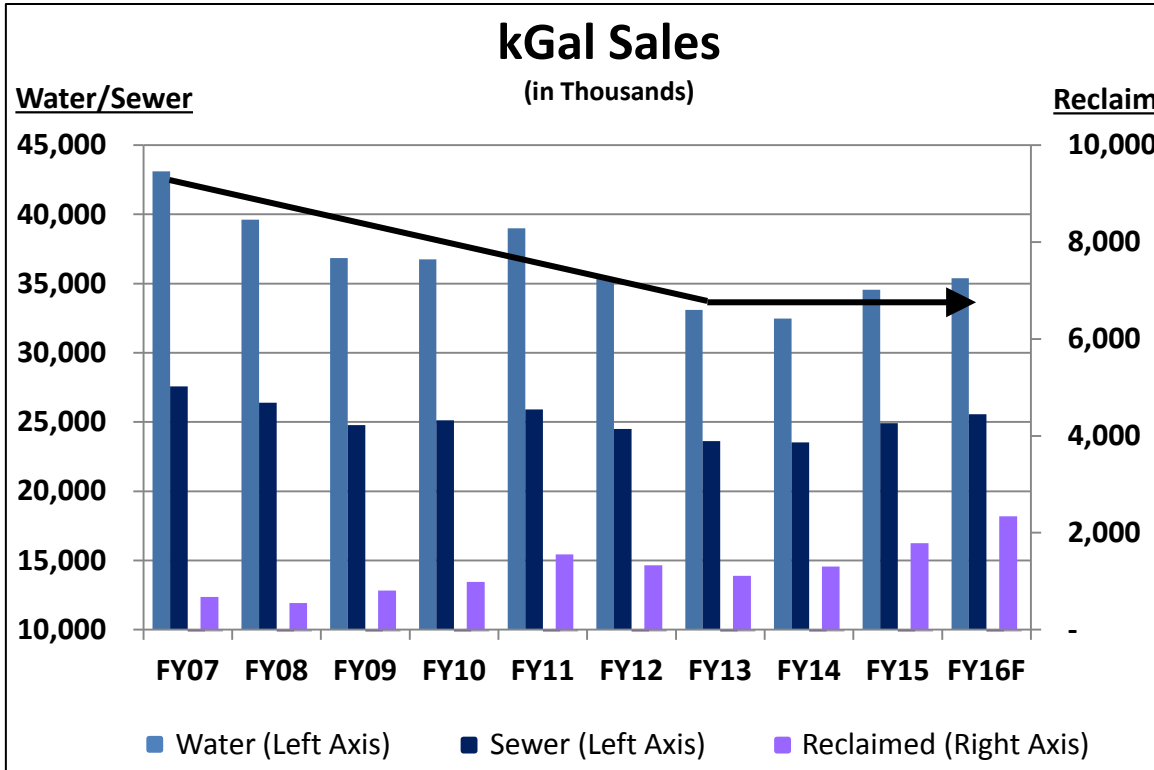
² Net of \$50 million fuel credit in FY15

³ Council approved limit for capital expenditures in FY16 is \$170 million

JEA Water and Sewer System

kGal Sales

(in Thousands)



Month	FY15	FY16	%
Oct	3,051	3,120	2.3%
Nov	2,597	2,641	1.7%
Dec	2,708	2,758	1.8%
Jan	2,502	2,527	1.0%
Feb	2,238	2,479	10.8%
Mar	2,732	2,825	3.4%
Apr	2,765	2,914	5.4%
May	3,509	3,523	0.4%
Jun	3,382	3,290	(2.7%)
Jul	3,300	3,736	13.2%
YTD	28,784	29,813	3.6%
Aug	3,062		
Sep	2,712		
Total/Forecast	34,558	35,379	

Unit Sales Driver: Rainfall down 8 inches; rain days down 1.
Irrigation for July 2016 up 12% versus July 2015.

YTD Rain			
	30-Yr. Avg.	FY15	FY16
Inches	37	32	24
Days	86	76	75

YTD Customer Accounts			
	FY15	FY16	%
Water	327,707	335,979	2.5%
Sewer	253,035	259,937	2.7%
Reclaimed	6,289	8,008	27.3%

Total System	3.6%
Residential	3.0%
Comm./Industrial	5.3%
Irrigation	1.5%



JEA Water and Sewer System

Financial Results and Cost Metrics

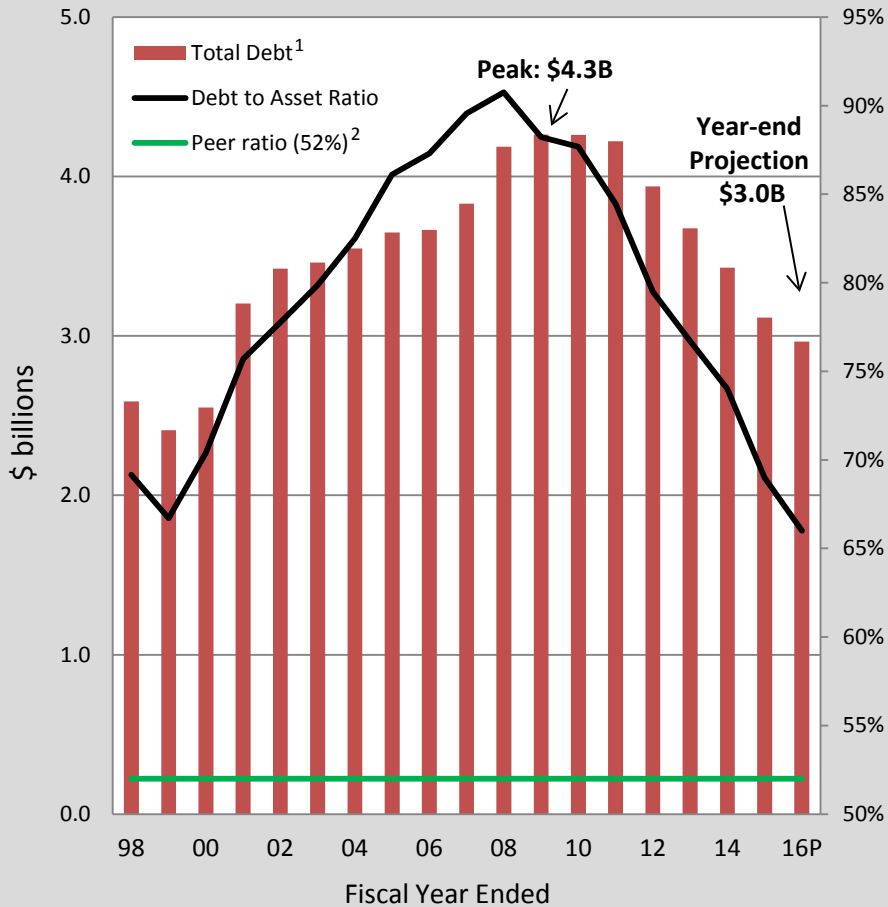
(\$ in thousands)

Revenues	FY16 Forecast	FY15 Actual	FY16 Budget	FY16F vs FY15 (\$)	Variance (%)
Water & Sewer Revenues	\$ 403,198	\$ 393,167	\$ 383,162	\$ 10,031	2.6%
Other Revenue	36,977	43,750	34,529	(6,773)	-15.5%
Total Revenues	\$ 440,175	\$ 436,917	\$ 417,691	\$ 3,258	0.7%
Select Expenses					
O & M Expense	\$ 132,453	\$ 127,174	\$ 138,368	\$ (5,279)	-4.2%
Net Revenues	\$ 281,590	\$ 278,471	\$ 254,266	\$ 3,119	1.1%
Capital Expenditures	\$ 145,769 ¹	\$ 100,806	\$ 175,000	\$ (44,962)	-44.6%
Debt Service	\$ 96,411	\$ 101,108	\$ 105,371	\$ 4,697	4.6%

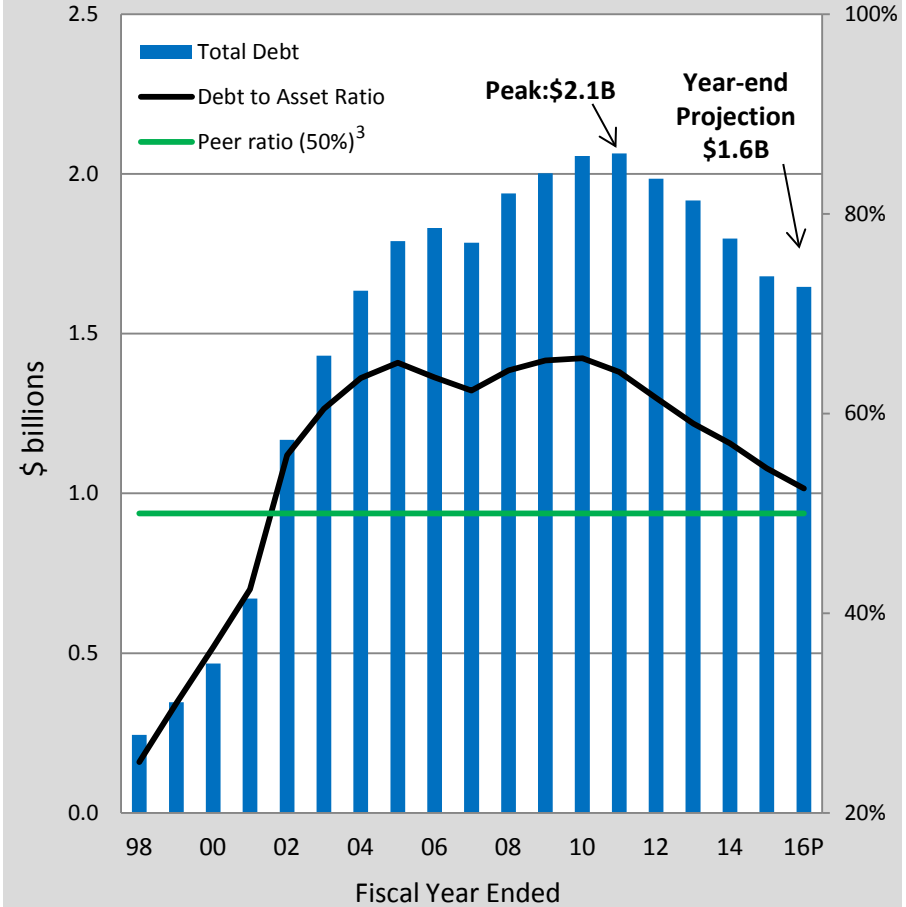
Cost / KGal	Water	Sewer
Target	\$ 3.98	\$ 7.25
Forecast	<u>4.19</u>	<u>7.39</u>
Difference	\$ (0.21)	\$ (0.14)

¹ Council approved limit for capital expenditures in FY16 is \$195 million

Electric System



Water and Sewer System

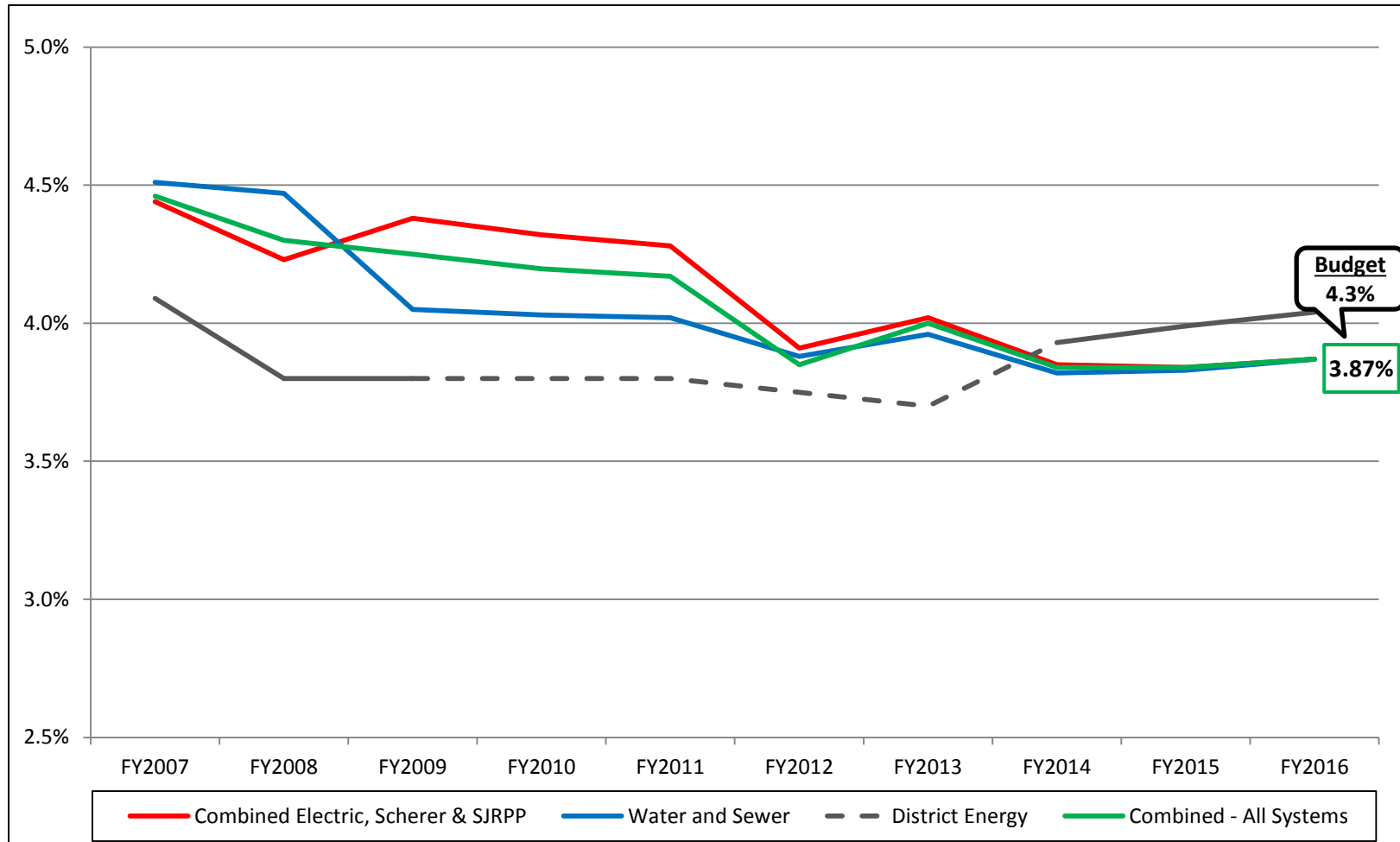


¹ Includes JEA, Scherer and SJRPP

² Per "Top 30 City Owned Utilities (By Debt Outstanding)" reported in Moody's Sector In-Depth Report, Sept. 8, 2015

³ Calculated from Moody's Municipal Financial Ratio Analysis database of 214 Aa rated public water-sewer utilities, Dec. 17, 2015

Combined Debt Outstanding Weighted Average Interest Rates*



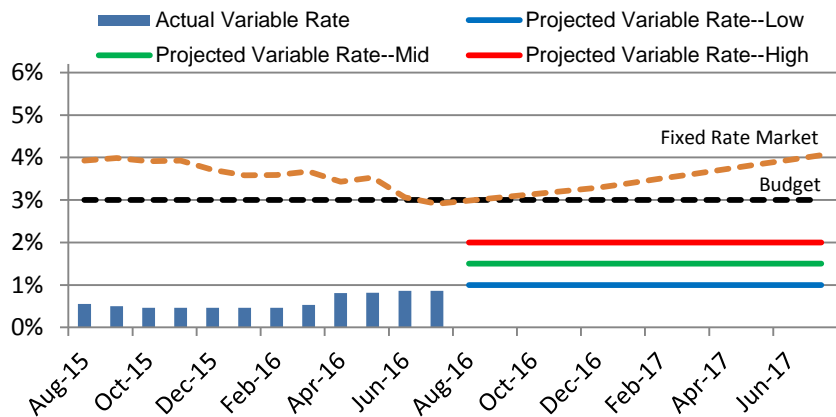
- Fiscal year end interest rates are net of BABs subsidy, original issue premiums / discounts and includes variable debt liquidity / remarketing fees and interest rate swap payments.
- - - - During FY2008 – FY2013 DES was funded with variable rate debt at an average of 1 percent.

Variable Rate Debt Risk Analysis

(\$ in millions)

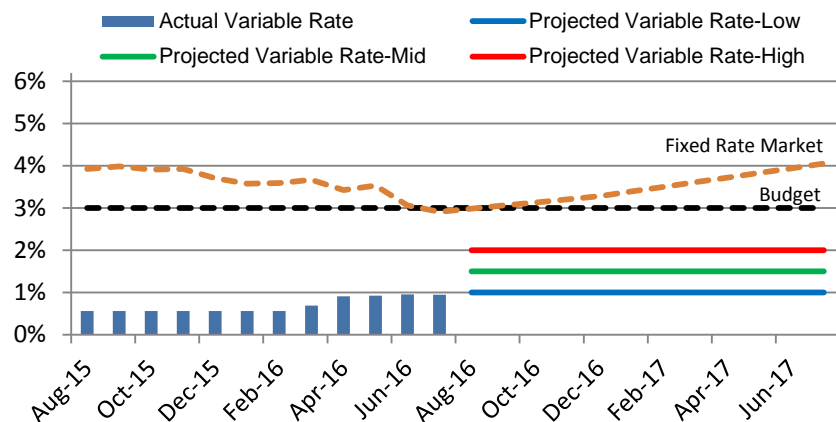
Electric System

Variable Interest Rates (including fees)



Water and Sewer

Variable Interest Rates (including fees)



Liquidity Facilities and Direct Purchase Bonds (DPBs)

Bank	Long-Term Ratings Moody's/S&P/Fitch	\$ (in millions)	%
Wells Fargo Bank N.A. (100% DPBs)	Aa2/AA-/AA	\$225	26
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	199	23
Royal Bank of Canada	Aa3/AA-/AA	193	23
US Bank, N.A.	A1/AA-/AA	149	18
Sumitomo	A1/A/A	52	6
State Street Bank	Aa3/AA-/AA	31	4
Total		\$849	

Swap Providers

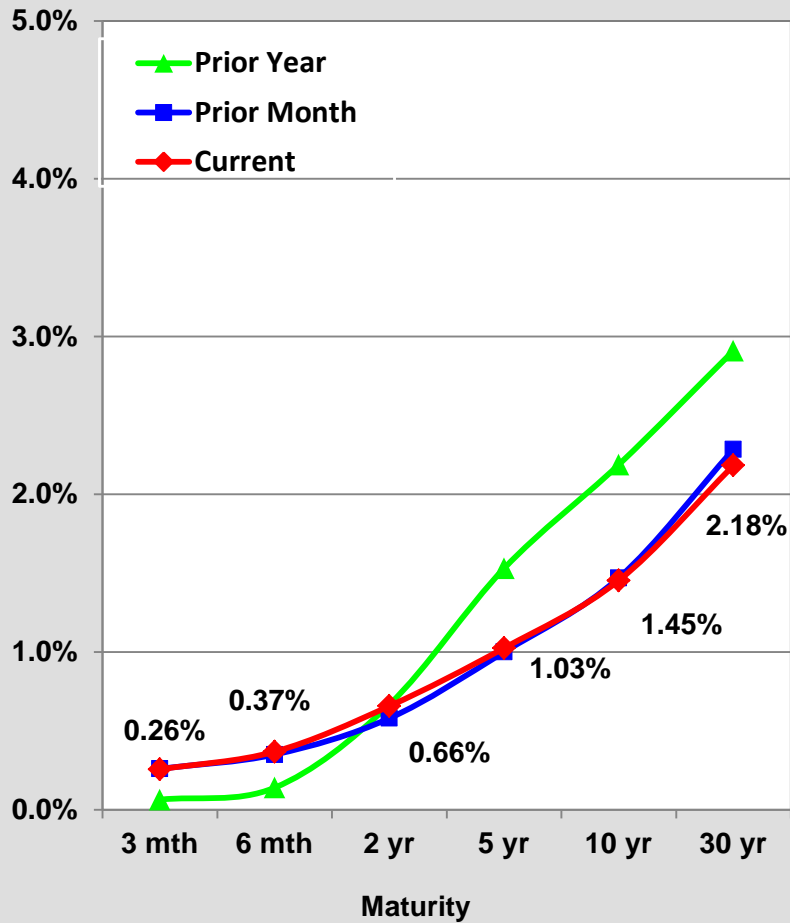
Bank	Long-Term Ratings Moody's/S&P/Fitch	\$ (in millions)	%
Morgan Stanley Capital Services	A3/BBB+/A	\$184	35
Goldman Sachs Mitsui Marine Derivative Products	Aa2/AA-/NR	136	25
JP Morgan Chase Bank N.A.	Aa3/A+/AA-	127	24
Merrill Lynch	Baa1/BBB+/A	85	16
Total		\$532	

Items of Interest

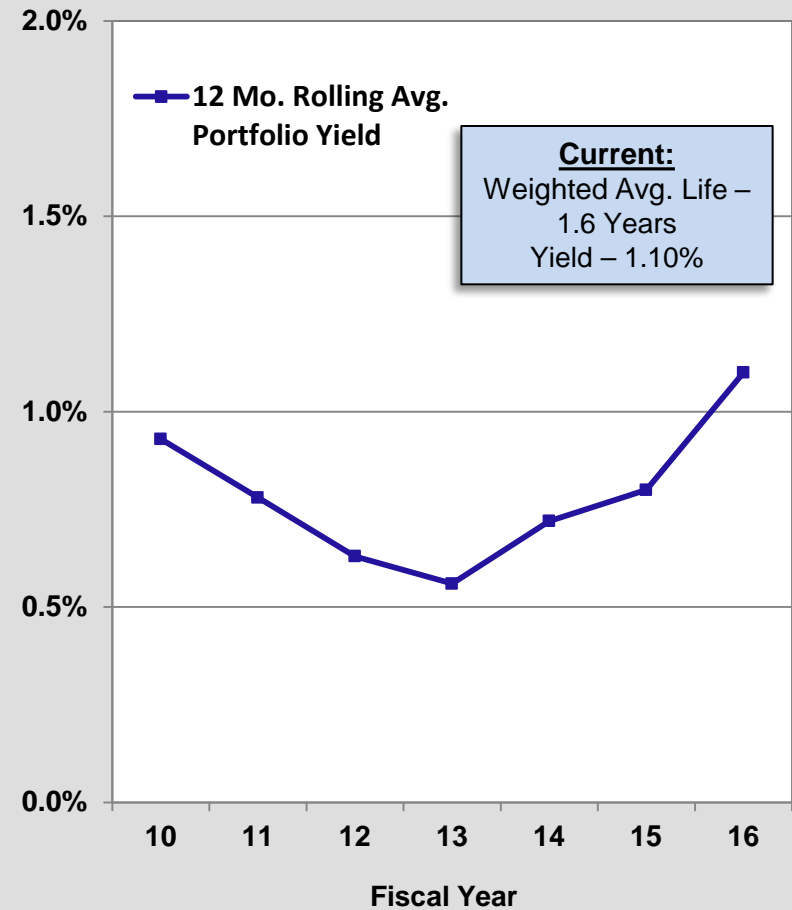
- Variable debt as a percentage of total debt:
 - Unhedged variable at 6% for Electric and 10% for Water and Sewer.
 - Hedged variable at 14% for Electric and 7% for Water and Sewer.
- Liquidity facilities / direct purchase bonds are with highly rated providers.
- No change in swap counterparty credit quality.
- Wells Fargo direct purchase bonds - three year renewal in Sep 2015.
- State Street liquidity facility renewed in Feb 2015 through March 2018.
- Variable rate reserve to mitigate risk of higher rates – \$62 million.

Total variable rate debt of \$890 with \$532 swapped to fixed rate

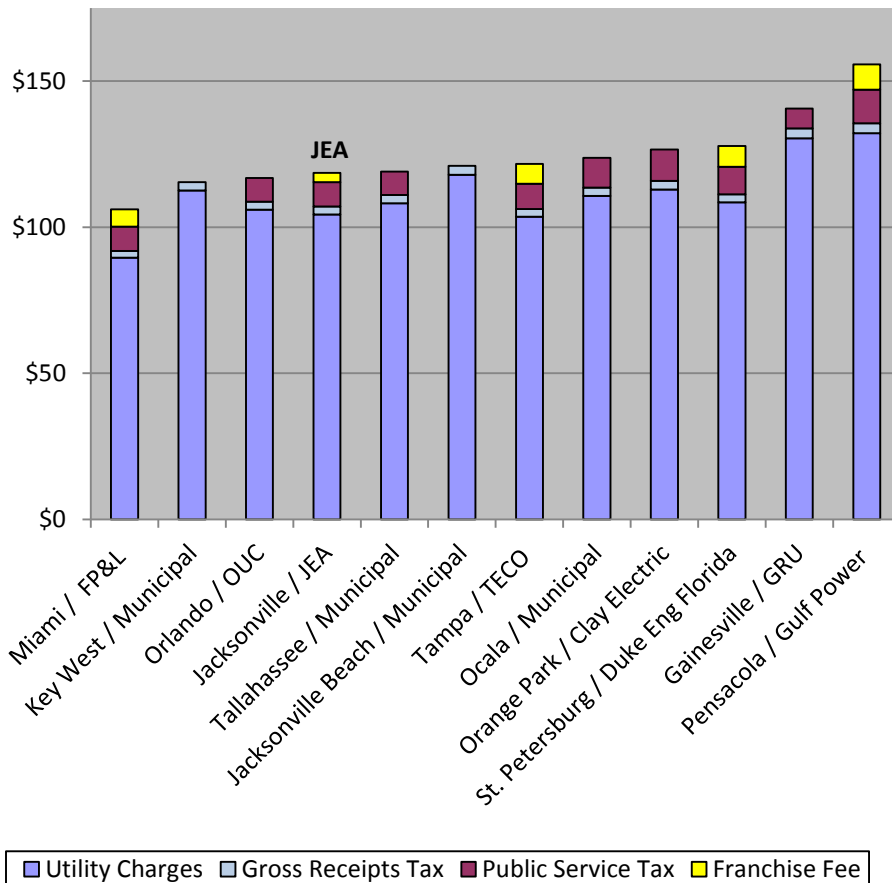
U. S. Treasury Yield Curve



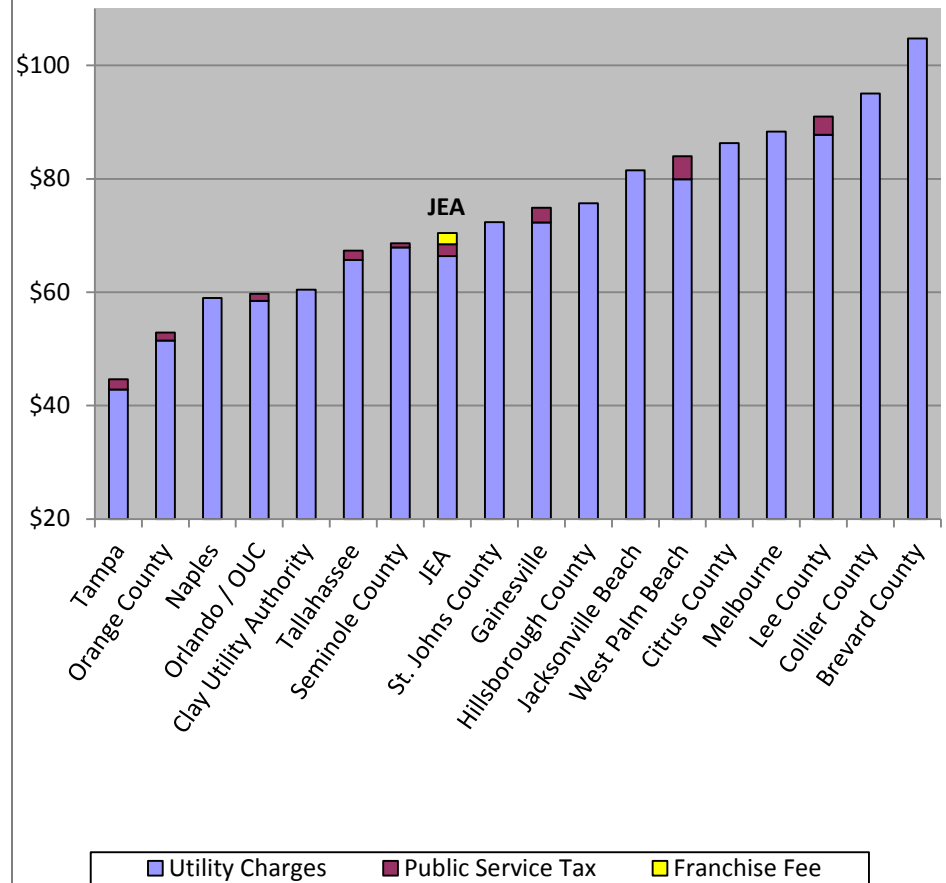
Investment Portfolio Yield



Monthly Residential Electric Bills
Consumption @ 1,000 kWh



Monthly Residential Water Bills
5/8" meter and 6 kgals of Consumption



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Monthly Financial Statements

July 2016

Monthly Financial Statements

July 2016

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Statements of Net Position

(in thousands - unaudited) July 2016 and 2015 restated

	2016	2015 restated
Assets		
Current assets:		
Cash and cash equivalents	\$ 248,579	\$ 182,758
Investments	257,629	264,997
Customer accounts receivable, less allowance for doubtful accounts of \$3,994 in 2016 and \$4,308 in 2015 restated	232,182	230,017
Miscellaneous accounts receivable	43,634	37,060
Interest receivable	1,789	2,345
Inventories, less reserve of \$0 in 2016 and \$242 in 2015 restated:		
Fuel inventory - Electric System	58,098	66,372
Fuel inventory - Plant Scherer	6,369	3,407
Materials and supplies - Water and Sewer	45,725	43,498
Materials and supplies - Electric System	20,645	19,535
Materials and supplies - Plant Scherer	2,130	2,118
Total current assets	<u>916,780</u>	<u>852,107</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	110,398	68,302
Investments	862,072	974,960
Accounts and interest receivable	2,813	5,568
Total restricted assets	<u>975,283</u>	<u>1,048,830</u>
Costs to be recovered from future revenues	450,322	376,254
Investment in The Energy Authority	6,218	7,358
Notes receivable - City of Jacksonville	-	47
Other assets	15,042	18,337
Total noncurrent assets	<u>1,446,865</u>	<u>1,450,826</u>
Capital assets:		
Land and easements	164,326	167,403
Plant in service	10,743,028	10,595,558
Less accumulated depreciation	<u>(5,375,114)</u>	<u>(4,916,917)</u>
Plant in service, net	5,532,240	5,846,044
Construction work in progress	<u>323,052</u>	<u>204,900</u>
Net capital assets	<u>5,855,292</u>	<u>6,050,944</u>
Total assets	<u>8,218,937</u>	<u>8,353,877</u>
Deferred outflows of resources		
Unamortized losses on refundings	143,892	156,806
Accumulated decrease in fair value of interest swaps derivatives	183,809	124,665
Unrealized pension contributions and losses	83,970	39,131
Accumulated decrease in fair value of fuel hedging derivatives	1,137	1,363
Total deferred outflows of resources	<u>412,808</u>	<u>321,965</u>
Total assets and deferred outflows of resources	<u>\$ 8,631,745</u>	<u>\$ 8,675,842</u>

Statements of Net Position

(in thousands - unaudited) July 2016 and 2015 restated

	2016	2015 restated
Liabilities		
Current liabilities:		
Accounts and accrued expenses payable	\$ 91,346	\$ 87,001
Customer deposits	55,454	55,658
City of Jacksonville payable	9,686	9,377
Compensated absences due within one year	4,534	6,152
State utility taxes payable	3,090	3,237
Total current liabilities	<u>164,110</u>	<u>161,425</u>
Current liabilities payable from restricted assets:		
Revenue bonds and line of credit due within one year	181,525	187,500
Renewal and replacement reserve	79,601	82,948
Interest payable	58,504	61,637
Construction contracts and accounts payable	10,537	9,533
Total current liabilities payable from restricted assets	<u>330,167</u>	<u>341,618</u>
Noncurrent liabilities:		
Net pension liability	408,629	395,990
Compensated absences due after one year	24,623	21,142
Environmental liabilities	18,556	18,662
OPEB liability	425	2,142
Other liabilities	2,744	4,475
Total noncurrent liabilities	<u>454,977</u>	<u>442,411</u>
Long-term debt:		
Bonds payable, less current portion	4,470,195	4,752,290
Unamortized premium, net	143,998	178,251
Fair value of debt management strategy instruments	183,809	124,665
Commercial paper notes payable	-	40,800
Total long-term debt	<u>4,798,002</u>	<u>5,096,006</u>
Total liabilities	<u>5,747,256</u>	<u>6,041,460</u>
Deferred inflows of resources		
Revenues to be used for future costs	527,056	471,967
Unrealized pension gains	29,796	-
Total deferred inflows of resources	<u>556,852</u>	<u>471,967</u>
Net position		
Net investment in capital assets	1,425,801	1,166,122
Restricted	547,797	608,362
Unrestricted	354,039	387,931
Total net position	<u>2,327,637</u>	<u>2,162,415</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,631,745</u>	<u>\$ 8,675,842</u>

JEA
Combining Statement of Net Position
(in thousands - unaudited) July 2016

	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	\$ 162,835	\$ 26,081	\$ -	\$ 188,916	\$ 55,472	\$ 4,191	\$ 248,579
Investments	247,430	10,199	-	257,629	-	-	257,629
Customer accounts receivable, less allowance for doubtful accounts of \$3,994	190,121	-	-	190,121	41,464	597	232,182
Miscellaneous accounts receivable	23,381	37,382	(18,346)	42,417	1,217	-	43,634
Interest receivable	942	22	-	964	825	-	1,789
Inventories, less reserve of \$0:							
Fuel inventory - Electric System	30,883	27,215	-	58,098	-	-	58,098
Fuel inventory - Plant Scherer	6,369	-	-	6,369	-	-	6,369
Materials and supplies - Water and Sewer	-	-	-	-	45,725	-	45,725
Materials and supplies - Electric System	-	20,645	-	20,645	-	-	20,645
Materials and supplies - Plant Scherer	2,130	-	-	2,130	-	-	2,130
Total current assets	664,091	121,544	(18,346)	767,289	144,703	4,788	916,780
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	70,985	-	70,985	36,107	3,306	110,398
Investments	352,290	187,538	-	539,828	322,244	-	862,072
Accounts and interest receivable	1,363	562	-	1,925	888	-	2,813
Total restricted assets	353,653	259,085	-	612,738	359,239	3,306	975,283
Costs to be recovered from future revenues	228,148	6,640	-	234,788	215,534	-	450,322
Investment in The Energy Authority	6,218	-	-	6,218	-	-	6,218
Other assets	8,330	-	-	8,330	6,712	-	15,042
Total noncurrent assets	596,349	265,725	-	862,074	581,485	3,306	1,446,865
Capital assets:							
Land and easements	95,178	6,660	-	101,838	59,437	3,051	164,326
Plant in service	5,143,952	1,345,972	-	6,489,924	4,199,455	53,649	10,743,028
Less accumulated depreciation	(2,656,987)	(837,679)	-	(3,494,666)	(1,859,014)	(21,434)	(5,375,114)
Plant in service, net	2,582,143	514,953	-	3,097,096	2,399,878	35,266	5,532,240
Construction work in progress	162,776	16,080	-	178,856	142,900	1,296	323,052
Net capital assets	2,744,919	531,033	-	3,275,952	2,542,778	36,562	5,855,292
Total assets	4,005,359	918,302	(18,346)	4,905,315	3,268,966	44,656	8,218,937
Deferred outflows of resources							
Unamortized losses on refundings	80,726	16,124	-	96,850	46,829	213	143,892
Accumulated decrease in fair value of interest swaps derivatives	147,958	-	-	147,958	35,851	-	183,809
Unrealized pension contributions and losses	48,712	4,115	-	52,827	31,143	-	83,970
Accumulated decrease in fair value of fuel hedging derivatives	1,137	-	-	1,137	-	-	1,137
Total deferred outflows of resources	278,533	20,239	-	298,772	113,823	213	412,808
Total assets and deferred outflows of resources	\$ 4,283,892	\$ 938,541	\$ (18,346)	\$ 5,204,087	\$ 3,382,789	\$ 44,869	\$ 8,631,745

Combining Statement of Net Position
(in thousands - unaudited) July 2016

	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	\$ 71,259	\$ 9,655	\$ (2,559)	\$ 78,355	\$ 12,984	\$ 7	\$ 91,346
Customer deposits	41,660	-	-	41,660	13,794	-	55,454
City of Jacksonville payable	7,643	-	-	7,643	2,043	-	9,686
Compensated absences due within one year	1,824	1,486	-	3,310	1,217	7	4,534
State utility taxes payable	3,090	-	-	3,090	-	-	3,090
Total current liabilities	125,476	11,141	(2,559)	134,058	30,038	14	164,110
Current liabilities payable from restricted assets:							
Revenue bonds and line of credit due within one year	102,240	43,785	-	146,025	33,875	1,625	181,525
Renewal and replacement reserve	-	79,601	-	79,601	-	-	79,601
Interest payable	29,455	7,105	-	36,560	21,478	466	58,504
Construction contracts and accounts payable	3,031	17,873	(15,787)	5,117	5,407	13	10,537
Total current liabilities payable from restricted assets	134,726	148,364	(15,787)	267,303	60,760	2,104	330,167
Noncurrent liabilities:							
Net pension liability	246,724	4,163	-	250,887	157,742	-	408,629
Compensated absences due after one year	17,078	1,107	-	18,185	6,398	40	24,623
Environmental liabilities	18,556	-	-	18,556	-	-	18,556
OPEB liability	268	-	-	268	157	-	425
Other liabilities	1,137	-	-	1,137	1,607	-	2,744
Total noncurrent liabilities	283,763	5,270	-	289,033	165,904	40	454,977
Long-term debt:							
Bonds payable, less current portion	2,369,215	450,215	-	2,819,430	1,612,640	38,125	4,470,195
Unamortized premium (discount)	70,799	18,085	-	88,884	55,158	(44)	143,998
Fair value of debt management strategy instruments	147,958	-	-	147,958	35,851	-	183,809
Total long-term debt	2,587,972	468,300	-	3,056,272	1,703,649	38,081	4,798,002
Total liabilities	3,131,937	633,075	(18,346)	3,746,666	1,960,351	40,239	5,747,256
Deferred inflows of resources							
Revenues to be used for future costs	340,707	161,587	-	502,294	24,762	-	527,056
Unrealized pension gains	16,446	2,835	-	19,281	10,515	-	29,796
Total deferred inflows of resources	357,153	164,422	-	521,575	35,277	-	556,852
Net position							
Net investment in capital assets	313,846	(6,000)	-	307,846	1,120,899	(2,944)	1,425,801
Restricted	258,765	33,991	15,787	308,543	236,414	2,840	547,797
Unrestricted	222,191	113,053	(15,787)	319,457	29,848	4,734	354,039
Total net position	794,802	141,044	-	935,846	1,387,161	4,630	2,327,637
Total liabilities, deferred inflows of resources, and net position	\$ 4,283,892	\$ 938,541	\$ (18,346)	\$ 5,204,087	\$ 3,382,789	\$ 44,869	\$ 8,631,745

JEA
Combining Statement of Net Position
(in thousands - unaudited) July 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Assets							
Current assets:							
Cash and cash equivalents	\$ 88,516	\$ 30,408	\$ -	\$ 118,924	\$ 60,011	\$ 3,823	\$ 182,758
Investments	231,580	33,417	-	264,997	-	-	264,997
Customer accounts receivable, less allowance for doubtful accounts of \$4,308	190,041	-	-	190,041	39,258	718	230,017
Miscellaneous accounts receivable	17,649	31,142	(14,996)	33,795	3,265	-	37,060
Interest receivable	1,419	66	-	1,485	860	-	2,345
Inventories, less reserve of \$242:							
Fuel inventory - Electric System	37,216	29,156	-	66,372	-	-	66,372
Fuel inventory - Plant Scherer	3,407	-	-	3,407	-	-	3,407
Materials and supplies - Water and Sewer	-	-	-	-	43,498	-	43,498
Materials and supplies - Electric System	-	19,535	-	19,535	-	-	19,535
Materials and supplies - Plant Scherer	2,118	-	-	2,118	-	-	2,118
Total current assets	571,946	143,724	(14,996)	700,674	146,892	4,541	852,107
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	621	33,589	-	34,210	29,729	4,363	68,302
Investments	385,646	251,586	-	637,232	337,728	-	974,960
Accounts and interest receivable	3,253	687	-	3,940	1,628	-	5,568
Total restricted assets	389,520	285,862	-	675,382	369,085	4,363	1,048,830
Costs to be recovered from future revenues	229,616	9,272	-	238,888	137,366	-	376,254
Investment in The Energy Authority	7,358	-	-	7,358	-	-	7,358
Notes receivable - City of Jacksonville	-	-	-	-	47	-	47
Other assets	8,420	-	-	8,420	9,917	-	18,337
Total noncurrent assets	634,914	295,134	-	930,048	516,415	4,363	1,450,826
Capital assets:							
Land and easements	95,412	6,660	-	102,072	62,280	3,051	167,403
Plant in service	5,052,246	1,368,310	-	6,420,556	4,122,411	52,591	10,595,558
Less accumulated depreciation	(2,467,897)	(805,831)	-	(3,273,728)	(1,624,048)	(19,141)	(4,916,917)
Plant in service, net	2,679,761	569,139	-	3,248,900	2,560,643	36,501	5,846,044
Construction work in progress	97,578	11,843	-	109,421	94,979	500	204,900
Capital assets, net	2,777,339	580,982	-	3,358,321	2,655,622	37,001	6,050,944
Total assets	3,984,199	1,019,840	(14,996)	4,989,043	3,318,929	45,905	8,353,877
Deferred outflows of resources							
Unamortized losses on refundings	86,219	20,954	-	107,173	49,412	221	156,806
Accumulated decrease in fair value of interest swaps derivatives	101,725	-	-	101,725	22,940	-	124,665
Unrealized pension contributions and losses	21,157	4,447	-	25,604	13,527	-	39,131
Accumulated decrease in fair value of fuel hedging derivatives	1,363	-	-	1,363	-	-	1,363
Total deferred outflows of resources	210,464	25,401	-	235,865	85,879	221	321,965
Total assets and deferred outflows of resources	\$ 4,194,663	\$ 1,045,241	\$ (14,996)	\$ 5,224,908	\$ 3,404,808	\$ 46,126	\$ 8,675,842

JEA
Combining Statement of Net Position
(in thousands - unaudited) July 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Liabilities							
Current liabilities:							
Accounts and accrued expenses payable	\$ 65,433	\$ 12,396	\$ (2,602)	\$ 75,227	\$ 11,764	\$ 10	\$ 87,001
Customer deposits	42,271	-	-	42,271	13,387	-	55,658
City of Jacksonville payable	7,509	-	-	7,509	1,868	-	9,377
Compensated absences due within one year	3,950	1,486	-	5,436	710	6	6,152
State utility taxes payable	3,237	-	-	3,237	-	-	3,237
Total current liabilities	122,400	13,882	(2,602)	133,680	27,729	16	161,425
Current liabilities payable from restricted assets:							
Revenue bonds and line of credit due within one year	98,765	50,945	-	149,710	36,180	1,610	187,500
Renewal and replacement reserve	-	82,948	-	82,948	-	-	82,948
Interest payable	30,227	8,117	-	38,344	22,823	470	61,637
Construction contracts and accounts payable	2,848	14,383	(12,394)	4,837	4,606	90	9,533
Total current liabilities payable from restricted assets	131,840	156,393	(12,394)	275,839	63,609	2,170	341,618
Noncurrent liabilities:							
Net pension liability	235,941	9,201	-	245,142	150,848	-	395,990
Compensated absences due after one year	13,466	1,256	-	14,722	6,362	58	21,142
Environmental liabilities	18,662	-	-	18,662	-	-	18,662
OPEB liability	1,355	-	-	1,355	787	-	2,142
Other liabilities	1,363	-	-	1,363	3,112	-	4,475
Total noncurrent liabilities	270,787	10,457	-	281,244	161,109	58	442,411
Long-term debt:							
Bonds payable, less current portion	2,471,455	524,205	-	2,995,660	1,716,880	39,750	4,752,290
Unamortized premium (discount), net	87,245	28,061	-	115,306	62,994	(49)	178,251
Fair value of debt management strategy instruments	101,725	-	-	101,725	22,940	-	124,665
Commercial paper notes payable	40,800	-	-	40,800	-	-	40,800
Total long-term debt	2,701,225	552,266	-	3,253,491	1,802,814	39,701	5,096,006
Total liabilities	3,226,252	732,998	(14,996)	3,944,254	2,055,261	41,945	6,041,460
Deferred inflows of resources							
Revenues to be used for future costs	265,294	172,635	-	437,929	34,038	-	471,967
Total deferred inflows of resources	265,294	172,635	-	437,929	34,038	-	471,967
Net position							
Net investment in capital assets	197,208	(46,290)	-	150,918	1,019,383	(4,179)	1,166,122
Restricted	289,847	57,313	12,394	359,554	244,915	3,893	608,362
Unrestricted	216,062	128,585	(12,394)	332,253	51,211	4,467	387,931
Total net position	703,117	139,608	-	842,725	1,315,509	4,181	2,162,415
Total liabilities, deferred inflows of resources, and net position	\$ 4,194,663	\$ 1,045,241	\$ (14,996)	\$ 5,224,908	\$ 3,404,808	\$ 46,126	\$ 8,675,842

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 45,450	\$ 11,758	\$ 57,208	\$ 16,916	\$ 1,454	\$ 75,578
Rate stabilization:						
Fuel	172,776	-	172,776	-	-	172,776
Debt management	42,126	-	42,126	20,290	2,737	65,153
Environmental	29,152	-	29,152	4,472	-	33,624
Purchased Power	35,428	-	35,428	-	-	35,428
DSM/Conservation	3,396	-	3,396	-	-	3,396
Total rate stabilization funds	282,878	-	282,878	24,762	2,737	310,377
General reserve	-	24,522	24,522	-	-	24,522
Customer deposits	41,514	-	41,514	13,794	-	55,308
Self insurance reserve funds:						
Self funded health plan	11,867	-	11,867	-	-	11,867
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	21,867	-	21,867	-	-	21,867
Environmental liability reserve	18,556	-	18,556	-	-	18,556
Total unrestricted cash and investments	\$ 410,265	\$ 36,280	\$ 446,545	\$ 55,472	\$ 4,191	\$ 506,208
Restricted assets						
Renewal and replacement funds	\$ 169,717	\$ 79,486	\$ 249,203	\$ 193,707	\$ 1,486	\$ 444,396
Debt service reserve account	65,433	137,942	203,375	108,086	-	311,461
Debt service funds	113,463	37,218	150,681	49,244	1,820	201,745
Construction funds	-	-	-	681	-	681
Environmental funds	-	-	-	672	-	672
Subtotal	348,613	254,646	603,259	352,390	3,306	958,955
Unrealized holding gain (loss) on investments	3,677	(451)	3,226	5,961	-	9,187
Other funds	-	4,328	4,328	-	-	4,328
Total restricted cash and investments	\$ 352,290	\$ 258,523	\$ 610,813	\$ 358,351	\$ 3,306	\$ 972,470

JEA
Schedule of Cash and Investments
(in thousands - unaudited) July 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Total JEA
Unrestricted cash and investments						
Operations	\$ 33,881	\$ 5,402	\$ 39,283	\$ 26,334	\$ 1,086	\$ 66,703
Rate stabilization:						
Fuel	127,679	-	127,679	-	-	127,679
Debt management	42,126	-	42,126	20,290	2,737	65,153
Environmental	22,334	-	22,334	-	-	22,334
Purchased Power	12,000	-	12,000	-	-	12,000
DSM/Conservation	3,281	-	3,281	-	-	3,281
Total rate stabilization funds	207,420	-	207,420	20,290	2,737	230,447
General reserve	-	58,423	58,423	-	-	58,423
Customer deposits	42,100	-	42,100	13,387	-	55,487
Self insurance reserve funds:						
Self funded health plan	8,033	-	8,033	-	-	8,033
Property insurance reserve	10,000	-	10,000	-	-	10,000
Total self insurance reserve funds	18,033	-	18,033	-	-	18,033
Environmental liability reserve	18,662	-	18,662	-	-	18,662
Total unrestricted cash and investments	\$ 320,096	\$ 63,825	\$ 383,921	\$ 60,011	\$ 3,823	\$ 447,755
Restricted assets						
Renewal and replacement funds	\$ 201,621	\$ 82,796	\$ 284,417	\$ 179,002	\$ 2,551	\$ 465,970
Debt service reserve account	69,446	136,701	206,147	114,182	-	320,329
Debt service funds	111,021	44,069	155,090	52,295	1,812	209,197
Environmental funds	-	-	-	18,266	-	18,266
Construction funds	4	221	225	664	-	889
Subtotal	382,092	263,787	645,879	364,409	4,363	1,014,651
Unrealized holding gain (loss) on investments	3,586	(1,594)	1,992	2,978	-	4,970
Other funds	589	22,982	23,571	70	-	23,641
Total restricted cash and investments	\$ 386,267	\$ 285,175	\$ 671,442	\$ 367,457	\$ 4,363	\$ 1,043,262

DESCRIPTION	Electric System and Bulk Power Supply System		Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	Total JEA
		SJRPP System			
Pension	214,133	2,883	217,016	136,905	353,921
Environmental	-	-	-	78,386	78,386
Scherer	11,783	-	11,783	-	11,783
Bond issue costs	2,232	3,757	5,989	243	6,232
Costs to be recovered from future revenues	228,148	6,640	234,788	215,534	450,322
SJRPP	-	161,587	161,587	-	161,587
Fuel	172,776	-	172,776	-	172,776
Debt management	42,126	-	42,126	20,290	62,416
Scherer	45,962	-	45,962	-	45,962
Purchased power	35,428	-	35,428	-	35,428
Environmental	29,152	-	29,152	4,472	33,624
Health self-insurance	11,867	-	11,867	-	11,867
DSM	3,396	-	3,396	-	3,396
Revenues to be used for future costs	340,707	161,587	502,294	\$ 24,762	527,056

JEA
Regulatory Accounting Balances
(in thousands - unaudited) July 2015 restated

DESCRIPTION	Electric System and Bulk Power Supply System		Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	Total JEA
		SJRPP System			
Pension	214,459	4,754	219,213	137,113	356,326
Scherer	13,138	-	13,138	-	13,138
Bond issue costs	2,019	4,518	6,537	253	6,790
Costs to be recovered from future revenues	229,616	9,272	238,888	137,366	376,254
SJRPP	-	172,635	172,635	-	172,635
Fuel	127,680	-	127,680	-	127,680
Debt management	42,126	-	42,126	20,290	62,416
Scherer	49,840	-	49,840	-	49,840
Purchased power	12,000	-	12,000	-	12,000
Environmental	22,334	-	22,334	13,748	36,082
Health self-insurance	8,033	-	8,033	-	8,033
DSM	3,281	-	3,281	-	3,281
Revenues to be used for future costs	265,294	172,635	437,929	\$ 34,038	471,967

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

	Month July		Year-To-Date July	
	2016	2015 restated	2016	2015 restated
Operating revenues				
Electric - base	\$ 85,121	\$ 78,497	\$ 648,254	\$ 645,403
Electric - fuel and purchased power	59,809	52,717	413,771	460,859
Water and sewer	39,546	33,767	341,206	316,078
District energy system	882	875	6,987	6,968
Other	3,299	2,421	27,120	29,294
Total operating revenues	188,657	168,277	1,437,338	1,458,602
Operating expenses				
Operations:				
Fuel	50,730	46,018	329,106	385,560
Purchased power	6,795	3,378	56,790	40,396
Other	20,383	21,646	223,364	204,663
Depreciation	32,997	30,437	318,962	305,384
Maintenance	8,262	8,215	85,960	89,103
State utility and franchise taxes	7,202	7,435	56,749	58,614
Recognition of deferred costs and revenues, net	45	(1,045)	(5,204)	(9,282)
Total operating expenses	126,414	116,084	1,065,727	1,074,438
Operating income	62,243	52,193	371,611	384,164
Nonoperating revenues (expenses)				
Interest on debt	(13,749)	(14,287)	(137,406)	(147,849)
Debt management strategy	(1,492)	(1,664)	(15,837)	(16,245)
Net increase (decrease) in fair value of investments	-	-	3,292	(578)
Investment income	1,295	784	10,873	8,979
Other revenue	627	1,415	8,384	9,656
Allowance for funds used during construction	968	581	7,351	4,315
Loss on sale of asset	-	-	-	(78)
Earnings from The Energy Authority	802	(26)	4,965	1,324
Other interest, net	(28)	(8)	(371)	(60)
Other expense	(37)	(21)	(315)	(43)
Total nonoperating expenses, net	(11,614)	(13,226)	(119,064)	(140,579)
Income before contributions and special item	50,629	38,967	252,547	243,585
Contributions (to) from				
General Fund, City of Jacksonville, Florida	(9,516)	(9,307)	(110,157)	(93,072)
Developers and other	5,271	5,114	47,541	45,817
Reduction of plant cost through contributions	(3,244)	(3,085)	(29,203)	(29,306)
Total contributions	(7,489)	(7,278)	(91,819)	(76,561)
Special Item				
	-	-	-	151,490
Change in net position	43,140	31,689	160,728	318,514
Net position, beginning of period	2,284,497	2,130,726	2,166,909	1,843,901
Net position, end of period	\$ 2,327,637	\$ 2,162,415	\$ 2,327,637	\$ 2,162,415

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended July 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 85,449	\$ -	\$ -	\$ 85,449	\$ -	\$ -	\$ (328)	\$ 85,121
Electric - fuel and purchased power	45,391	28,347	(12,696)	61,042	-	-	(1,233)	59,809
Water and sewer	-	-	-	-	39,618	-	(72)	39,546
District energy system	-	-	-	-	-	882	-	882
Other	2,700	-	-	2,700	780	-	(181)	3,299
Total operating revenues	133,540	28,347	(12,696)	149,191	40,398	882	(1,814)	188,657
Operating expenses								
Operations:								
Fuel	31,588	19,142	-	50,730	-	-	-	50,730
Purchased power	19,491	-	(12,696)	6,795	-	-	-	6,795
Other	10,795	1,612	-	12,407	9,364	426	(1,814)	20,383
Depreciation	17,032	3,563	-	20,595	12,211	191	-	32,997
Maintenance	4,599	2,650	-	7,249	1,096	(83)	-	8,262
State utility and franchise taxes	6,267	-	-	6,267	935	-	-	7,202
Recognition of deferred costs and revenues, net	(218)	(970)	-	(1,188)	1,233	-	-	45
Total operating expenses	89,554	25,997	(12,696)	102,855	24,839	534	(1,814)	126,414
Operating income	43,986	2,350	-	46,336	15,559	348	-	62,243
Nonoperating revenues (expenses)								
Interest on debt	(6,527)	(2,211)	-	(8,738)	(4,893)	(118)	-	(13,749)
Debt management strategy	(1,191)	-	-	(1,191)	(301)	-	-	(1,492)
Investment income	486	447	-	933	360	2	-	1,295
Other revenue	385	34	-	419	208	-	-	627
Allowance for funds used during construction	512	-	-	512	452	4	-	968
Net increase (decrease) in fair value of investments	-	-	-	-	-	-	-	-
Earnings from The Energy Authority	802	-	-	802	-	-	-	802
Other interest, net	(28)	-	-	(28)	-	-	-	(28)
Other expense	(37)	-	-	(37)	-	-	-	(37)
Total nonoperating expenses, net	(5,598)	(1,730)	-	(7,328)	(4,174)	(112)	-	(11,614)
Income before contributions and special item	38,388	620	-	39,008	11,385	236	-	50,629
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,644)	-	-	(7,644)	(1,872)	-	-	(9,516)
Developers and other	1,773	-	-	1,773	3,498	-	-	5,271
Reduction of plant cost through contributions	(1,773)	-	-	(1,773)	(1,471)	-	-	(3,244)
Total contributions	(7,644)	-	-	(7,644)	155	-	-	(7,489)
Change in net position	30,744	620	-	31,364	11,540	236	-	43,140
Net position, beginning of period	764,058	140,424	-	904,482	1,375,621	4,394	-	2,284,497
Net position, end of period	\$ 794,802	\$ 141,044	\$ -	\$ 935,846	\$ 1,387,161	\$ 4,630	\$ -	\$ 2,327,637

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the month ended July 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 78,841	\$ -	\$ -	\$ 78,841	\$ -	\$ -	\$ (344)	\$ 78,497
Electric - fuel and purchased power	42,920	25,808	(14,717)	54,011	-	-	(1,294)	52,717
Water and sewer	-	-	-	-	33,831	-	(64)	33,767
District energy system	-	-	-	-	-	875	-	875
Other	1,804	-	-	1,804	823	-	(206)	2,421
Total operating revenues	123,565	25,808	(14,717)	134,656	34,654	875	(1,908)	168,277
Operating expenses								
Operations:								
Fuel	29,986	16,032	-	46,018	-	-	-	46,018
Purchased power	18,095	-	(14,717)	3,378	-	-	-	3,378
Other	10,570	1,840	-	12,410	10,702	442	(1,908)	21,646
Depreciation	15,628	3,579	-	19,207	11,039	191	-	30,437
Maintenance	4,493	2,045	-	6,538	1,605	72	-	8,215
State utility and franchise taxes	6,510	-	-	6,510	925	-	-	7,435
Recognition of deferred costs and revenues, net	(312)	(722)	-	(1,034)	(11)	-	-	(1,045)
Total operating expenses	84,970	22,774	(14,717)	93,027	24,260	705	(1,908)	116,084
Operating income	38,595	3,034	-	41,629	10,394	170	-	52,193
Nonoperating revenues (expenses)								
Interest on debt	(6,565)	(2,553)	-	(9,118)	(5,050)	(119)	-	(14,287)
Debt management strategy	(1,289)	-	-	(1,289)	(375)	-	-	(1,664)
Investment income	437	332	-	769	15	-	-	784
Other revenue	369	34	-	403	1,012	-	-	1,415
Allowance for funds used during construction	288	-	-	288	292	1	-	581
Net decrease in fair value of investments	-	-	-	-	-	-	-	-
Earnings from The Energy Authority	(26)	-	-	(26)	-	-	-	(26)
Other interest, net	(8)	-	-	(8)	-	-	-	(8)
Other expense	(21)	-	-	(21)	-	-	-	(21)
Total nonoperating expenses, net	(6,815)	(2,187)	-	(9,002)	(4,106)	(118)	-	(13,226)
Income before contributions	31,780	847	-	32,627	6,288	52	-	38,967
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(7,509)	-	-	(7,509)	(1,798)	-	-	(9,307)
Developers and other	-	-	-	-	5,114	-	-	5,114
Reduction of plant cost through contributions	-	-	-	-	(3,085)	-	-	(3,085)
Total contributions	(7,509)	-	-	(7,509)	231	-	-	(7,278)
Change in net position	24,271	847	-	25,118	6,519	52	-	31,689
Net position, beginning of period	678,846	138,761	-	817,607	1,308,990	4,129	-	2,130,726
Net position, end of period	\$ 703,117	\$ 139,608	\$ -	\$ 842,725	\$ 1,315,509	\$ 4,181	\$ -	\$ 2,162,415

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the ten months ended July 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 650,933	\$ -	\$ -	\$ 650,933	\$ -	\$ -	\$ (2,679)	\$ 648,254
Electric - fuel and purchased power	319,938	201,227	(97,318)	423,847	-	-	(10,076)	413,771
Water and sewer	-	-	-	-	341,750	-	(544)	341,206
District energy system	-	-	-	-	-	6,987	-	6,987
Other	20,949	-	-	20,949	7,975	-	(1,804)	27,120
Total operating revenues	991,820	201,227	(97,318)	1,095,729	349,725	6,987	(15,103)	1,437,338
Operating expenses								
Operations:								
Fuel	215,082	114,024	-	329,106	-	-	-	329,106
Purchased power	154,108	-	(97,318)	56,790	-	-	-	56,790
Other	120,432	18,176	-	138,608	97,027	2,832	(15,103)	223,364
Depreciation	162,455	35,628	-	198,083	118,970	1,909	-	318,962
Maintenance	55,257	18,295	-	73,552	11,618	790	-	85,960
State utility and franchise taxes	48,236	-	-	48,236	8,513	-	-	56,749
Recognition of deferred costs and revenues, net	(2,181)	(9,807)	-	(11,988)	6,784	-	-	(5,204)
Total operating expenses	753,389	176,316	(97,318)	832,387	242,912	5,531	(15,103)	1,065,727
Operating income	238,431	24,911	-	263,342	106,813	1,456	-	371,611
Nonoperating revenues (expenses)								
Interest on debt	(65,336)	(22,114)	-	(87,450)	(48,780)	(1,176)	-	(137,406)
Debt management strategy	(12,426)	-	-	(12,426)	(3,411)	-	-	(15,837)
Investment income	4,986	3,062	-	8,048	2,807	18	-	10,873
Other revenue	3,863	342	-	4,205	4,179	-	-	8,384
Allowance for funds used during construction	3,679	-	-	3,679	3,657	15	-	7,351
Net increase in fair value of investments	442	848	-	1,290	2,002	-	-	3,292
Earnings from The Energy Authority	4,965	-	-	4,965	-	-	-	4,965
Other interest, net	(326)	-	-	(326)	(45)	-	-	(371)
Other expense	(277)	-	-	(277)	(38)	-	-	(315)
Total nonoperating expenses, net	(60,430)	(17,862)	-	(78,292)	(39,629)	(1,143)	-	(119,064)
Income before contributions	178,001	7,049	-	185,050	67,184	313	-	252,547
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(88,434)	-	-	(88,434)	(21,723)	-	-	(110,157)
Developers and other	1,773	-	-	1,773	45,768	-	-	47,541
Reduction of plant cost through contributions	(1,773)	-	-	(1,773)	(27,430)	-	-	(29,203)
Total contributions	(88,434)	-	-	(88,434)	(3,385)	-	-	(91,819)
Change in net position	89,567	7,049	-	96,616	63,799	313	-	160,728
Net position, beginning of year	705,235	133,995	-	839,230	1,323,362	4,317	-	2,166,909
Net position, end of period	\$ 794,802	\$ 141,044	\$ -	\$ 935,846	\$ 1,387,161	\$ 4,630	\$ -	\$ 2,327,637

Combining Statement of Revenues, Expenses and Changes in Net Position
(in thousands - unaudited) for the ten months ended July 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating revenues								
Electric - base	\$ 648,157	\$ -	\$ -	\$ 648,157	\$ -	\$ -	\$ (2,754)	\$ 645,403
Electric - fuel and purchased power	367,101	236,306	(132,187)	471,220	-	-	(10,361)	460,859
Water and sewer	-	-	-	-	316,526	-	(448)	316,078
District energy	-	-	-	-	-	6,968	-	6,968
Other	23,871	-	-	23,871	7,506	-	(2,083)	29,294
Total operating revenues	1,039,129	236,306	(132,187)	1,143,248	324,032	6,968	(15,646)	1,458,602
Operating expenses								
Operations:								
Fuel	248,912	136,648	-	385,560	-	-	-	385,560
Purchased power	172,583	-	(132,187)	40,396	-	-	-	40,396
Other	107,735	18,722	-	126,457	90,841	3,011	(15,646)	204,663
Depreciation	158,401	35,596	-	193,997	109,484	1,903	-	305,384
Maintenance	55,418	21,205	-	76,623	11,622	858	-	89,103
State utility and franchise taxes	50,246	-	-	50,246	8,368	-	-	58,614
Recognition of deferred costs and revenues, net	(3,124)	(6,062)	-	(9,186)	(96)	-	-	(9,282)
Total operating expenses	790,171	206,109	(132,187)	864,093	220,219	5,772	(15,646)	1,074,438
Operating income	248,958	30,197	-	279,155	103,813	1,196	-	384,164
Nonoperating revenues (expenses)								
Interest on debt	(68,460)	(26,365)	-	(94,825)	(51,839)	(1,185)	-	(147,849)
Debt management strategy	(12,902)	-	-	(12,902)	(3,343)	-	-	(16,245)
Investment income	3,538	3,129	-	6,667	2,308	4	-	8,979
Other revenue	3,664	340	-	4,004	5,652	-	-	9,656
Allowance for funds used during construction	2,015	-	-	2,015	2,290	10	-	4,315
Net increase (decrease) in fair value of investments	386	(411)	-	(25)	(553)	-	-	(578)
Loss on sale of asset	(78)	-	-	(78)	-	-	-	(78)
Earnings from The Energy Authority	1,324	-	-	1,324	-	-	-	1,324
Other interest, net	(59)	-	-	(59)	(1)	-	-	(60)
Other expense	(43)	-	-	(43)	-	-	-	(43)
Total nonoperating expenses, net	(70,615)	(23,307)	-	(93,922)	(45,486)	(1,171)	-	(140,579)
Income before contributions and special item	178,343	6,890	-	185,233	58,327	25	-	243,585
Contributions (to) from								
General Fund, City of Jacksonville, Florida	(75,090)	-	-	(75,090)	(17,982)	-	-	(93,072)
Developers and other	-	-	-	-	45,817	-	-	45,817
Reduction of plant cost through contributions	-	-	-	-	(29,306)	-	-	(29,306)
Total contributions	(75,090)	-	-	(75,090)	(1,471)	-	-	(76,561)
Special Item								
	34,667	-	-	34,667	116,823	-	-	151,490
Change in net position	137,920	6,890	-	144,810	173,679	25	-	318,514
Net position, beginning of year	565,197	132,718	-	697,915	1,141,830	4,156	-	1,843,901
Net position, end of period	\$ 703,117	\$ 139,608	\$ -	\$ 842,725	\$ 1,315,509	\$ 4,181	\$ -	\$ 2,162,415

Statement of Cash Flows
(in thousands - unaudited)

	Year-To-Date	
	July	
	2016	2015 restated
Operating activities		
Receipts from customers	\$ 1,426,367	\$ 1,464,985
Payments to suppliers	(598,730)	(632,051)
Payments to employees	(183,594)	(187,771)
Other receipts	32,035	31,614
Net cash provided by operating activities	<u>676,078</u>	<u>676,777</u>
Noncapital and related financing activities		
Contribution to General Fund, City of Jacksonville, Florida	(109,816)	(92,844)
Build America Bonds subsidies	3,626	3,628
Payment from City of Jacksonville, Florida	37	-
Net cash used in noncapital financing activities	<u>(106,153)</u>	<u>(89,216)</u>
Capital and related financing activities		
Repayment of debt principal	(187,500)	(257,869)
Interest paid on debt	(193,128)	(206,122)
Acquisition and construction of capital assets	(241,735)	(159,956)
Contribution from developers and others	18,338	16,512
Proceeds from issuance of debt	3,000	198,805
Proceeds from disposal of assets	1,626	417
Debt issue costs and discounts	(18)	13,320
Defeasance of debt	-	(231,129)
Net cash used in capital and related financing activities	<u>(599,417)</u>	<u>(626,022)</u>
Investing activities		
Purchase of investments	(1,729,788)	(1,499,662)
Proceeds from sale and maturities of investments	1,464,745	1,189,117
Investment income	11,200	8,407
Distributions from The Energy Authority	6,238	2,037
Net cash used in investing activities	<u>(247,605)</u>	<u>(300,101)</u>
Net change in cash and cash equivalents	(277,097)	(338,562)
Cash and cash equivalents, beginning of year	636,074	589,622
Cash and cash equivalents, end of period	<u>\$ 358,977</u>	<u>\$ 251,060</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 371,611	\$ 384,164
Adjustments:		
Depreciation and amortization	321,908	306,614
Recognition of deferred costs and revenues, net	(5,204)	(9,282)
Gain on sale of noncore assets	2,007	3,575
Changes in noncash assets and noncash liabilities:		
Accounts receivable	(32,023)	(31,782)
Accounts receivable, restricted	2,908	(1,323)
Inventories	(3,392)	1,959
Other assets	(21)	198
Accounts and expenses payable	(7,690)	10,179
Liabilities payable, restricted	(5,697)	(6,489)
Other noncurrent liabilities and deferred inflows	31,671	18,964
Net cash provided by operating activities	<u>\$ 676,078</u>	<u>\$ 676,777</u>
Noncash activity		
Contribution of capital assets from developers	<u>\$ 27,430</u>	<u>\$ 29,306</u>

Combining Statement of Cash Flows
(in thousands - unaudited) for the ten months ended July 2016

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 987,702	\$ 201,227	\$ (96,035)	\$ 1,092,894	\$ 339,417	\$ 7,355	\$ (13,299)	\$ 1,426,367
Payments to suppliers	(471,664)	(166,335)	96,035	(541,964)	(68,635)	(3,234)	15,103	(598,730)
Payments to employees	(117,222)	(18,838)	-	(136,060)	(47,112)	(422)	-	(183,594)
Other receipts	22,283	-	-	22,283	11,556	-	(1,804)	32,035
Net cash provided by operating activities	421,099	16,054	-	437,153	235,226	3,699	-	676,078
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(88,300)	-	-	(88,300)	(21,516)	-	-	(109,816)
Build America Bonds subsidies	2,170	205	-	2,375	1,251	-	-	3,626
Payment from the City of Jacksonville, Florida	37	-	-	37	-	-	-	37
Net cash used in noncapital financing activities	(86,093)	205	-	(85,888)	(20,265)	-	-	(106,153)
Capital and related financing activities								
Repayment of debt principal	(98,765)	(50,945)	-	(149,710)	(36,180)	(1,610)	-	(187,500)
Interest paid on debt	(101,619)	(22,094)	-	(123,713)	(68,011)	(1,404)	-	(193,128)
Acquisition and construction of capital assets	(131,704)	-	-	(131,704)	(108,551)	(1,480)	-	(241,735)
Contribution from developers and others	-	-	-	-	18,338	-	-	18,338
Proceeds from issuance of debt	-	-	-	-	3,000	-	-	3,000
Proceeds from disposal of assets	932	-	-	932	694	-	-	1,626
Debt issue costs and discounts	(18)	-	-	(18)	-	-	-	(18)
Net cash used in capital and related financing activities	(331,174)	(73,039)	-	(404,213)	(190,710)	(4,494)	-	(599,417)
Investing activities								
Purchase of investments	(919,417)	(368,060)	-	(1,287,477)	(442,311)	-	-	(1,729,788)
Proceeds from sale and maturities of investments	751,071	378,477	-	1,129,548	335,197	-	-	1,464,745
Investment income	5,032	3,511	-	8,543	2,639	18	-	11,200
Distributions from The Energy Authority	6,238	-	-	6,238	-	-	-	6,238
Net cash used in investing activities	(157,076)	13,928	-	(143,148)	(104,475)	18	-	(247,605)
Net change in cash and cash equivalents	(153,244)	(42,852)	-	(196,096)	(80,224)	(777)	-	(277,097)
Cash and cash equivalents, beginning of year	316,079	139,918	-	455,997	171,803	8,274	-	636,074
Cash and cash equivalents, end of period	\$ 162,835	\$ 97,066	\$ -	\$ 259,901	\$ 91,579	\$ 7,497	\$ -	\$ 358,977
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 238,431	\$ 24,911	\$ -	\$ 263,342	\$ 106,813	\$ 1,456	\$ -	\$ 371,611
Adjustments:								
Depreciation and amortization	162,455	35,628	-	198,083	121,916	1,909	-	321,908
Recognition of deferred costs and revenues, net	(2,181)	(9,807)	-	(11,988)	6,784	-	-	(5,204)
Gain on sale of noncore assets	(49)	-	-	(49)	2,056	-	-	2,007
Changes in noncash assets and noncash liabilities:								
Accounts receivable	(8,862)	(16,724)	-	(25,586)	(6,805)	368	-	(32,023)
Accounts receivable, restricted	1,383	-	-	1,383	1,525	-	-	2,908
Inventories	(978)	545	-	(433)	(2,959)	-	-	(3,392)
Other assets	65	-	-	65	(86)	-	-	(21)
Accounts and expenses payable	1,896	(12,580)	-	(10,684)	3,011	(17)	-	(7,690)
Liabilities payable, restricted	-	(5,697)	-	(5,697)	-	-	-	(5,697)
Other noncurrent liabilities and deferred inflows	28,939	(222)	-	28,717	2,971	(17)	-	31,671
Net cash provided by operating activities	\$ 421,099	\$ 16,054	\$ -	\$ 437,153	\$ 235,226	\$ 3,699	\$ -	\$ 676,078
Noncash activity								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 27,430	\$ -	\$ -	\$ 27,430

Combining Statement of Cash Flows

(in thousands - unaudited) for the ten months ended July 2015 restated

	Electric System and Bulk Power Supply System	SJRPP System	Elimination of Intercompany transactions	Total Electric Enterprise Fund	Water and Sewer Enterprise Fund	District Energy System Fund	Eliminations	Total JEA
Operating activities								
Receipts from customers	\$ 1,034,890	\$ 236,306	\$ (129,927)	\$ 1,141,269	\$ 330,130	\$ 7,149	\$ (13,563)	\$ 1,464,985
Payments to suppliers	(518,497)	(195,913)	129,927	(584,483)	(59,792)	(3,422)	15,646	(632,051)
Payments to employees	(121,378)	(21,729)	-	(143,107)	(44,218)	(446)	-	(187,771)
Other receipts	21,825	-	-	21,825	11,872	-	(2,083)	31,614
Net cash provided by operating activities	416,840	18,664	-	435,504	237,992	3,281	-	676,777
Noncapital and related financing activities								
Contribution to General Fund, City of Jacksonville, Florida	(74,858)	-	-	(74,858)	(17,986)	-	-	(92,844)
Build America Bonds subsidies	2,180	204	-	2,384	1,244	-	-	3,628
Net cash used in noncapital financing activities	(72,678)	204	-	(72,474)	(16,742)	-	-	(89,216)
Capital and related financing activities								
Repayment of debt principal	(79,854)	(132,085)	-	(211,939)	(44,325)	(1,605)	-	(257,869)
Interest paid on debt	(108,557)	(27,246)	-	(135,803)	(68,906)	(1,413)	-	(206,122)
Acquisition and construction of capital assets	(80,869)	-	-	(80,869)	(78,676)	(411)	-	(159,956)
Proceeds from issuance of debt	125,680	73,125	-	198,805	-	-	-	198,805
Contribution from developers and others	-	-	-	-	16,512	-	-	16,512
Proceeds from disposal of assets	206	-	-	206	211	-	-	417
Debt issue costs and discounts	3,089	10,489	-	13,578	(258)	-	-	13,320
Defeasance of debt	(153,330)	(77,801)	-	(231,131)	2	-	-	(231,129)
Net cash used in capital and related financing activities	(293,635)	(153,518)	-	(447,153)	(175,440)	(3,429)	-	(626,022)
Investing activities								
Purchase of investments	(549,827)	(544,457)	-	(1,094,284)	(405,378)	-	-	(1,499,662)
Proceeds from sale and maturities of investments	405,893	471,874	-	877,767	311,350	-	-	1,189,117
Investment income	3,075	3,290	-	6,365	2,038	4	-	8,407
Distributions from The Energy Authority	2,037	-	-	2,037	-	-	-	2,037
Net cash used in investing activities	(138,822)	(69,293)	-	(208,115)	(91,990)	4	-	(300,101)
Net change in cash and cash equivalents	(88,295)	(203,943)	-	(292,238)	(46,180)	(144)	-	(338,562)
Cash and cash equivalents, beginning of year	177,432	267,940	-	445,372	135,920	8,330	-	589,622
Cash and cash equivalents, end of period	\$ 89,137	\$ 63,997	\$ -	\$ 153,134	\$ 89,740	\$ 8,186	\$ -	\$ 251,060
Reconciliation of operating income to net cash provided by operating activities								
Operating income	\$ 248,958	\$ 30,197	\$ -	\$ 279,155	\$ 103,813	\$ 1,196	\$ -	\$ 384,164
Adjustments:								
Depreciation and amortization	158,401	35,596	-	193,997	110,714	1,903	-	306,614
Recognition of deferred costs and revenues, net	(3,124)	(6,062)	-	(9,186)	(96)	-	-	(9,282)
Gain on sale of noncore assets	(3)	-	-	(3)	3,578	-	-	3,575
Changes in noncash assets and noncash liabilities:								
Accounts receivable	(7,997)	(19,207)	-	(27,204)	(4,758)	180	-	(31,782)
Accounts receivable, restricted	(2,052)	-	-	(2,052)	729	-	-	(1,323)
Inventories	(1,566)	1,251	-	(315)	2,274	-	-	1,959
Other assets	158	-	-	158	40	-	-	198
Accounts and expenses payable	24,872	(16,552)	-	8,320	1,868	(9)	-	10,179
Liabilities payable, restricted	-	(6,489)	-	(6,489)	-	-	-	(6,489)
Other noncurrent liabilities and deferred inflows	(807)	(70)	-	(877)	19,830	11	-	18,964
Net cash provided by operating activities	\$ 416,840	\$ 18,664	\$ -	\$ 435,504	\$ 237,992	\$ 3,281	\$ -	\$ 676,777
Noncash activity								
Contribution of capital assets from developers	\$ -	\$ -	\$ -	\$ -	\$ 29,306	\$ -	\$ -	\$ 29,306

Electric System

Changes in Debt Service, R & R and Construction Funds

(in thousands - unaudited) for the ten months ended July 2016 and July 2015 restated

	July 2016			July 2015 restated		
	Debt service funds	Renewal and replacement funds	Construction funds	Debt service funds	Renewal and replacement funds	Construction funds
Beginning balance	\$ 211,749	\$ 148,458	\$ 4	\$ 194,776	\$ 148,110	\$ 43
Transfer from:						
Revenue fund	154,476	150,260	-	156,827	137,316	-
R & R fund	-	-	2	-	-	37
Proceeds from property sales	-	932	-	-	284	-
Debt issuance:						
Bonds	-	104	-	-	-	-
Increase in accounts payable	-	-	-	-	-	-
Total additions	154,476	151,296	2	156,827	137,600	37
Deductions:						
Interest/principal payments from sinking funds	183,315	-	-	170,890	-	-
Increase in utility plant	-	115,223	2	-	75,424	66
Decrease in accounts payable	-	13,449	4	-	5,374	10
Transfer to:						
Revenue fund	4,014	-	-	246	-	-
Construction fund	-	2	-	-	37	-
Loss from property sales	-	-	-	-	-	-
Total deductions	187,329	128,674	6	171,136	80,835	76
Ending balance	\$ 178,896	\$ 171,080	\$ -	\$ 180,467	\$ 204,875	\$ 4
Renewal and replacement fund:						
Cash & investments		\$ 169,717			\$ 201,621	
Accounts / notes receivable:						
Accounts receivable		1,261			3,096	
Street light & other customer loans		102			158	
		<u>\$ 171,080</u>			<u>\$ 204,875</u>	
Construction fund:						
Generation projects			\$ -			\$ 4
T & D and other capital projects			-			-
Accounts receivable			-			-
			<u>\$ -</u>			<u>\$ 4</u>

Water and Sewer System

Changes in Debt Service, R & R and Construction Funds

(in thousands - unaudited) for the ten months ended July 2016 and July 2015 restated

	July 2016				July 2015 restated			
	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds	Debt service funds	Renewal and replacement funds	Construction funds	Environmental funds
Beginning balance	\$ 176,569	\$ 149,130	\$ 664	\$ -	\$ 191,848	\$ 142,417	\$ 670	\$ -
Additions:								
Debt issuance:								
Bonds	-	70	-	-	-	-	-	-
Transfer from:								
Revenue fund	80,718	126,698	-	-	86,000	99,382	-	18,362
Proceeds from property sales	-	694	-	-	-	211	-	-
Contribution in aid of construction	-	18,338	-	-	-	16,512	-	-
Increase in accounts payable	-	-	-	672	-	-	-	-
Total additions	<u>80,718</u>	<u>145,800</u>	<u>-</u>	<u>672</u>	<u>86,000</u>	<u>116,105</u>	<u>-</u>	<u>18,362</u>
Deductions:								
Increase in utility plant	-	87,907	(58)	-	-	69,589	-	-
Interest/principal payments from sinking funds	99,193	-	-	-	108,724	-	-	-
Transfer to:								
Revenue fund	764	-	-	-	2,647	-	-	96
Decrease in accounts payable	-	13,197	41	-	-	9,081	6	-
Total deductions	<u>99,957</u>	<u>101,104</u>	<u>(17)</u>	<u>-</u>	<u>111,371</u>	<u>78,670</u>	<u>6</u>	<u>96</u>
Ending balance	<u>\$ 157,330</u>	<u>\$ 193,826</u>	<u>\$ 681</u>	<u>\$ 672</u>	<u>\$ 166,477</u>	<u>\$ 179,852</u>	<u>\$ 664</u>	<u>\$ 18,266</u>

Recap:

Renewal and replacement fund:

Cash & investments	\$ 193,707	\$ 179,002
Accounts / notes receivable:		
Accounts receivable	99	825
Notes receivable	20	25
	<u>\$ 193,826</u>	<u>\$ 179,852</u>

Construction fund:

Construction reserves	\$ -	\$ -
Accounts receivable	-	-
Project funds	681	664
	<u>\$ 681</u>	<u>\$ 664</u>

Environmental fund

Cash & investments		672	18,266
		<u>\$ 672</u>	<u>\$ 18,266</u>

Electric System

Budget vs. Actual July 2016 and 2015 restated	Month				Prior Year Month	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 509,884,201	\$ 50,651,109	\$ 48,723,612	-3.81%	\$ 54,118,667	-9.97%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	288,573,382	30,180,240	28,135,766		26,812,785	
Fuel Expense - SJRPP	114,020,023	9,880,800	8,912,585		10,101,082	
Other Purchased Power	81,016,238	7,926,487	7,719,378		5,894,232	
Subtotal Energy Expense	483,609,643	47,987,527	44,767,729	6.71%	42,808,099	-4.58%
Transfer to (from) Rate Stabilization, Net	25,254,789	-	3,950,058		11,228,796	
Fuel Related Uncollectibles	1,019,769	84,981	5,825		81,772	
Total	509,884,201	48,072,508	48,723,612	-1.35%	54,118,667	9.97%
Fuel Balance	-	2,578,601	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	738,360,001	73,347,542	78,842,708		72,377,144	
Conservation Charge Revenue	989,059	98,252	200,141		180,851	
Environmental Charge Revenue	7,686,000	763,515	820,810		766,370	
Investment Income	3,776,585	314,715	483,252		432,926	
Natural Gas Revenue Pass Through	12,491,417	1,040,951	14,851		3,709	
Other Revenues	35,447,663	2,953,972	3,011,212		2,110,246	
Total	798,750,725	78,518,947	83,372,974	6.18%	75,871,245	9.89%
Nonfuel Related Expenses						
Non-Fuel O&M	200,570,314	15,353,014	13,430,792		13,326,425	
DSM / Conservation O&M	8,073,925	621,327	521,738		682,412	
Environmental O&M	2,442,000	203,500	55,735		77,105	
Net Transfer to Rate Stabilization - DSM	(784,866)	(21,403)	320,920		87,937	
Transfer to Environmental Fund/RSF	5,244,000	437,000	765,075		689,265	
Natural Gas Expense Pass Through	12,140,876	1,019,889	36,981		20,628	
Debt Principal - Electric System	89,845,000	7,487,083	8,016,250		7,928,385	
Debt Interest - Electric System	107,287,899	8,940,658	8,173,645		8,438,178	
Bond Buy-Back Principal - Electric System	-	-	-		25,000,000	
R&R - Electric System	66,155,208	5,512,934	5,197,867		5,460,179	
Operating Capital Outlay	84,337,682	16,056,281	30,000,000		-	
City Contribution Expense	91,720,182	7,643,348	7,643,348		7,509,050	
Taxes & Uncollectibles	1,703,452	141,954	29,709		115,905	
Interlocal Agreements	12,000,000	-	-		-	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	37,568,750	3,130,729	2,331,563		2,975,104	
* SJRPP D/S Interest	19,174,301	1,597,858	1,430,297		1,623,348	
** Other Non-Fuel Purchased Power	56,272,002	4,689,334	3,133,143		2,473,622	
Total Nonfuel Expenses	798,750,725	72,813,506	81,087,063	-11.36%	76,407,543	-6.12%
Non-Fuel Balance	-	5,705,441	2,285,911		(536,298)	
Total Balance	-	8,284,042	2,285,911		(536,298)	
Total Revenues	1,308,634,926	129,170,056	132,096,586	2.27%	129,989,912	1.62%
Total Expenses	1,308,634,926	120,886,014	129,810,675	-7.38%	130,526,210	0.55%
KWH Sold - Territorial	12,600,000,000	1,251,664,535	1,336,835,000	6.80%	1,254,252,000	6.58%
KWH Sold - Off System	-	-	16,818,000		2,981,000	
	12,600,000,000	1,251,664,535	1,353,653,000	8.15%	1,257,233,000	7.67%

* Gross debt service

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

Electric System Budget vs. Actual July 2016 and 2015 restated	Year-To-Date				Prior Year-To-Date	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
Fuel Related Revenues & Expenses						
Fuel Rate Revenues	\$ 509,884,201	\$ 412,110,540	\$ 340,467,778	-17.38%	\$ 387,312,155	-12.09%
Fuel Expense and Purchased Power:						
Fuel Expense - Electric System	288,573,382	230,944,518	191,969,270		218,826,406	
Fuel Expense - SJRPP	114,020,023	94,656,523	61,650,581		84,788,185	
Other Purchased Power	81,016,238	64,605,254	64,353,632		60,884,779	
Subtotal Energy Expense	483,609,643	390,206,295	317,973,483	18.51%	364,499,370	12.76%
Transfer to (from) Rate Stabilization, Net	25,254,789	-	22,033,741		22,222,820	
Fuel Related Uncollectibles	1,019,769	849,807	460,554		589,965	
Total	509,884,201	391,056,102	340,467,778	12.94%	387,312,155	12.09%
Fuel Balance	-	21,054,438	-		-	
Nonfuel Related Revenues						
Base Rate Revenues	738,360,001	596,774,598	601,416,194		598,438,486	
Conservation Charge Revenue	989,059	799,401	605,247		616,036	
Environmental Charge Revenue	7,686,000	6,212,159	6,249,835		6,182,824	
Investment Income	3,776,585	3,147,154	4,950,205		3,485,797	
Natural Gas Revenue Pass Through	12,491,417	10,409,514	136,884		4,022	
Other Revenues	35,447,663	29,539,719	24,116,019		26,688,444	
Total	798,750,725	646,882,545	637,474,384	-1.45%	635,415,610	0.32%
Nonfuel Related Expenses						
Non-Fuel O&M	200,570,314	161,188,806	147,132,520		144,673,393	
DSM / Conservation O&M	8,073,925	6,299,671	5,104,463		5,611,432	
Environmental O&M	2,442,000	2,035,000	528,188		488,339	
Net Transfer to Rate Stabilization - DSM	(784,866)	(614,032)	509,476		(288,517)	
Transfer to Environmental Fund/RSF	5,244,000	4,370,000	5,721,646		5,694,485	
Natural Gas Expense Pass Through	12,140,876	10,123,249	278,456		108,072	
Debt Principal - Electric System	89,845,000	74,870,833	80,162,500		79,197,229	
Debt Interest - Electric System	107,287,899	89,406,583	82,319,183		86,978,252	
Bond Buy-Back Principal - Electric System	-	-	-		25,000,000	
R&R - Electric System	66,155,208	55,129,340	51,978,667		54,601,792	
Operating Capital Outlay	84,337,682	84,337,682	98,281,402		82,713,946	
City Contribution Expense	91,720,182	76,433,486	76,433,486		75,090,498	
Taxes & Uncollectibles	1,703,452	1,419,543	1,025,636		1,069,179	
Interlocal Agreements	12,000,000	12,000,000	12,000,000		-	
Emergency Reserve	5,000,000	-	-		-	
<i>Nonfuel Purchased Power:</i>						
* SJRPP D/S Principal	37,568,750	31,307,292	23,315,625		29,629,166	
* SJRPP D/S Interest	19,174,301	15,978,584	14,259,303		16,753,583	
** Other Non-Fuel Purchased Power	56,272,002	46,893,335	35,509,354		27,064,469	
Total Nonfuel Expenses	798,750,725	671,179,372	634,559,905	5.46%	634,385,319	-0.03%
Non-Fuel Balance	-	(24,296,827)	2,914,479		1,030,292	
Total Balance	-	(3,242,389)	2,914,479		1,030,292	
Total Revenues	1,308,634,926	1,058,993,085	977,942,162	-7.65%	1,022,727,765	-4.38%
Total Expenses	1,308,634,926	1,062,235,474	975,027,683	8.21%	1,021,697,474	4.57%
KWH Sold - Territorial	12,600,000,000	10,183,866,855	10,195,244,000	0.11%	10,138,467,000	0.56%
KWH Sold - Off System	-	-	66,601,000	0.77%	73,854,000	0.48%
	12,600,000,000	10,183,866,855	10,261,845,000	0.77%	10,212,321,000	0.48%

* Gross debt service

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

Water and Sewer System

Budget vs. Actual July 2016 and 2015 restated	Month				Prior Year Month	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
REVENUES						
Water & Sewer Revenues	\$ 393,928,271	\$ 35,042,425	\$ 38,650,723		\$ 35,187,756	
Capacity & Extension Fees	17,000,000	1,416,667	2,077,788		2,024,416	
Capital Contributions	-	-	(50,474)		4,732	
Investment Income	2,759,926	229,994	356,513		11,480	
Other Income	14,769,077	780,742	992,230		1,798,335	
Total	428,457,274	37,469,828	42,026,780	12.16%	39,026,719	7.69%
EXPENSES						
O & M Expenses	138,367,616	10,924,118	10,335,356		12,159,427	
Debt Principal - Water & Sewer	33,875,000	2,822,917	2,822,916		3,015,000	
Debt Interest - Water & Sewer	75,780,149	6,315,012	5,681,870		5,946,208	
Rate Stabilization - Environmental	-	-	(40,952)		-	
R&R - Water & Sewer	20,825,400	1,735,450	1,735,450		1,722,504	
Operating Capital Outlay	94,524,604	-	14,712,602		-	
Operating Capital Outlay - Capacity/Extension	17,000,000	-	2,077,788		2,024,416	
Operating Capital Outlay - Contributions	-	-	(50,474)		4,732	
Operating Capital Outlay - Environmental	20,758,150	1,729,846	1,241,211		2,209,289	
City Contribution Expense	22,467,356	1,872,280	1,872,280		1,798,245	
Uncollectibles & Fees	858,999	71,583	-		61,000	
Interlocal Agreements	3,000,000	-	-		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	428,457,274	25,471,206	40,388,047	-58.56%	28,940,821	-39.55%
Total Balance	\$ -	\$ 11,998,622	\$ 1,638,733		\$ 10,085,898	
Sales kgals						
Water	34,650,000	3,268,474	3,736,060	14.31%	3,299,603	13.23%
Sewer	26,985,000	2,422,290	2,790,767	15.21%	2,457,332	13.57%
Total	61,635,000	5,690,764	6,526,827	14.69%	5,756,935	13.37%

Budget vs. Actual July 2016 and 2015 restated	Year-To-Date				Prior Year to Date	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
REVENUES						
Water & Sewer Revenues	\$ 393,928,271	\$ 326,867,492	\$ 338,198,149		\$ 327,082,429	
Capacity & Extension Fees	17,000,000	14,166,667	18,009,670		16,223,945	
Capital Contributions	-	-	328,321		287,618	
Investment Income	2,759,926	2,299,938	2,772,009		2,263,166	
Other Income	14,769,077	13,205,074	12,188,295		13,069,526	
Total	428,457,274	356,539,171	371,496,444	4.20%	358,926,684	3.50%
EXPENSES						
O & M Expenses	138,367,616	112,101,168	105,269,456		101,276,985	
Debt Principal - Water & Sewer	33,875,000	28,229,167	28,229,163		30,150,000	
Debt Interest - Water & Sewer	75,780,149	63,150,124	57,068,131		60,174,451	
Rate Stabilization - Environmental	-	-	4,135,703		-	
R&R - Water & Sewer	20,825,400	17,354,500	17,354,500		17,225,042	
Operating Capital Outlay	94,524,604	94,524,604	109,237,206		82,157,618	
Operating Capital Outlay - Capacity/Extension	17,000,000	16,310,677	18,009,670		16,223,945	
Operating Capital Outlay - Contributions	-	-	328,321		287,618	
Operating Capital Outlay - Environmental	20,758,150	17,298,458	6,891,041		18,266,308	
City Contribution Expense	22,467,356	18,722,797	18,722,797		17,982,450	
Uncollectibles & Fees	858,999	715,832	489,055		562,867	
Interlocal Agreements	3,000,000	3,000,000	3,000,000		-	
Emergency Reserve	1,000,000	-	-		-	
Total Expenses	428,457,274	371,407,327	368,735,043	0.72%	344,307,284	-7.09%
Total Balance	\$ -	\$ (14,868,156)	\$ 2,761,401		\$ 14,619,400	
Sales kgals						
Water	34,650,000	28,679,430	29,813,269	3.95%	28,784,119	3.58%
Sewer	26,985,000	22,230,954	23,477,884	5.61%	22,183,788	5.83%
Total	61,635,000	50,910,384	53,291,153	4.68%	50,967,907	4.56%

District Energy System

Budget vs. Actual July 2016 and 2015 restated	Month				Prior Year Month	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
REVENUES						
Revenues	\$ 9,089,118	\$ 917,950	\$ 882,086		\$ 875,448	
Investment Income	-	-	1,753		392	
Total	9,089,118	917,950	883,839	-3.72%	875,840	0.91%
EXPENSES						
O & M Expenses	5,175,137	511,426	343,200		513,165	
Debt Principal - DES	1,625,000	135,417	135,417		134,167	
Debt Interest - DES	1,398,980	116,582	116,582		117,442	
R&R - DES	457,185	38,099	36,596		36,229	
Operating Capital Outlay	432,816	-	-		-	
Total Expenses	9,089,118	801,524	631,795	21.18%	801,003	21.12%
Total Balance	\$ -	\$ 116,426	\$ 252,044		\$ 74,837	

Budget vs. Actual July 2016 and 2015 restated	Year-To-Date				Prior-Year-To-Date	
	ANNUAL BUDGET 2015-16	BUDGET 2015-16	ACTUAL 2015-16	Variance %	ACTUAL 2014-15	Variance %
REVENUES						
Revenues	\$ 9,089,118	\$ 7,283,127	\$ 6,987,016		\$ 6,968,651	
Investment Income	-	-	17,684		4,121	
Total	9,089,118	7,283,127	7,004,700	-3.82%	6,972,772	0.46%
EXPENSES						
O & M Expenses	5,175,137	3,956,704	3,635,897		3,860,405	
Debt Principal - DES	1,625,000	1,354,167	1,354,167		1,341,667	
Debt Interest - DES	1,398,980	1,165,817	1,165,817		1,174,417	
R&R - DES	457,185	380,988	365,958		362,292	
Operating Capital Outlay	432,816	-	-		-	
Total Expenses	9,089,118	6,857,676	6,521,839	4.90%	6,738,781	3.22%
Total Balance	\$ -	\$ 425,451	\$ 482,861		\$ 233,991	

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

	Month July		Year-To-Date July	
	2016	2015 restated	2016	2015 restated
Revenues				
Electric	\$ 135,362	\$ 133,767	\$ 996,574	\$ 1,042,887
Investment income (1)	386	285	2,669	2,183
Earnings from The Energy Authority	802	(26)	4,965	1,324
Other, net (2)	2,686	1,789	20,919	23,859
Plus: amounts paid from the rate stabilization fund into the revenue fund	1,037	759	64,265	55,851
Less: amounts paid from the revenue fund into the rate stabilization fund	(5,559)	(12,765)	(89,968)	(83,479)
Total revenues	134,714	123,809	999,424	1,042,625
Operating expenses (3)				
Fuel	28,121	26,813	191,969	218,827
Purchased power (4)	25,459	23,134	208,517	222,928
Other operations and maintenance	13,817	14,032	153,669	151,215
State utility taxes and franchise fees	6,178	6,428	47,274	49,455
Total operating expenses	73,575	70,407	601,429	642,425
Net revenues	\$ 61,139	\$ 53,402	\$ 397,995	\$ 400,200
Debt service	\$ 6,688	\$ 6,837	\$ 65,923	\$ 69,161
Less: investment income on sinking fund	(100)	(152)	(2,317)	(1,355)
Less: Build America Bonds subsidy	(126)	(126)	(1,265)	(1,258)
Debt service requirement	\$ 6,462	\$ 6,559	\$ 62,341	\$ 66,548
Senior debt service coverage (5), (min 1.20x)	9.46 x	8.14 x	6.38 x	6.01 x
Net revenues (from above)	\$ 61,139	\$ 53,402	\$ 397,995	\$ 400,200
Debt service requirement (from above)	\$ 6,462	\$ 6,559	\$ 62,341	\$ 66,548
Plus: aggregate subordinated debt service on outstanding subordinated bonds	8,220	8,194	81,944	81,925
Less: Build America Bonds subsidy	(174)	(174)	(1,737)	(1,738)
Total debt service requirement and aggregate subordinated debt service	\$ 14,508	\$ 14,579	\$ 142,548	\$ 146,735
Senior and subordinated debt service coverage (6), (min 1.15x)	4.21 x	3.66 x	2.79 x	2.73 x
Fixed charge coverage (7)	3.04 x	2.58 x	1.89 x	1.91 x

(1) Excludes investment income on sinking funds.

(2) Excludes the Build America Bonds subsidy.

(3) Excludes depreciation.

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

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

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

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

	Month July		Year-To-Date July	
	2016	2015 restated	2016	2015 restated
Revenues				
JEA	\$ 5,969	\$ 5,039	\$ 54,408	\$ 50,346
Investment income	10	9	106	91
Total revenues	5,979	5,048	54,514	50,437
Operating expenses (1)				
Fuel	3,467	3,173	23,113	30,085
Other operations and maintenance	983	1,113	15,320	11,535
Total operating expenses	4,450	4,286	38,433	41,620
Net revenues	\$ 1,529	\$ 762	\$ 16,081	\$ 8,817
Aggregate debt service	\$ 897	\$ 817	\$ 8,965	\$ 8,167
Less: Build America Bonds subsidy	(61)	(64)	(614)	(637)
Aggregate debt service	\$ 836	\$ 753	\$ 8,351	\$ 7,530
Debt service coverage (2)	1.83 x	1.01 x	1.93 x	1.17 x

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

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

St. Johns River Power Park System
Schedule of Debt Service Coverage - 1st Resolution
(in thousands - unaudited)

	Month July		Year-To-Date July	
	2016	2015 restated	2016	2015 restated
Revenues				
JEA	\$ 11,649	\$ 12,825	\$ 91,852	\$ 118,208
FPL	15,650	11,091	103,909	104,120
Investment income	431	317	2,899	3,229
Total revenues	27,730	24,233	198,660	225,557
Operating expenses (1)				
Fuel	19,142	16,032	114,024	136,648
Other operations and maintenance	3,718	3,344	31,042	34,434
Total operating expenses	22,860	19,376	145,066	171,082
Net revenues	\$ 4,870	\$ 4,857	\$ 53,594	\$ 54,475
Aggregate debt service	\$ 4,345	\$ 4,330	\$ 43,437	\$ 43,940
Debt service coverage (2)	1.12 x	1.12 x	1.23 x	1.24 x

(1) Excludes depreciation.

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

	Month July		Year-To-Date July	
	2016	2015 restated	2016	2015 restated
Revenues				
JEA	\$ 1,047	\$ 1,892	\$ 11,929	\$ 21,518
Investment income	15	15	163	(100)
Total revenues	1,062	1,907	12,092	21,418
Operating expenses	-	-	-	-
Net revenues	\$ 1,062	\$ 1,907	\$ 12,092	\$ 21,418
Aggregate debt service	\$ 1,081	\$ 1,926	\$ 10,767	\$ 19,258
Less: Build America Bonds subsidy	(34)	(34)	(342)	(340)
Aggregate debt service	\$ 1,047	\$ 1,892	\$ 10,425	\$ 18,918
Debt service coverage (1)	1.01 x	1.01 x	1.16 x	1.13 x

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

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

	Month		Year-To-Date	
	July		July	
	2016	2015 restated	2016	2015 restated
Revenues				
Water	\$ 16,466	\$ 15,255	\$ 140,111	\$ 136,446
Water capacity fees (1)	752	732	6,486	5,874
Sewer	23,119	20,797	206,111	198,442
Sewer capacity fees (1)	1,326	1,292	11,524	10,350
Investment Income	360	15	2,807	2,308
Other (2)	780	1,628	10,069	11,084
Plus: amounts paid from the rate stabilization fund into the revenue fund	2,268	-	14,540	-
Less: amounts paid from the revenue fund into the rate stabilization fund	(2,235)	(2,221)	(19,012)	(18,362)
Total revenues	42,836	37,498	372,636	346,142
Operating expenses				
Operations and maintenance (3)	11,395	13,221	117,157	110,734
Total operating expenses	11,395	13,221	117,157	110,734
Net revenues	\$ 31,441	\$ 24,277	\$ 255,479	\$ 235,408
Aggregate debt service	\$ 7,131	\$ 7,642	\$ 71,033	\$ 76,431
Less: Build America Bonds subsidy	(209)	(207)	(2,085)	(2,074)
Aggregate debt service	\$ 6,922	\$ 7,435	\$ 68,948	\$ 74,357
Senior debt service coverage (4), (min 1.25x)	4.54 x	3.27 x	3.71 x	3.17 x
Net revenues (from above)	\$ 31,441	\$ 24,277	\$ 255,479	\$ 235,408
Aggregate debt service (from above)	\$ 6,922	\$ 7,435	\$ 68,948	\$ 74,357
Plus: aggregate subordinated debt service on outstanding subordinated debt	1,063	1,016	10,428	10,176
Total aggregate debt service and aggregate subordinated debt service	\$ 7,985	\$ 8,451	\$ 79,376	\$ 84,533
Senior and subordinated debt service coverage (5)	3.94 x	2.87 x	3.22 x	2.78 x
Fixed charge coverage	3.70 x	2.66 x	2.94 x	2.57 x

- (1) Effective October 1, 2001, the Water and Sewer Bond Resolution was amended to include capacity fees in total revenues. Had such capacity fees not been included in the calculation for the year-to-date periods ending July 2016 and 2015, then the debt service coverage would have been 2.99x and 2.59x.
- (2) Excludes the Build America Bonds subsidy.
- (3) Excludes depreciation.
- (4) Net revenues divided by aggregate debt service. Minimum annual coverage is 1.25x.
- (5) Net revenues divided by total aggregate debt service and aggregate subordinated debt service. Minimum annual coverage is either 1.00x aggregate debt service and aggregate subordinated debt service (excluding capacity charges) or the sum of 1.00x aggregate debt service and 1.20x aggregate subordinated debt service (including capacity charges). Based on the first requirement, minimum annual coverage is 2.99x and 2.59x. Based on the second requirement, net revenues must exceed 100% of aggregate debt service and 120% of aggregate subordinated debt service, or \$81,462 and \$86,568 for the year-to-date period ending July 2016 and 2015.

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

	Month		Year-To-Date	
	July		July	
	2016	2015 restated	2016	2015 restated
Revenues				
Service revenues	\$ 882	\$ 875	\$ 6,987	\$ 6,968
Investment income	2	-	18	4
Total revenues	884	875	7,005	6,972
Operating expenses (1)				
Operations and maintenance	343	514	3,622	3,869
Total operating expenses	343	514	3,622	3,869
Net revenues	\$ 541	\$ 361	\$ 3,383	\$ 3,103
Aggregate debt service (2)	\$ 252	\$ 252	\$ 2,520	\$ 2,516
Debt service coverage (3) (min 1.15x)	2.15 x	1.43 x	1.34 x	1.23 x

- (1) Excludes depreciation.
- (2) On June 19, 2013, the closing date of the District Energy System Refunding Revenue Bonds, 2013 Series A, the JEA covenanted to deposit into the 2013 Series A Bonds Subaccount from Available Water and Sewer System Revenues an amount equal to the Aggregate DES Debt Service Deficiency that exists with respect to the 2013 Series A Bonds, in the event that the amount on deposit in the Debt Service Account in the Debt Service Fund in accordance with the District Energy System Resolution is less than Accrued Aggregate Debt Service as of the last Business Day of the then current month.
- (3) Net Revenues divided by aggregate debt service. Minimum annual coverage is 1.15x.

Electric System, St. Johns River Power Park System and Scherer
Principal Amount of Debt Outstanding and Average Interest Rates
July 2016

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Electric System - Fixed Rate Bonds				
Series Three 2004 A	5.000%	2039	\$ 5,000	\$ -
Series Three 2005 B	4.750%	2033	100,000	-
Series Three 2009 C	5.000%	2016-2017	15,730,000	12,375,000
Series Three 2009 D	6.056%	2033-2044	45,955,000	-
Series Three 2010 A	4.000%	2016-2020	24,960,000	4,835,000
Series Three 2010 C	4.000 - 4.500%	2021-2031	11,420,000	-
Series Three 2010 D	4.000 - 5.000%	2016-2038	92,100,000	5,265,000
Series Three 2010 E	5.350 - 5.482%	2028-2040	34,255,000	-
Series Three 2012A	4.000 - 4.500%	2023-2033	60,750,000	-
Series Three 2012B	2.000 - 5.000%	2016-2039	133,390,000	620,000
Series Three 2013A	2.500 - 5.000%	2016-2026	111,130,000	7,860,000
Series Three 2013B	1.875 - 5.000%	2021-2038	7,600,000	-
Series Three 2013C	3.000 - 5.000%	2016-2030	30,940,000	2,255,000
Series Three 2014A	2.600 - 5.000%	2016-2034	47,565,000	1,855,000
Series Three 2015A	2.500 - 5.000%	2016-2041	81,810,000	135,000
Series Three 2015B	2.000 - 5.000%	2016-2031	42,355,000	6,350,000
Total Fixed Rate Senior Bonds			740,065,000	41,550,000
2009 Series A	5.625%	2029-2032	21,140,000	-
2009 Series D	5.000%	2017-2018	23,925,000	-
2009 Series E	4.000%	2016-2018	4,065,000	1,850,000
2009 Series F	4.125 - 6.406%	2016-2034	65,600,000	930,000
2009 Series G	4.000 - 5.000%	2016-2021	22,975,000	4,675,000
2010 Series A	3.000 - 5.000%	2016-2017	4,960,000	4,250,000
2010 Series B	3.000 - 5.000%	2016-2024	35,380,000	855,000
2010 Series C	3.125 - 4.000%	2020-2027	15,925,000	-
2010 Series D	3.500 - 5.582%	2017-2027	45,575,000	-
2010 Series E	4.000%	2016	4,505,000	4,505,000
2012 Series A	3.000 - 5.000%	2016-2033	110,780,000	2,715,000
2012 Series B	2.250 - 5.000%	2016-2037	105,800,000	2,355,000
2013 Series A	2.500 - 5.000%	2017-2030	59,330,000	-
2013 Series B	2.500 - 5.000%	2016-2026	41,215,000	10,085,000
2013 Series C	1.375 - 5.000%	2016-2038	88,605,000	590,000
2013 Series D	2.625 - 5.250%	2016-2035	145,055,000	9,360,000
2014 Series A	3.000 - 5.000%	2016-2039	223,770,000	9,330,000
Total Fixed Rate Subordinated Bonds			1,018,605,000	51,500,000
Total Fixed Rate Electric System Bonds/4.561%			1,758,670,000	93,050,000
Electric System - Variable Rate Bonds				
	Current Interest Rates (1)			
Series Three 2008 A	0.414%	2027-2036	51,680,000	-
Series Three 2008 B-1	0.809%	2016-2040	60,745,000	350,000
Series Three 2008 B-2	0.414%	2025-2040	41,900,000	-
Series Three 2008 B-3	0.414%	2024-2036	37,000,000	-
Series Three 2008 B-4	0.809%	2016-2036	50,185,000	375,000
Series Three 2008 C-1	0.432%	2024-2034	44,145,000	-
Series Three 2008 C-2	0.436%	2024-2034	43,900,000	-
Series Three 2008 C-3	0.440%	2030-2038	25,000,000	-
Series Three 2008 D-1	0.809%	2016-2036	113,840,000	2,420,000
Total Variable Rate Senior Bonds			468,395,000	3,145,000
Series 2000 A	0.439%	2021-2035	30,965,000	-
Series 2000 F-1	0.450%	2026-2030	37,200,000	-
Series 2000 F-2	0.447%	2026-2030	24,800,000	-
Series 2008 D	0.342%	2024-2038	39,455,000	-
Total Variable Rate Subordinated Bonds			132,420,000	-
Total Variable Rate Bonds			600,815,000	3,145,000
Total Electric System Bonds			2,359,485,000	96,195,000
St. Johns River Power Park - Fixed Rate Bonds				
Issue 2 Series 17	4.700%	2019	100,000	-
Issue 2 Series 18	4.500%	2018	50,000	-
Issue 2 Series 19	4.600%	2017	100,000	-
Issue 2 Series 20	4.500%	2021	100,000	-
Issue 2 Series 21	5.000%	2021	5,000	-
Issue 2 Series 22	4.000%	2019	5,000	-
Issue 2 Series 23	3.000 - 5.000%	2017-2021	64,910,000	-
Issue 2 Series 24	4.000%	2017-2021	29,625,000	-
Issue 2 Series 25	3.000 - 5.000%	2016-2021	42,195,000	42,150,000
Issue 2 Series 26	2.000 - 5.000%	2019-2021	65,970,000	-
Issue 2 Series 27	1.888 - 2.505%	2019-2021	7,025,000	-
Issue 3 Series 1	4.500%	2037	100,000	-
Issue 3 Series 2	5.000%	2034-2037	29,370,000	-
Issue 3 Series 4	3.875 - 5.450%	2016-2028	25,720,000	1,635,000
Issue 3 Series 6	2.375 - 5.000%	2019-2037	91,330,000	-
Issue 3 Series 7	2.000 - 5.000%	2019-2033	79,500,000	-
Issue 3 Series 8	2.000 - 5.000%	2019-2039	57,895,000	-
Total Fixed Rate St. Johns River Power Park Bonds/4.120%			494,000,000	43,785,000
Bulk Power Supply System, Scherer 4 Project - Fixed Rate Bonds				
Series 2010A	3.900 - 5.920%	2016-2030	42,785,000	2,910,000
Series 2014A	2.000 - 5.000%	2016-2038	69,185,000	3,135,000
Total Fixed Rate Bulk Power Supply System Bonds/4.293%			111,970,000	6,045,000
Weighted Average Cost(2) / Total Outstanding Debt		3.353%	\$ 2,965,455,000	\$ 146,025,000

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

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

	Electric System	Power Park	Issue Three
• Remaining New Money Authorization	\$ 465,160,992	\$ 103,865,000	
• Remaining Senior Refunding Authorization	\$ 1,239,602,381	\$ 250,810,000	
• Remaining Subordinated Refunding Authorization	\$ 892,378,000	n/a	

Issue/Average Coupon Rate	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2009 Series B	3.750 - 5.000%	2017-2019	\$ 25,565,000	\$ -
2010 Series A	6.210 - 6.310%	2026-2044	83,115,000	-
2010 Series B	4.300 - 5.700%	2016-2025	17,300,000	1,730,000
2010 Series C	4.000 - 5.000%	2016-2020	10,650,000	1,105,000
2010 Series D	4.000 - 5.000%	2017-2039	101,850,000	-
2010 Series E	4.000 - 5.000%	2021-2039	60,990,000	-
2010 Series F	3.200 - 5.887%	2017-2040	45,520,000	-
2010 Series G	3.000%	2016	785,000	785,000
2012 Series A	3.000 - 5.000%	2017-2041	317,935,000	-
2012 Series B	2.000 - 5.000%	2016-2041	131,765,000	1,680,000
2013 Series A	4.000 - 5.000%	2016-2027	91,085,000	1,345,000
2013 Series B	1.286 - 1.882%	2016-2017	16,730,000	12,900,000
2014 Series A	2.000 - 5.000%	2016-2040	289,565,000	4,970,000
Total Fixed Rate Senior Bonds			1,192,855,000	24,515,000
2010 Series A	3.000 - 5.000%	2016-2022	14,065,000	915,000
2010 Series B	3.000 - 5.000%	2020-2025	12,770,000	-
2012 Series A	3.000 - 4.000%	2021-2033	20,320,000	-
2012 Series B	3.250 - 5.000%	2030-2043	41,640,000	-
2013 Series A	2.125 - 5.000%	2016-2029	76,040,000	3,790,000
Total Fixed Rate Subordinated Bonds			164,835,000	4,705,000
Total Fixed Rate Bonds/4.618%			1,357,690,000	29,220,000
Variable Rate Bonds				
	Current Interest Rates (1)			
2006 Series B - CPI Bonds	1.126% (2)	2016-2022	38,730,000	4,105,000
2008 Series A-2	0.425%	2028-2042	51,820,000	-
2008 Series B	0.429%	2023-2041	85,290,000	-
Total Variable Rate Senior Bonds			175,840,000	4,105,000
2008 Series A-1	0.342%	2016-2038	53,500,000	550,000
2008 Series A-2	0.444%	2030-2038	25,600,000	-
2008 Series B-1	0.414%	2030-2036	30,885,000	-
Total Variable Rate Subordinated Bonds			109,985,000	550,000
Total Variable Rate Bonds			285,825,000	4,655,000
Other Obligations				
Revolving Credit Agreement	1.501%	2018	3,000,000	-
Total Other Obligations			3,000,000	-
Weighted Average Cost(3) / Total Outstanding Debt		3.620%	\$ 1,646,515,000	\$ 33,875,000

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

- Remaining New Money Authorization \$ 218,078,023
- Remaining Refunding Authorization \$ 1,231,973,942

JEA
District Energy System
Principal Amount of Debt Outstanding and Average Interest Rates
July 2016

Issue/Average Coupon	Interest Rates	Principal Payment Dates	Par Amount Principal Outstanding	Current Portion of Long-Term Debt
Fixed Rate Bonds				
2013 Series A/4.036%	1.017 - 4.538%	2016-2034	\$ 39,750,000	\$ 1,625,000
Weighted Average Cost(1) / Total Outstanding Debt		4.040%	\$ 39,750,000	\$ 1,625,000

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

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

JEA
INVESTMENT PORTFOLIO REPORT
July 2016
All Funds

INVESTMENT	BOOK VALUE	YIELD	% OF TOTAL	LAST MONTH	6 MONTH AVERAGE
* Treasuries	\$ 3,298,969	1.01%	0.22%	0.23%	0.23%
Agencies					
Federal Farm Credit Bank	330,561,084	0.62%	22.45%	22.91%	21.88%
Federal Home Loan Bank	333,340,498	0.97%	22.63%	24.48%	24.71%
Federal Home Loan Mortgage Corp.	-	0.00%	0.00%	0.00%	0.09%
Total	<u>663,901,582</u>	<u>0.80%</u>	<u>45.08%</u>	<u>47.39%</u>	<u>46.68%</u>
Municipal Bonds	<u>250,645,172</u>	<u>2.05%</u>	<u>17.02%</u>	<u>18.24%</u>	<u>18.98%</u>
Commercial Paper	<u>399,907,177</u>	<u>0.60%</u>	<u>27.15%</u>	<u>25.96%</u>	<u>23.66%</u>
U.S. Treasury Money Market Funds (1)	<u>45,367,812</u>	<u>0.26%</u>	<u>3.08%</u>	<u>0.94%</u>	<u>1.49%</u>
Agency Money Market Funds (2)	<u>31,425,000</u>	<u>0.30%</u>	<u>2.13%</u>	<u>1.50%</u>	<u>2.30%</u>
Wells Fargo Bank Accounts (3)					
Electric, Scherer	<u>51,349,949</u>	<u>0.16%</u>	<u>3.49%</u>	<u>3.17%</u>	<u>3.32%</u>
SJRPP	<u>20,404,224</u>	<u>0.16%</u>	<u>1.39%</u>	<u>1.97%</u>	<u>2.27%</u>
Water & Sewer, DES	<u>6,446,386</u>	<u>0.16%</u>	<u>0.44%</u>	<u>0.59%</u>	<u>1.08%</u>
Total Portfolio	<u>\$1,472,746,271</u>	<u>0.98%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

* Backed by Full Faith and Credit of U. S. Government
 Weighted Avg. Annual Yield for July 2016, Excluding Bank & Money Market Funds: 1.05%

Weighted Avg. Annual Yield for July 2016, Including Bank & Money Market Funds: 0.98%

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

(1) Morgan Stanley Treasury Fund; Fidelity Treasury Fund; Federated Treasury Fund

(2) Morgan Stanley Government Fund, Wells Fargo Government Fund

(3) Month-end bank balances

**JEA
Interest Rate Swap Position Report
July 2016**

JEA Debt Management Swaps Variable to Fixed

ID	Dealer	Effective Date	Terminat'n Date	Electric		Fixed Rate	Floating Rate (1)	Spread	Rate Cap	Index
				System Allocation	Water/Sewer Allocation					
1	Goldman Sachs	9/18/2003	9/18/2033	\$ 84,800,000	\$ -	3.717	0.317	3.400	n/a	68% 1 mth Libor
3	Morgan Stanley	1/27/2005	10/1/2039	82,575,000	-	4.351	0.409	3.941	n/a	SIFMA
4	JPMorgan	1/27/2005	10/1/2035	86,375,000	-	3.661	0.317	3.344	n/a	68% 1 mth Libor
6	JPMorgan	1/27/2005	10/1/2037	39,175,000	-	3.716	0.317	3.399	n/a	68% 1 mth Libor
7	Morgan Stanley	10/31/2006	10/1/2022	-	38,730,000	3.996	2.329	1.667	n/a	CPI
8	Morgan Stanley	1/31/2007	10/1/2031	62,980,000	-	3.907	0.409	3.498	n/a	SIFMA
9	Merrill Lynch	3/8/2007	10/1/2041	-	85,290,000	3.895	0.409	3.486	n/a	SIFMA
10	Goldman Sachs	1/31/2008	10/1/2036	51,680,000	-	3.836	0.409	3.427	n/a	SIFMA
Total				<u>\$ 407,585,000</u>	<u>\$ 124,020,000</u>	Wtd Avg Spread		3.376		

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

	Month July			Year-To-Date July		
	2016	2015 restated	Variance	2016	2015 restated	Variance
Electric revenue sales (000's omitted):						
Residential	\$ 70,661	\$ 68,332	3.41%	\$ 473,716	\$ 498,355	-4.94%
Commercial	41,215	40,831	0.94%	324,308	329,989	-1.72%
Industrial	19,497	20,624	-5.46%	165,307	179,603	-7.96%
Public street lighting	1,140	1,044	9.20%	11,232	9,925	13.17%
Sales for resale - territorial	2,233	3,034	-26.40%	21,287	23,972	-11.20%
Electric revenues - territorial	134,746	133,865	0.66%	995,850	1,041,844	-4.41%
Sales for resale - off system	618	93	564.52%	1,893	2,488	-23.91%
Electric revenues	135,364	133,958	1.05%	997,743	1,044,332	-4.46%
Less: rate stabilization & recovery	(4,522)	(12,006)	-62.34%	(25,693)	(27,629)	-7.01%
Less: allowance for doubtful accounts	-	(191)	-100.00%	(1,179)	(1,445)	-18.41%
Net electric revenues	130,842	121,761	7.46%	970,871	1,015,258	-4.37%
MWh sales						
Residential	624,424	566,371	10.25%	4,229,881	4,243,000	-0.31%
Commercial	419,443	389,917	7.57%	3,344,668	3,229,962	3.55%
Industrial	262,523	255,247	2.85%	2,297,819	2,319,047	-0.92%
Public street lighting	6,658	7,427	-10.35%	67,750	74,743	-9.36%
Sales for resale - territorial	23,788	35,290	-32.59%	255,126	271,715	-6.11%
Total MWh sales - territorial	1,336,836	1,254,252	6.58%	10,195,244	10,138,467	0.56%
Sales for resale - off system	16,818	2,981	464.17%	66,601	73,854	-9.82%
Total MWh sales	1,353,654	1,257,233	7.67%	10,261,845	10,212,321	0.48%
Number of accounts (1)						
Residential	399,028	391,733	1.86%	396,078	388,652	1.91%
Commercial	51,461	50,831	1.24%	51,208	50,608	1.19%
Industrial	201	207	-2.90%	202	210	-3.81%
Public street lighting	3,669	3,564	2.95%	3,643	3,540	2.91%
Sales for resale	3	2	50.00%	2	2	0.00%
Total average accounts	454,362	446,337	1.80%	451,133	443,012	1.83%
Residential averages						
Revenue per account - \$	177.08	174.44	1.51%	1,196.02	1,282.27	-6.73%
kWh per account	1,565	1,446	8.23%	10,679	10,917	-2.18%
Revenue per kWh - ¢	11.32	12.06	-6.14%	11.20	11.75	-4.68%
Degree days						
Heating degree days	-	-	-	949	1,337	(388)
Cooling degree days	606	556	50	2,175	1,904	271
Total degree days	606	556	50	3,124	3,241	(117)
Degree days - 30 year average	606			3,097		

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

	Month			Year-To-Date		
	July			July		
	2016	2015 restated	Variance	2016	2015 restated	Variance
Water						
<i>Revenues (000's omitted):</i>						
Residential	\$ 8,411	\$ 7,781	8.10%	\$ 74,130	\$ 72,038	2.90%
Commercial and industrial	4,204	3,935	6.84%	38,403	37,184	3.28%
Irrigation	3,851	3,564	8.05%	27,774	27,449	1.18%
Total water revenues	16,466	15,280	7.76%	140,307	136,671	2.66%
Less: rate stabilization environmental	(1,386)	(1,379)	0.51%	(11,342)	(10,942)	3.67%
Less: allowance for doubtful accounts	-	(24)	-100.00%	(196)	(225)	-12.89%
Net water revenues	\$ 15,080	\$ 13,877	8.67%	\$ 128,769	\$ 125,504	2.60%
<i>Kgal sales (000s omitted)</i>						
Residential	1,714,566	1,480,666	15.80%	14,099,452	13,694,286	2.96%
Commercial and industrial	1,307,862	1,181,479	10.70%	11,064,438	10,506,874	5.31%
Irrigation	713,632	637,458	11.95%	4,649,379	4,582,959	1.45%
Total kgals sales	3,736,060	3,299,603	13.23%	29,813,269	28,784,119	3.58%
<i>Number of accounts (1):</i>						
Residential	274,420	267,456	2.60%	271,562	264,817	2.55%
Commercial and industrial	25,088	23,998	4.54%	24,586	23,919	2.79%
Irrigation	36,471	36,253	0.60%	36,234	35,984	0.69%
Total average accounts	335,979	327,707	2.52%	332,382	324,720	2.36%
<i>Residential averages:</i>						
Revenue per account - \$	30.65	29.09	5.35%	272.98	272.03	0.35%
kgals per account	6.25	5.54	12.86%	51.92	51.71	0.40%
Revenue per kgals - \$	4.91	5.26	-6.65%	5.26	5.26	-0.05%
Reuse						
<i>Revenues (000's omitted):</i>						
Reuse revenues	\$ 1,257	\$ 1,000	25.70%	\$ 8,004	\$ 6,070	31.86%
<i>Kgal sales (000s omitted)</i>						
Reuse sales (kgals)	302,170	260,555	15.97%	2,065,157	1,470,525	40.44%
<i>Number of accounts (1):</i>						
Reuse accounts	8,008	6,289	27.33%	7,339	5,772	27.15%
Sewer						
<i>Revenues (000's omitted):</i>						
Residential	\$ 12,479	\$ 11,180	11.62%	\$ 112,019	\$ 108,852	2.91%
Commercial and industrial	9,383	8,653	8.44%	86,381	83,858	3.01%
Total sewer revenues	21,862	19,833	10.23%	198,400	192,710	2.95%
Less: rate stabilization environmental	1,419	(842)	-268.53%	6,870	(7,421)	-192.58%
Less: allowance for doubtful accounts	-	(37)	-100.00%	(293)	(338)	-13.31%
Net sewer revenues	23,281	18,954	22.83%	204,977	184,951	10.83%
<i>Kgal sales (000s omitted)</i>						
Residential	1,447,370	1,251,210	15.68%	12,049,380	11,724,227	2.77%
Commercial and industrial	1,041,227	945,567	10.12%	9,363,347	8,989,036	4.16%
Total kgals sales	2,488,597	2,196,777	13.28%	21,412,727	20,713,263	3.38%
<i>Number of accounts (1):</i>						
Residential	241,887	235,213	2.84%	239,167	232,659	2.80%
Commercial and industrial	18,050	17,822	1.28%	17,956	17,754	1.14%
Total average accounts	259,937	253,035	2.73%	257,123	250,413	2.68%
<i>Residential averages:</i>						
Revenue per account - \$	51.59	47.53	8.54%	468.37	467.86	0.11%
kgals per account	5.98	5.32	12.49%	50.38	50.39	-0.02%
Revenue per kgals - \$	8.62	8.94	-3.51%	9.30	9.28	0.13%
Rainfall						
	Diff in Inches			Diff in Inches		
Normal	6.55	6.55		37.40	37.40	
Actual	2.14	3.79	(1.65)	24.37	32.12	(7.75)
Rain Days	9	10		75	76	

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

	Month			Year-To-Date		
	2016	2015 restated	Variance	2016	2015 restated	Variance
Generated power:						
Steam:						
<i>Fuel oil</i>						
Fuel expense	\$ 151,820	\$ (14,150)	-1172.93%	\$ 2,930,615	\$ 1,248,835	134.67%
Barrels #6 oil consumed	1,404	-		27,514	11,680	135.57%
\$/ per barrel consumed	\$ 108.13			\$ 106.51	\$ 106.92	-0.38%
kWh oil generated (1)	826,382	-		15,230,706	4,480,583	239.93%
Cost per MWh - oil	\$ -	\$ -		\$ 192.41	\$ 278.72	-30.97%
<i>Natural gas units #1-3</i>						
Gas expense - variable	\$ 6,306,816	\$ 5,547,686	13.68%	\$ 33,289,647	\$ 25,723,026	29.42%
MMBTU's consumed	1,860,089	1,737,243	7.07%	13,576,117	7,996,596	69.77%
\$/ per MMBTU consumed	\$ 3.39	\$ 3.19	6.27%	\$ 2.45	\$ 3.22	-23.91%
kWh - gas generated (1)	172,918,878	161,493,310	7.07%	1,263,367,040	682,357,422	85.15%
Cost per MWh - gas	\$ 36.47	\$ 34.35	6.17%	\$ 26.35	\$ 37.70	-30.11%
Cost per MWh - gas & oil - steam	\$ 37.17	\$ 34.26	8.49%	\$ 28.33	\$ 39.27	-27.86%
<i>Coal</i>						
Coal expense	\$ 2,692,911	\$ 2,399,528	12.23%	\$ 21,566,242	\$ 33,419,363	-35.47%
kWh generated	128,110,969	92,183,578	38.97%	1,007,721,746	1,078,643,901	-6.58%
Cost per MWh - coal	\$ 21.02	\$ 26.03	-19.25%	\$ 21.40	\$ 30.98	-30.92%
<i>Pet coke and limestone</i>						
Expense	\$ 5,323,306	\$ 5,872,856	-9.36%	\$ 37,010,058	\$ 33,385,381	10.86%
kWh generated	257,470,949	212,683,248	21.06%	1,813,975,664	1,106,276,449	63.97%
Cost per MWh - pet coke and limestone	\$ 20.68	\$ 27.61	-25.10%	\$ 20.40	\$ 30.18	-32.41%
Cost per MWh - coal & petcoke - steam	\$ 20.79	\$ 27.13	-23.37%	\$ 20.76	\$ 30.58	-32.11%
Combustion turbine:						
<i>Fuel oil</i>						
Fuel expense	\$ 99,472	\$ 61,445	61.89%	\$ 642,429	\$ 535,535	19.96%
Barrels #2 oil consumed	116	335	-65.37%	3,737	3,912	-4.47%
\$/ per barrel consumed	\$ 857.52	\$ 183.42	367.52%	\$ 171.91	\$ 136.90	25.57%
kWh - oil generated	330,268	75,804	335.69%	1,299,972	996,804	30.41%
Cost per MWh - oil	\$ 301.19	\$ 810.58	-62.84%	\$ 494.19	\$ 537.25	-8.01%
<i>Natural gas (includes landfill)</i>						
Gas expense Kennedy & landfill - variable	\$ 220,907	\$ 77,055	186.69%	\$ 1,034,357	\$ 869,319	18.98%
MMBTU's consumed	63,063	23,944	163.38%	398,507	254,244	56.74%
\$/ per MMBTU consumed	\$ 3.50	\$ 3.22	8.70%	\$ 2.60	\$ 3.42	-23.98%
kWh - gas generated (1)	5,177,052	1,639,064	215.85%	31,612,913	17,821,789	77.38%
Cost per MWh - gas	\$ 42.67	\$ 47.01	-9.23%	\$ 32.72	\$ 48.78	-32.92%
Gas expense BB simple - variable	\$ 285,795	\$ 136,880	108.79%	\$ 1,636,284	\$ 1,217,118	34.44%
MMBTU's consumed	111,870	53,085	110.74%	785,820	426,981	84.04%
\$/ per MMBTU consumed	\$ 2.55	\$ 2.58	-1.16%	\$ 2.08	\$ 2.85	-27.02%
kWh - gas generated (1)	9,886,712	4,471,100	121.12%	68,996,219	36,168,600	90.76%
Cost per MWh - gas simple	\$ 28.91	\$ 30.61	-5.55%	\$ 23.72	\$ 33.65	-29.51%
Gas expense BB combined - variable	\$ 6,191,321	\$ 6,685,831	-7.40%	\$ 34,985,472	\$ 72,116,239	-51.49%
MMBTU's consumed	2,279,265	2,441,580	-6.65%	14,974,818	22,795,221	-34.31%
\$/ per MMBTU consumed	\$ 2.72	\$ 2.74	-0.73%	\$ 2.34	\$ 3.16	-25.95%
kWh - gas generated (1)	322,261,495	339,840,617	-5.17%	2,158,378,810	3,206,915,036	-32.70%
Cost per MWh - gas combined	\$ 19.21	\$ 19.67	-2.34%	\$ 16.21	\$ 22.49	-27.92%
Gas expense GEC simple - variable	\$ 563,214	\$ 602,505	-6.52%	\$ 6,145,512	\$ 2,583,432	137.88%
MMBTU's consumed	209,529	181,906	15.19%	3,212,879	961,927	234.00%
\$/ per MMBTU consumed	\$ 2.69	\$ 3.31	-18.73%	\$ 1.91	\$ 2.69	-29.00%
kWh - gas generated	18,701,708	16,639,914	12.39%	287,744,294	83,515,457	244.54%
Cost per MWh - gas simple	\$ 30.12	\$ 36.21	-16.82%	\$ 21.36	\$ 30.93	-30.94%
Cost per MWh - gas & oil ct	\$ 20.66	\$ 20.86	-0.96%	\$ 17.44	\$ 23.11	-24.53%
Natural gas expense - fixed	\$ 3,289,888	\$ 2,908,397	13.12%	\$ 25,440,087	\$ 26,257,368	-3.11%
Total generated power:						
Fuels expense	\$ 25,125,450	\$ 24,278,033	3.49%	\$ 164,680,703	\$ 197,355,616	-16.56%
kWh generated	915,684,413	829,026,635	10.45%	6,648,327,364	6,217,176,041	6.93%
Cost per MWh	\$ 27.44	\$ 29.28	-6.30%	\$ 24.77	\$ 31.74	-21.97%

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

Cost of fuels

Fuel oil #6	\$ 151,820	\$ (14,150)		\$ 2,930,615	\$ 1,248,835
Natural gas units #1-3 with landfill - variable	6,306,816	5,547,686		33,289,647	25,723,026
Coal	2,692,911	2,399,528		21,566,242	33,419,363
Petcoke	5,323,306	5,872,856		37,010,058	33,385,381
Fuel oil #2	99,472	61,445		642,429	535,535
Natural gas - simple cycle (BB & GEC) - variable	1,069,916	816,440		8,816,153	4,669,869
Natural gas - combined (BB) - variable	6,191,321	6,685,831		34,985,472	72,116,239
Natural gas - fixed	3,289,888	2,908,397		25,440,087	26,257,368
Total	\$ 25,125,450	\$ 24,278,033		\$ 164,680,703	\$ 197,355,616

	Month July			Year-To-Date July		
	2016	2015 restated	Variance	2016	2015 restated	Variance
Production Statistics (Con't.)						
Purchased power:						
<i>Plant Scherer</i>						
Purchases	\$ 5,133,814	\$ 4,286,298	19.77%	\$ 46,093,654	\$ 42,814,989	7.66%
kWh purchased	121,746,000	124,558,000	-2.26%	844,446,000	1,091,518,000	-22.64%
Cost per MWh	\$ 42.17	\$ 34.41	22.54%	\$ 54.58	\$ 39.23	39.16%
<i>TEA & other</i>						
Purchases	\$ 6,794,432	\$ 3,377,492	101.17%	\$ 56,789,778	\$ 40,395,984	40.58%
kWh purchased	127,657,967	76,766,604	66.29%	1,509,856,453	866,757,608	74.20%
Cost per MWh	\$ 53.22	\$ 44.00	20.97%	\$ 37.61	\$ 46.61	-19.30%
<i>SJRPP</i>						
Purchases	\$ 12,696,445	\$ 14,717,476	-13.73%	\$ 97,317,901	\$ 132,187,071	-26.38%
kWh purchased	246,057,000	280,128,000	-12.16%	1,632,857,000	2,402,349,000	-32.03%
Cost per MWh	\$ 51.60	\$ 52.54	-1.79%	\$ 59.60	\$ 55.02	8.32%
Total purchased power:						
Purchases	\$ 24,624,691	\$ 22,381,266	10.02%	\$ 200,201,333	\$ 215,398,044	-7.06%
kWh purchased	495,460,967	481,452,604	2.91%	3,987,159,453	4,360,624,608	-8.56%
Cost per MWh	\$ 49.70	\$ 46.49	6.91%	\$ 50.21	\$ 49.40	1.65%
Subtotal - generated and purchased power:	\$ 49,750,141	\$ 46,659,299	6.62%	\$ 364,882,036	\$ 412,753,660	-11.60%
Fuel interchange sales	(617,635)	(93,387)	561.37%	(1,893,440)	(2,488,180)	-23.90%
Earnings of The Energy Authority	(801,505)	26,456	-3129.58%	(4,964,667)	(1,324,384)	274.87%
Realized and Unrealized (Gains) Losses:	47,400	-		3,792,000	-	
Fuel procurement and handling	1,109,231	1,019,980	8.75%	9,216,951	9,370,891	-1.64%
By product reuse	1,838,975	1,514,773	21.40%	14,279,618	11,964,900	19.35%
Total generated and net purchased power:						
Cost, net	51,326,607	49,127,121	4.48%	385,312,498	430,276,887	-10.45%
kWh generated and purchased	1,411,145,380	1,310,479,239	7.68%	10,635,486,817	10,577,800,649	0.55%
Cost per MWh	\$ 36.37	\$ 37.49	-2.98%	\$ 36.23	\$ 40.68	-10.94%
Reconciliation:						
Generated and purchased power per above	\$ 51,326,607	\$ 36.37		\$ 385,312,498	\$ 36.23	
<i>SJRPP operating expenses:</i>						
SJRPP O & M	(2,279,521)	(1.62)		(19,240,968)	(1.81)	
SJRPP debt service	(3,249,996)	(2.30)		(33,985,292)	(3.20)	
SJRPP R & R	1,745,657	1.24		17,558,940	1.65	
<i>SCHERER operating expenses:</i>						
Scherer power production	(437,608)	(0.31)		(9,904,903)	(0.93)	
Scherer R & R	(683,285)	(0.48)		(7,660,788)	(0.72)	
Scherer transmission	(456,383)	(0.32)		(4,453,633)	(0.42)	
Scherer taxes	(89,371)	(0.06)		(961,714)	(0.09)	
Florida and other capacity	(608,934)	(0.43)		(6,119,035)	(0.58)	
MEAG	(514,147)	(0.36)		(2,571,620)	(0.24)	
By product accrual	14,710	0.01		-	-	
Rounding	-	-		(2)	(0.00)	
	\$ 44,767,729	\$ 31.72		\$ 317,973,483	\$ 29.90	

	Month		Year-To-Date	
	2016	July	2016	July
	2016	2015 restated	2016	2015 restated
MWh sales				
JEA	246,057	280,128	1,632,857	2,402,349
FPL saleback	281,973	164,550	1,391,725	1,465,960
FPL direct portion	132,008	111,170	756,146	967,077
Total MWh sales	<u>660,038</u>	<u>555,848</u>	<u>3,780,728</u>	<u>4,835,386</u>
Fuel costs	\$ 8,919,733	\$ 10,102,432	\$ 61,693,106	\$ 84,807,773
(Includes fuel handling expenses)				
Less interest credits: inventory bank	(5,425)	(1,312)	(40,355)	(19,485)
Plus (less): true-up interest	(1,723)	(38)	(2,170)	(102)
Total	<u>8,912,585</u>	<u>10,101,082</u>	<u>61,650,581</u>	<u>84,788,186</u>
Cost per MWh	\$ 36.22	\$ 36.06	\$ 37.76	\$ 35.29
Operating and maintenance expenses	2,280,241	2,091,784	19,244,676	21,511,442
Less: operations bank interest	(720)	(407)	(6,747)	(4,307)
Less: annual variable o & m true-up	-	-	3,039	(1,184)
Total	<u>2,279,521</u>	<u>2,091,377</u>	<u>19,240,968</u>	<u>21,505,951</u>
Cost per MWh	\$ 9.26	\$ 7.47	\$ 11.78	\$ 8.95
Debt service contribution				
Principal	2,331,562	2,975,104	23,315,625	29,629,166
Interest	1,464,488	1,657,355	14,558,888	17,093,650
Less credits:				
Reserve Issue 2	(347,360)	(245,658)	(2,278,017)	(2,463,395)
Reserve Issue 3	(13,219)	(15,065)	(136,238)	(99,425)
Debt service Issue 2	(28,878)	(461)	(39,550)	(25,957)
Debt service Issue 3	-	-	(3,058)	-
Bond proceeds COB	-	(1,042)	(4,179)	(11,185)
General reserve Issue 2	(6,178)	(14,563)	(22,242)	(75,914)
General reserve Issue 3	(1,845)	-	(23,969)	(160)
Build America Bonds subsidy	(34,190)	(34,007)	(341,902)	(340,068)
Inventory carrying costs	(71,910)	(56,697)	(636,266)	(557,291)
Total	<u>3,292,470</u>	<u>4,264,966</u>	<u>34,389,092</u>	<u>43,149,421</u>
Cost per MWh	\$ 13.38	\$ 15.23	\$ 21.06	\$ 17.96
R & R contribution	339,343	338,308	3,393,431	3,432,856
Less: interest credit	(42,474)	(53,257)	(503,950)	(426,315)
Less: cumulative capital recovery amount	(2,085,000)	(2,025,000)	(20,852,221)	(20,263,028)
Total	<u>(1,788,131)</u>	<u>(1,739,949)</u>	<u>(17,962,740)</u>	<u>(17,256,487)</u>
Cost per MWh	\$ (7.27)	\$ (6.21)	\$ (11.00)	\$ (7.18)
Debt service coverage	-	-	6,463,000	7,540,000
Transfer to JEA	-	-	(6,463,000)	(7,540,000)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cost per MWh	-	-	-	-
Total	<u>\$ 12,696,445</u>	<u>\$ 14,717,476</u>	<u>\$ 97,317,901</u>	<u>\$ 132,187,071</u>
kWh purchased	246,057,000	280,128,000	1,632,857,000	2,402,349,000
Cost per MWh	\$ 51.60	\$ 52.54	\$ 59.60	\$ 55.02

III. A. 3.

Monthly JEA Operations Report



JEA Operations Report

as of July 31, 2016

[Return to Agenda](#)

III. A. 3.
8/16/2016

Board of Directors Meeting

August 16, 2016

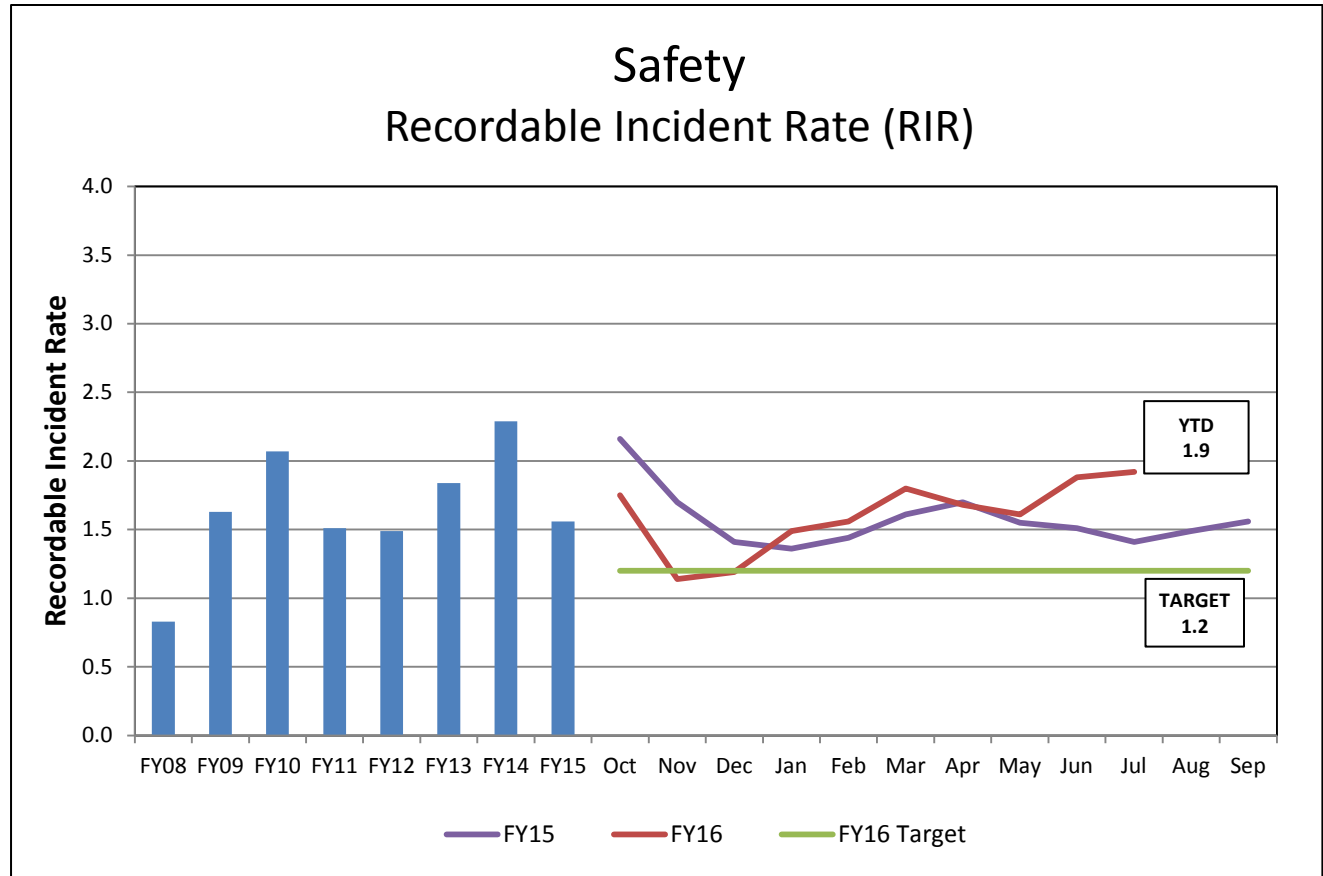
FY2015

- RIR = 1.65
- # of Recordables = 34
- July YTD Recordables = 27

FY2016

- July Recordables = 4
- Year to Date Recordables = 33
- 9 (33%) were lost time
 - Electric Systems = 17
 - Water/WW Systems = 10
 - Customer Service = 3
 - Finance/Shared Services = 3
- Continuing to “Plan for Zero”
- Increased focus on:
 - Complacency
 - Hand/Finger
 - Strains, Sprains, Slip/Trip/Fall
 - 0-5 Year Employees
 - PPE Use

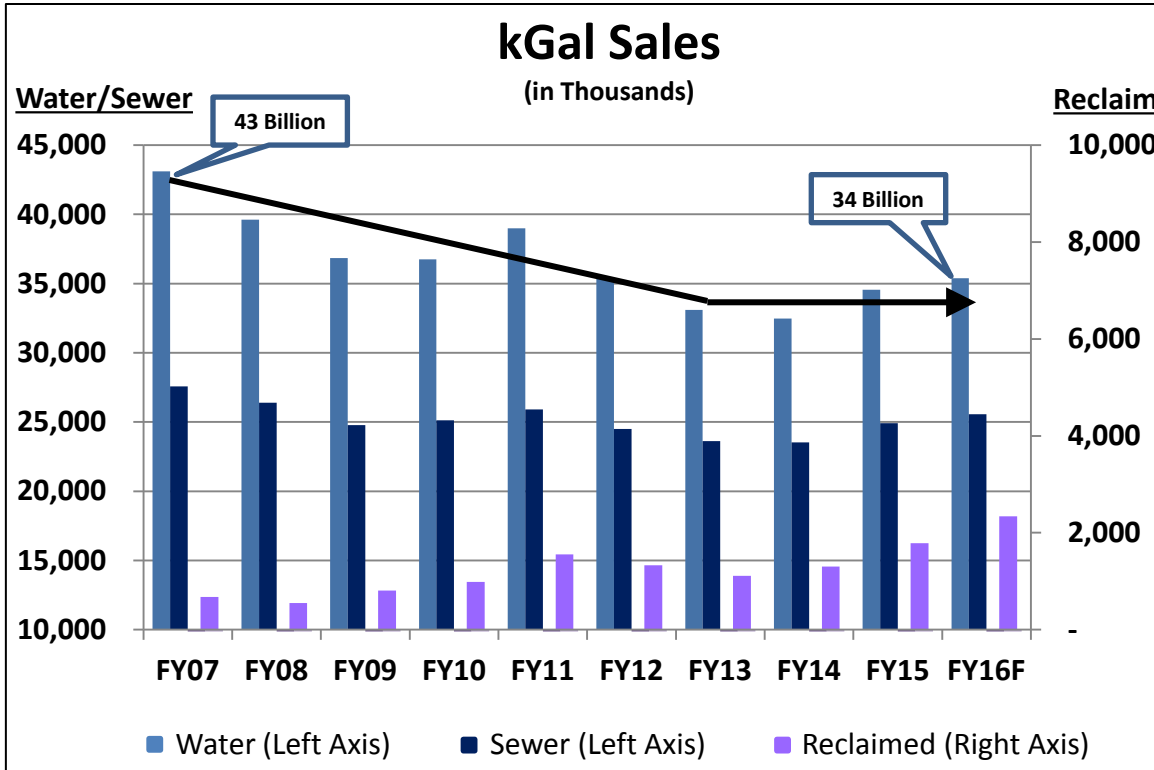
Units	FY2016 YTD	FY2016 Target	FY2015	FY2014
RIR	1.92	1.20	1.65	2.29



Industry Benchmark*

Average Municipal Utility RIR is 6.3
Average LPPC RIR is 3.7

*Provided by Bureau of Statistics



Month	FY15	FY16	%
Oct	3,051	3,120	2.3%
Nov	2,597	2,641	1.7%
Dec	2,708	2,758	1.8%
Jan	2,502	2,527	1.0%
Feb	2,238	2,479	10.8%
Mar	2,732	2,825	3.4%
Apr	2,765	2,914	5.4%
May	3,509	3,523	0.4%
Jun	3,382	3,290	(2.7%)
Jul	3,300	3,736	13.2%
YTD	28,784	29,813	3.6%
Aug	3,062		
Sep	2,712		
Total/Forecast	34,558	35,379	

Unit Sales Driver: Rainfall down 8 inches; rain days down 1.
Irrigation for July 2016 up 12% versus July 2015.

YTD Rain			
	30-Yr. Avg.	FY15	FY16
Inches	37	32	24
Days	86	76	75

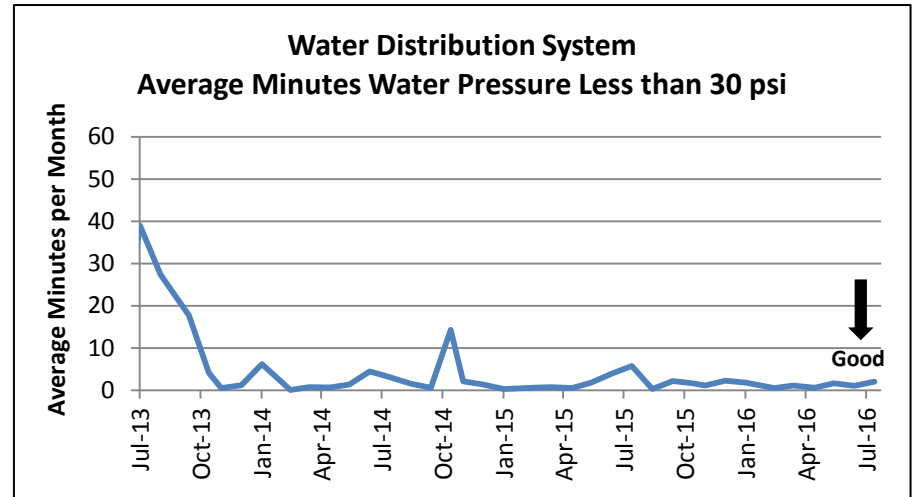
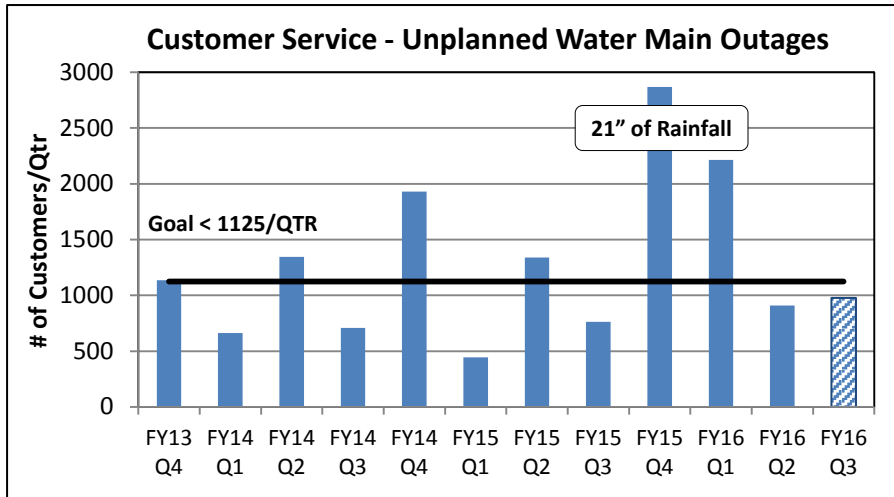
YTD Customer Accounts			
	FY15	FY16	%
Water	327,707	335,979	2.5%
Sewer	253,035	259,937	2.7%
Reclaimed	6,289	8,008	27.3%

Total System	3.6%
Residential	3.0%
Comm./Industrial	5.3%
Irrigation	1.5%

Customer Reliability Objectives

Water and Wastewater System

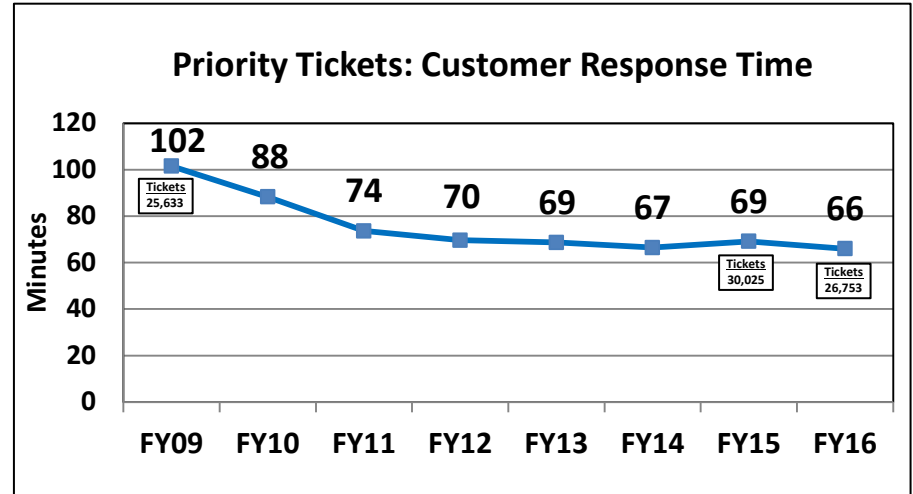
Water Grid Performance	Metric	FY2016 YTD	FY2016 Target	FY2015	FY2014
Water Main Outages	# of Customers per Year	4,694	4,500	5,629	4,645



Unplanned Water Outages
 # of Customers Affected by Unplanned Outages has increased due to rainfall and ground saturation

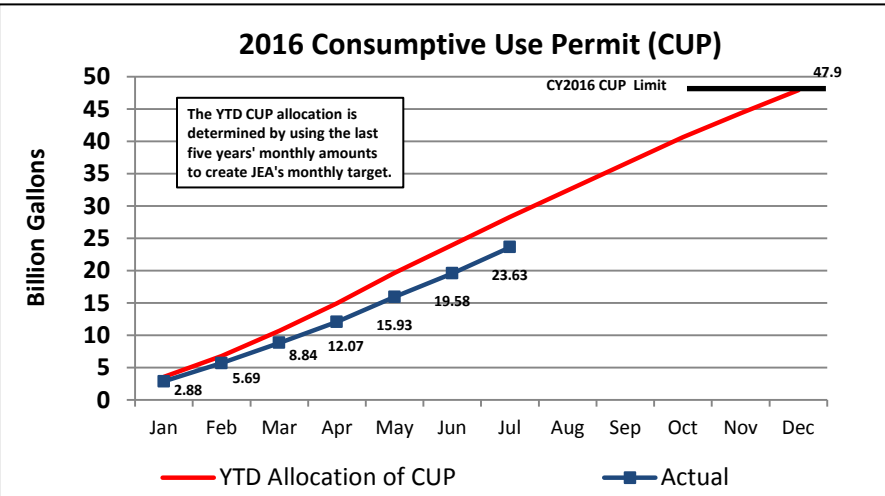
Water Pressure (minutes per month < 30 psi)
 Measured by 110 pressure monitoring stations in the distribution system. Pressure must be greater than 20 psi, and is expected to be greater than 50 psi.

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



Note: Priority Tickets are defined as an interruption of water or sewer service

Compliance	Metric – CY Basis	2016 YTD	2016 Target	2015	2014
Water	CUP Limits (MGD)	111	131 limit	107 (129 limit)	104 (127 limit)
South Grid	Wellfield Allocation (MGD)	52.03	< 50.23 limit	47.50 (<50.23 limit)	46.61 (<61.23 limit)
Reclaim	Usage (MGD)	15	15	13	12



CUP Condition 44: South Grid Wellfield Allocation Limits

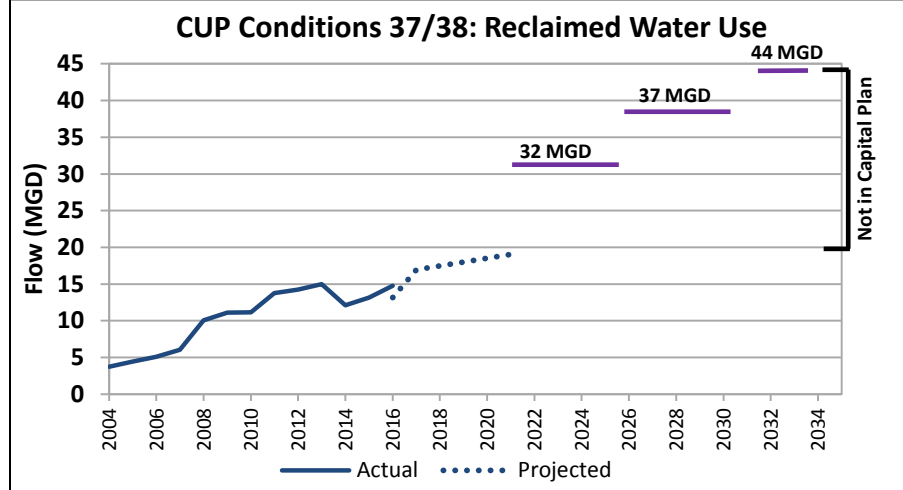
Critical Wellfields	Actuals				Post Sep - 14 Limit
	2013	2014	2015	YTD 2016	
Deerwood III	6.96	7.01	6.67	7.12	7.00
Ridenour	5.97	6.39	6.66	7.71	6.85
Oakridge	8.78	6.23	4.99	5.61	5.65
Greenland	---	1.53	4.27	4.14	4.53
Brierwood	5.58	4.53	2.84	3.57	3.02
Subtotal	27.29	25.69	25.43	28.15	27.05
Other Wellfields	22.21	20.92	22.07	23.88	23.18
Total South Grid	49.50	46.61	47.50	52.03	50.23
Total System MGD	100	104	107	111	131

St. Johns River Water Management District CUP

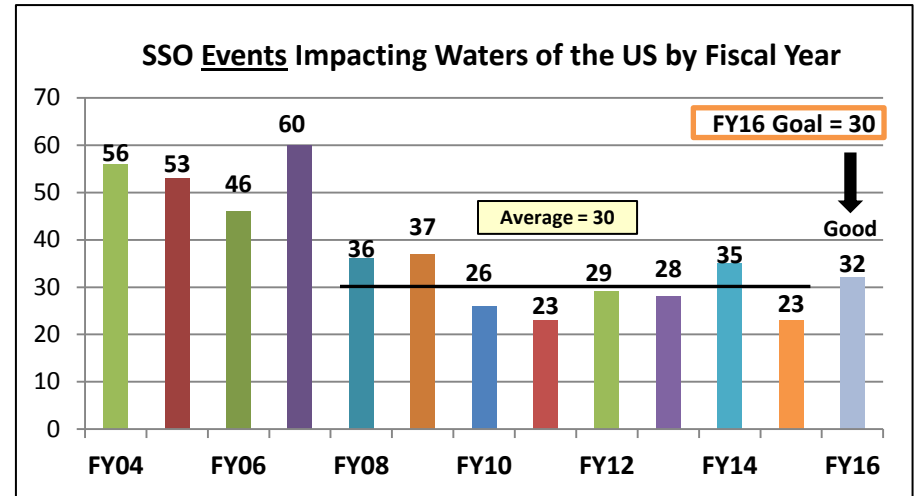
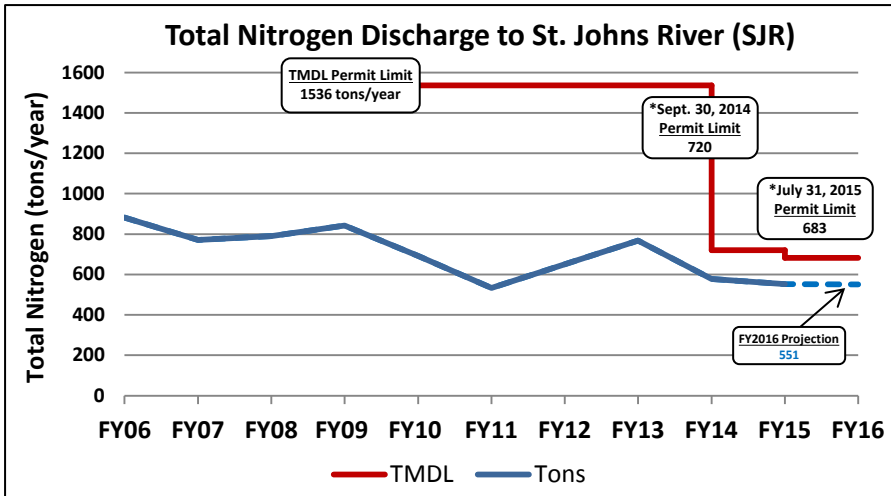
Condition 12: YTD average daily flow is 24% below CY limit of 131 MGD

Condition 44: South Grid Wellfields have annual operational flexibility of 20% above the allocation limits

Conditions 37/38: Use of reclaimed water “to the maximum extent technologically, economically, and environmentally feasible”. The annual CUP limit continues to increase beginning in FY21 if 32 MGD is achieved.



Compliance	Metric	FY2016 YTD	FY2016 Target	FY2015	FY2014
Sewer	Nitrogen (N) Tons – FY basis	454	600	553 (TMDL of 683*)	577 (TMDL of 720*)

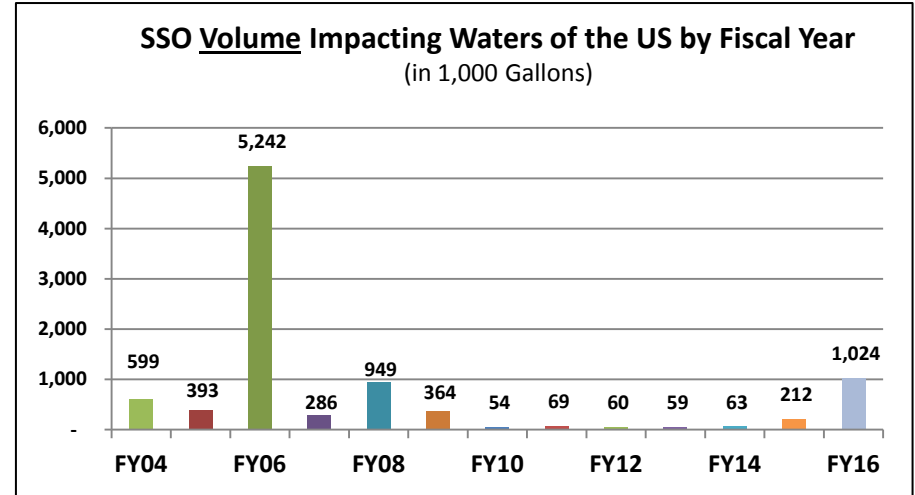


Nitrogen Discharge to St. Johns River

Florida Department of Environmental Protection (FDEP) has reduced the Total Maximum Daily Load (TMDL) to 683 tons with Water Quality Trading Credits allocated to the COJ

Sanitary Sewer Overflows (SSOs)



FY15 SSO achievement of 23 events matched the FY11 record performance. A single event in October 2015 has elevated the SSO volume for FY16.



JEA Water and Sewer System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY16 Forecast	FY15 Actual	FY16 Budget	FY16F vs FY15 (\$)	Variance (%)
Water & Sewer Revenues	\$ 403,198	\$ 393,167	\$ 383,162	\$ 10,031	2.6%
Other Revenue	36,977	43,750	34,529	(6,773)	-15.5%
Total Revenues	\$ 440,175 ①	\$ 436,917	\$ 417,691	\$ 3,258	0.7%
					
Select Expenses					
O & M Expense	\$ 132,453 ②	\$ 127,174	\$ 138,368	\$ (5,279)	-4.2%
Net Revenues	\$ 281,590	\$ 278,471	\$ 254,266	\$ 3,119	1.1%
					
Capital Expenditures	\$ 145,769 ③	\$ 100,806	\$ 175,000	\$ (44,962)	-44.6%
Debt Service	\$ 96,411	\$ 101,108	\$ 105,371	\$ 4,697	4.6%

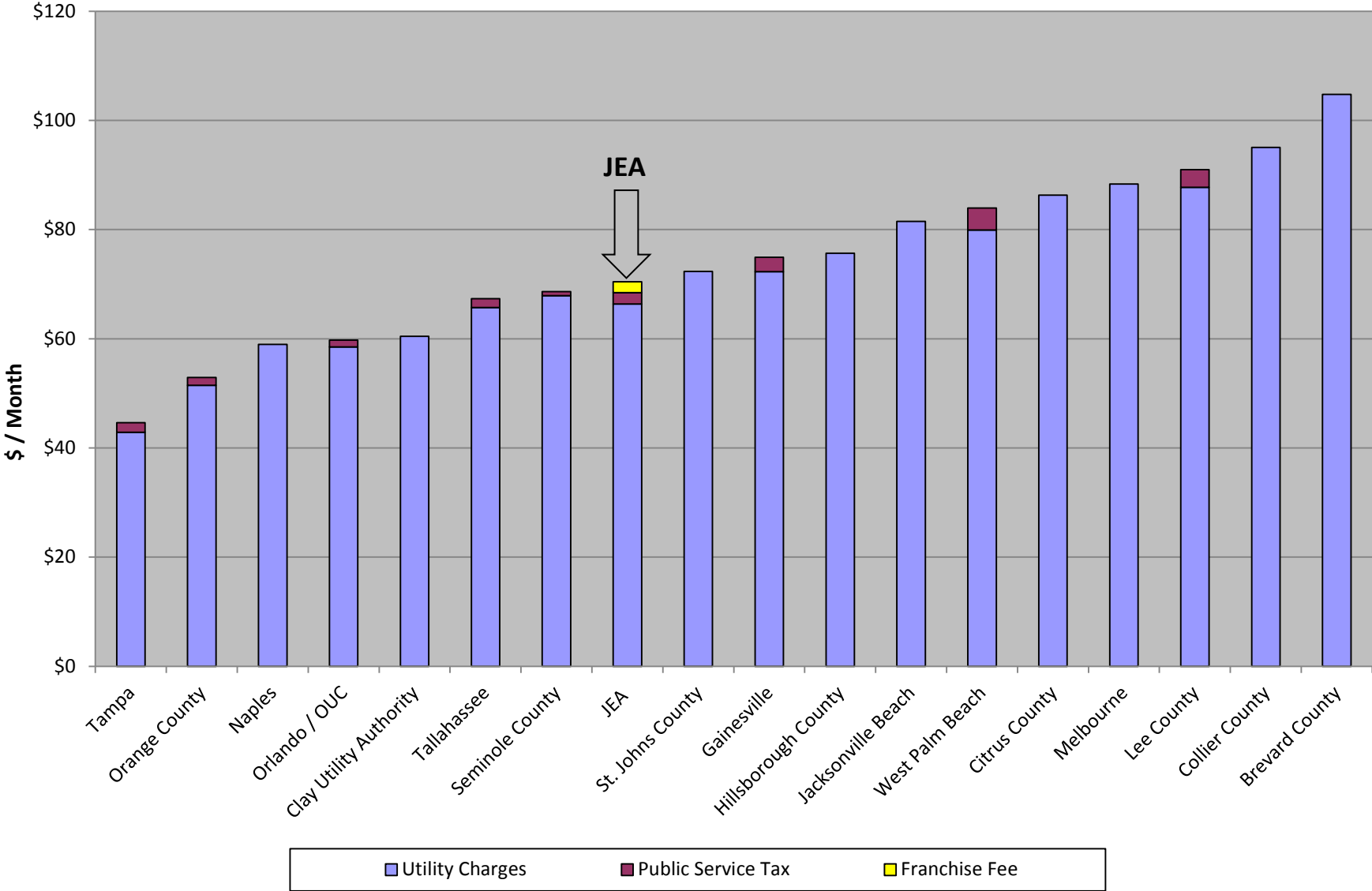
Depreciation
\$132 million

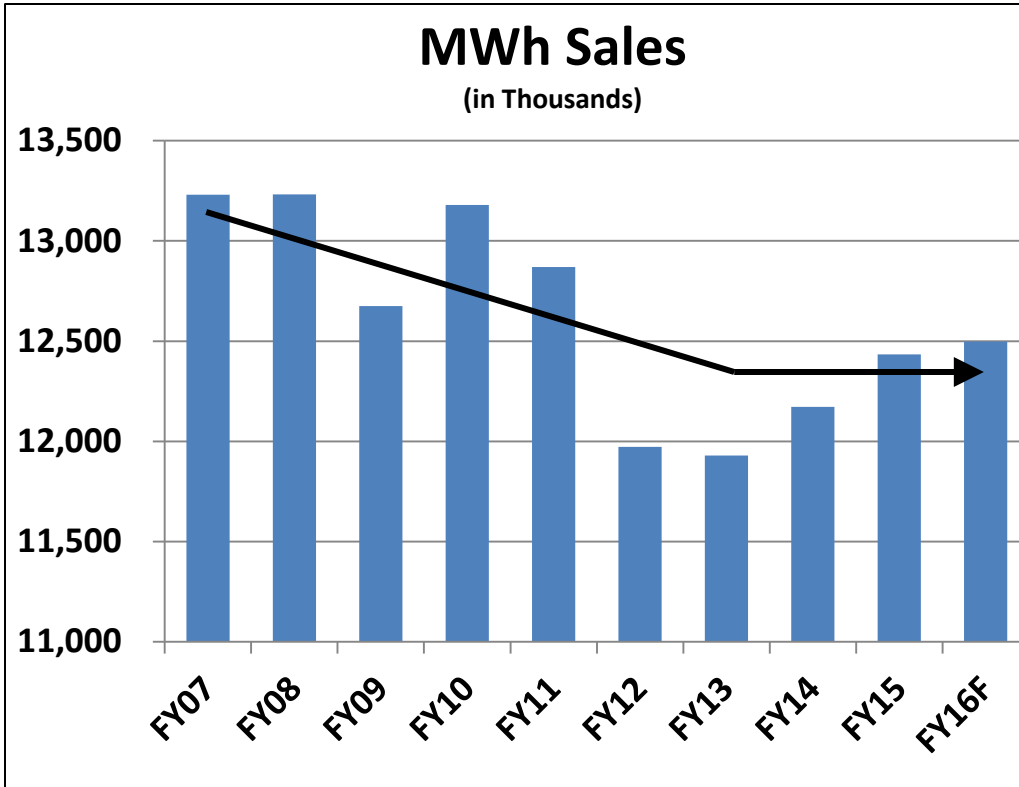
Metrics	FY16 Forecast
Coverage:	2.9x
Days Cash/Liquidity:	161 / 282
Debt/Asset:	53% (2% lower)
Total Debt:	\$1.6B (\$33M lower)

Cost / KGal	Water	Sewer
Target	\$ 3.98	\$ 7.25
Forecast	<u>4.19</u>	<u>7.39</u>
Difference	\$ (0.21)	\$ (0.14)

Water & Sewer Rates in Florida

Residential Service with a 5/8" meter and 6 kgals of Consumption
 Residential Rates as of August 2016





Month	FY15	FY16	%
Oct	971,595	952,515	(2.0%)
Nov	895,617	923,705	3.1%
Dec	943,753	922,956	(2.2%)
Jan	1,035,621	1,049,897	1.4%
Feb	934,102	894,563	(4.2%)
Mar	898,524	893,954	(0.1%)
Apr	954,803	900,013	(5.7%)
May	1,062,459	1,089,555	2.6%
Jun	1,187,741	1,231,251	3.7%
Jul	1,254,252	1,336,836	6.6%
Year-to-Date	10,138,467	10,195,244	0.6%
Aug	1,212,295		
Sep	1,083,446		
Total/Forecast	12,434,208	12,497,334	

Unit Sales Driver: Degree days 4% lower than last year.

YTD Degree Days		
<u>30-yr. Avg.</u>	<u>FY15</u>	<u>FY16</u>
3,097	3,241	3,124

YTD Customer Accounts		
<u>FY15</u>	<u>FY16</u>	<u>%</u>
446,337	454,362	1.8%

Total System	0.6%
Residential	(0.3%)
Comm./Industrial	2.5%
Interruptible	(3.9%)
Wholesale (FPU)	(6.1%)

T&D Grid Performance	Metric	FY2016 YTD	FY2016 Target	FY2015	FY2014
Customer Outage Frequency	# of Outages per Year	1.6	1.8	1.7	1.7
Electric Outage Duration	# of Minutes out per Year	82	80	99	71
Transmission Line Faults	# of Faults per 100 miles	1.3	3.0	1.7	2.4
CEMI ₅	% Customers > 5 outages per yr	1.4	1.5	2.1	2.34

Electric Service Reliability

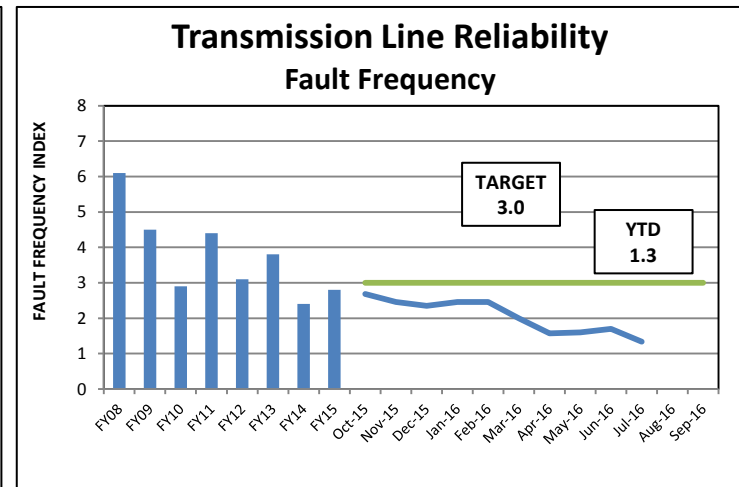
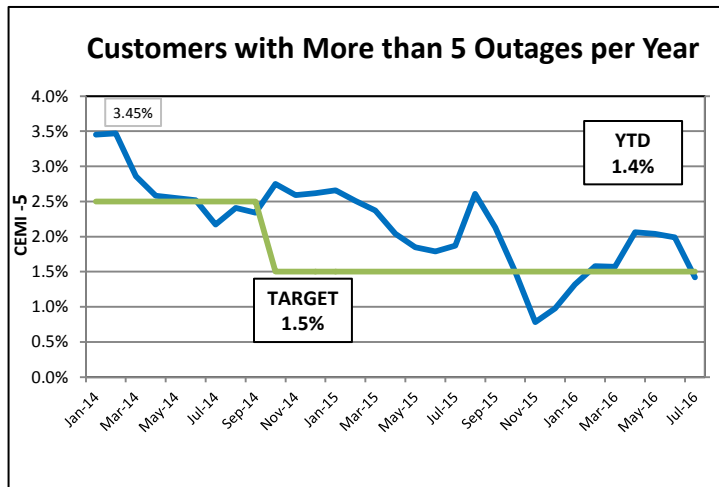
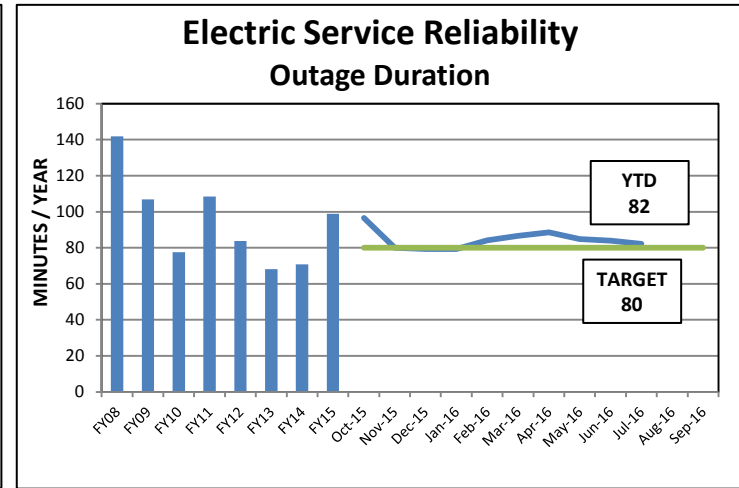
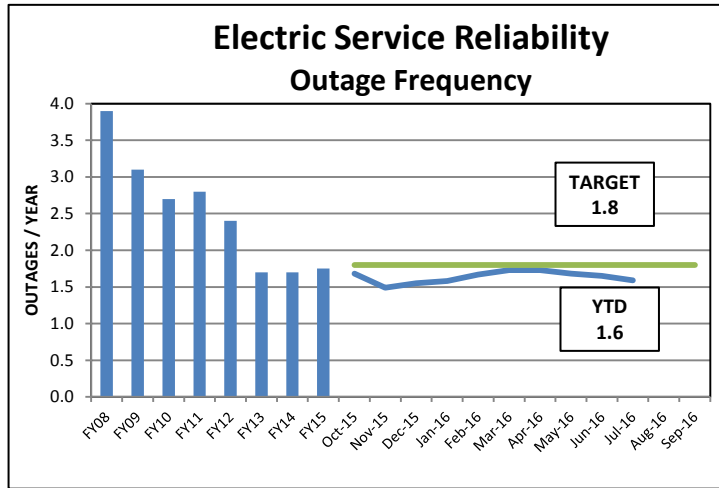
- Outage frequency and duration have been reduced significantly over the last 8 years; running flat this year and near the FY2016 targets.
- The typical JEA customer sees 1.6 outages per year and a total outage duration of 82 minutes
- CEMI₅: 6,595 (1.4%) of our customers have experienced more than 5 outages in the past 12 months

Transmission Line Reliability

- Overall downward trend over the last eight years
- YTD (1.3) running below the FY16 target

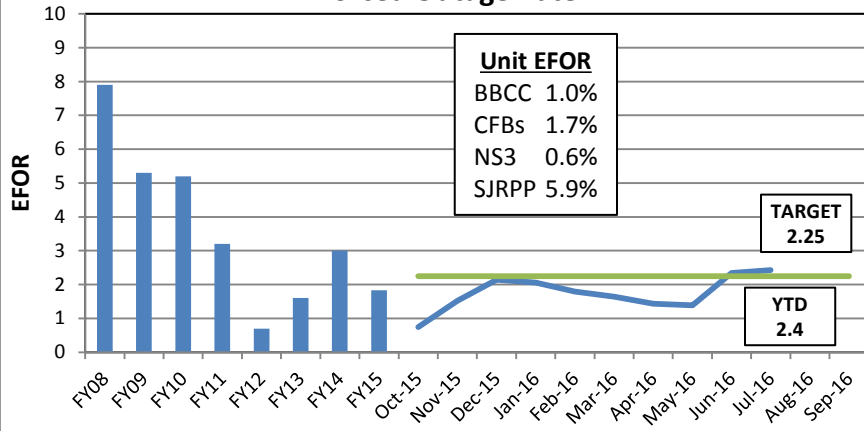
Other Operational Metrics

- Continue showing favorable trends over time

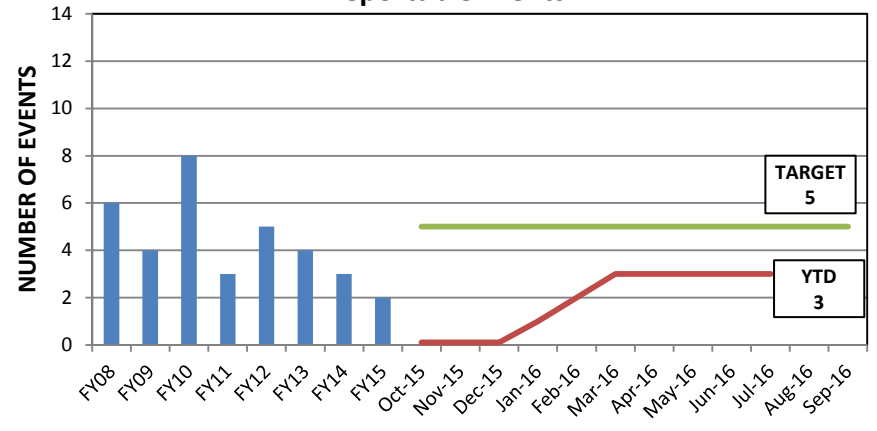


Generating Plant Performance	Metric	FY2016 YTD	FY2016 Target	FY2015	FY2014
Generation Fleet Reliability	Forced Outages Rate	2.4	2.25	1.8	3.0
Environmental Compliance	Permit Exceedances	3	5	2	3

JEA Fleet Reliability Forced Outage Rate



Environmental Compliance Reportable Events



Generating Fleet Reliability

- The JEA fleet Forced Outage Rate is in line with prior 5-year performance and under FY2016 target of 2.25
- Successful outages completed last fall on all three Northside Units, with additional work completed this spring at Brandy Branch, SJRPP and Scherer.
- High unit reliability contributes to lower fuel and non-fuel expenses

Environmental Compliance

- Excellent environmental performance in prior years.
- We've experienced three reportable event to date during FY2016.
- JEA remains actively engaged in and preparing for all new and emerging environmental regulations.

JEA Electric System

Financial Results and Cost Metrics

(\$ in thousands)

Revenues	FY16 Forecast	FY15 Actual	FY16 Budget	FY16 vs FY15 (\$)	Variance (%)
Fuel Revenue	\$ 423,970 ¹	\$ 486,362 ²	\$ 485,631	\$ (62,392)	-12.8%
Base Revenue	744,799	741,411	711,502	3,388	0.5%
Other Revenue	37,822	38,183	51,716	(361)	-0.9%
Total Revenues	\$ 1,206,591	\$ 1,265,956	\$ 1,248,849	\$ (59,365)	-4.7%
		↑ (\$42M) ↑			
Select Expenses					
Fuel Expense	\$ 394,021	\$ 441,076	\$ 460,315	\$ 47,055	10.7%
Fuel Fund Transfers	29,949	45,286	25,255	15,377	
O & M Expense	196,624	191,764	222,827	(4,860)	-2.5%
Non-fuel Purchased Power	91,920	114,804	113,015	22,884	19.9%
Net Revenues	\$ 478,955	\$ 461,604	\$ 405,311	\$ 17,351	3.8%
		↑ \$73M ↑			
Capital Expenditures	\$ 162,884	\$ 116,728	\$ 153,200 ³	\$ (46,156)	-39.5%
Debt Service	\$ 173,632	\$ 175,778	\$ 185,614	\$ 2,146	1.2%

Electric Costs / MWh	Non-Fuel
Target	\$ 49.44
Forecast	<u>50.92</u>
Difference	\$ (1.48)

Financial Metrics	FY16 Forecast
Coverage:	2.8x
Days Cash/Liquidity:	206 / 327
Debt/Asset:	66% (2% lower)
Total Debt:	\$3.0B (\$150M lower)

Fuel Fund	(\$ in millions)
Beginning Balance	\$ 151
Surplus/(Deficit)	87
Fuel Credit	(57)
Ending Balance	\$ 181

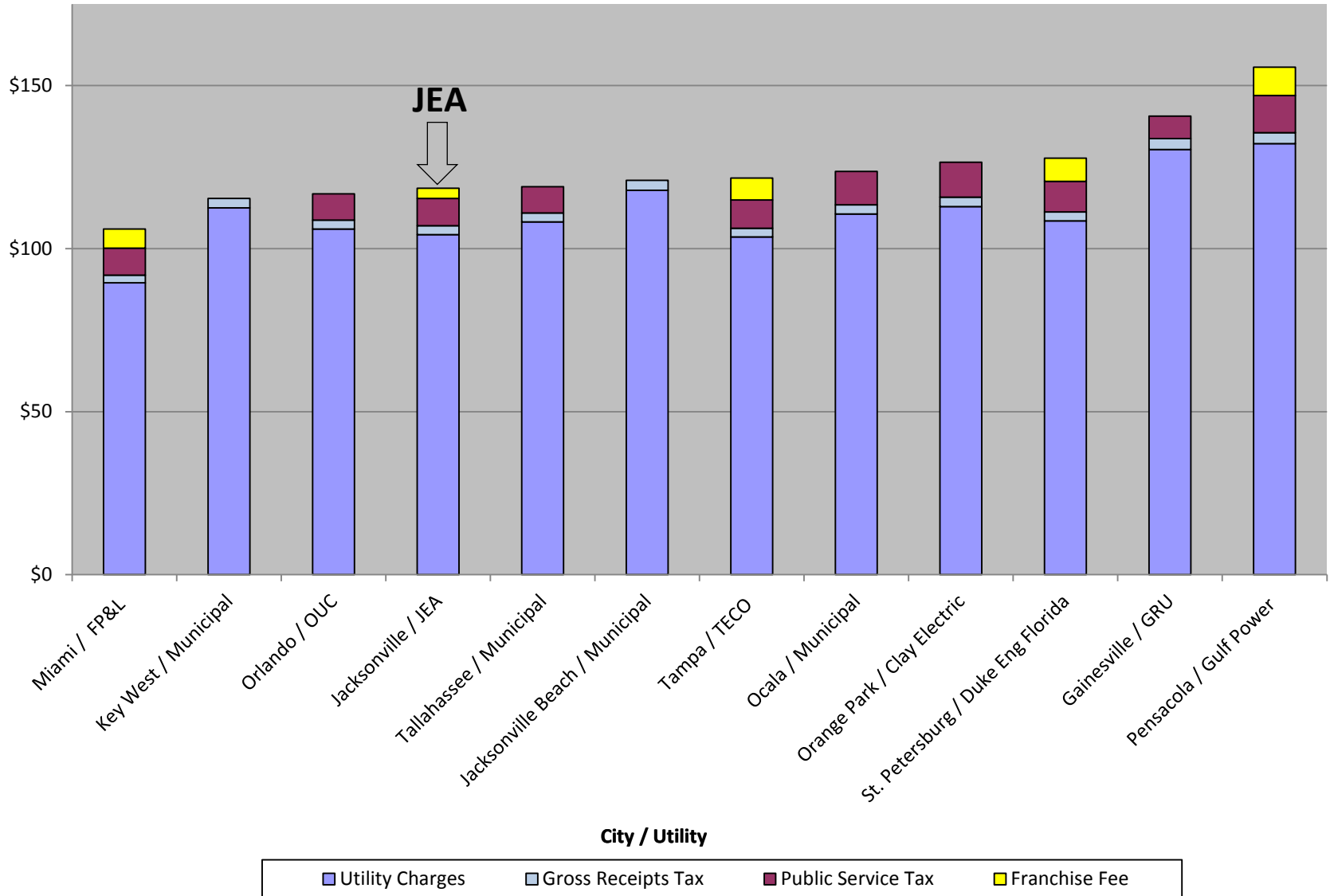
¹ Net of \$57 million fuel credit in October bill and fuel rate reduction in February

² Net of \$50 million fuel credit in FY15

³ Council approved limit for capital expenditures in FY16 is \$170 million

Florida Utilities Monthly Residential Electric Bill Comparison

(Consumption @ 1,000 kWh)
Residential Rates as of August 2016



Customer Experience

Presenter: Monica Whiting

Date: August 2016

FY16 Customer Satisfaction Goal

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

Residential (R)

FY14	FY15	Wave 1	Wave 2	Wave 3	Wave 4	FY16
3Q 647	1Q 692	2Q 698	2Q 700	1Q 720	2Q 694	2Q 703

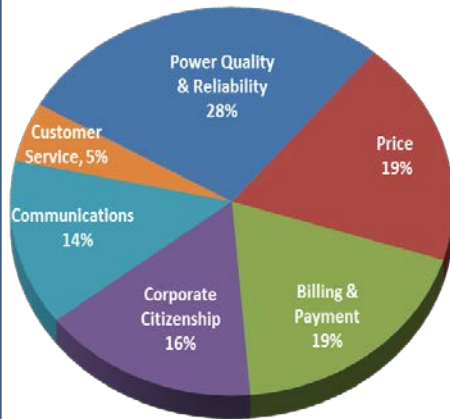
Business (B)

FY14	FY15	Wave 1	Wave 2	FY16
1Q 682	1Q 705	1Q 771	1Q 736	1Q 754

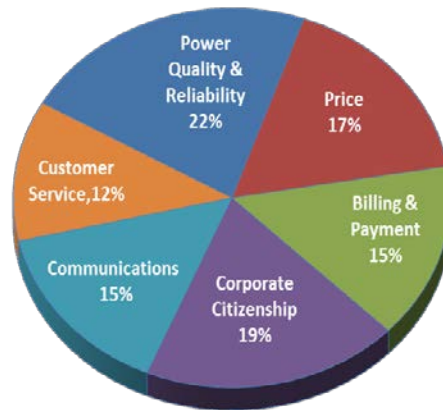
"Highest Customer Satisfaction with Business Electric Service in the South among Midsize Utilities."



Residential



Business



FY16 Residential # of companies ranked: 137
 FY16 Business # of companies ranked: 86

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

Achieve 1st Quartile Ranking on All Drivers

Be Easy to Do Business With

Customer Service

	FY15	Wave 1	Wave 2	Wave 3	Wave 4	FY16
R	1Q 775	1Q 777	1Q 777	1Q 799	2Q 775	1Q 782
B	1Q 754	1Q 798	2Q 767			1Q 782

Power Quality & Reliability

	FY15	Wave 1	Wave 2	Wave 3	Wave 4	FY16
R	2Q 736	2Q 744	2Q 751	1Q 766	3Q 734	2Q 749
B	2Q 736	1Q 813	1Q 774			1Q 794

Empower Customers to Make Informed Decisions

Billing & Payment

	FY15	Wave 1	Wave 2	Wave 3	Wave 4	FY16
R	1Q 755	2Q 753	1Q 770	1Q 778	2Q 752	1Q 763
B	1Q 756	1Q 809	2Q 762			1Q 785

Communication

	FY15	Wave 1	Wave 2	Wave 3	Wave 4	FY16
R	1Q 653	2Q 660	2Q 654	1Q 687	2Q 660	1Q 665
B	1Q 648	1Q 741	1Q 701			1Q 721

Price

	FY15	Wave 1	Wave 2	Wave 3	Wave 4	FY16
R	2Q 615	2Q 619	2Q 620	1Q 645	2Q 635	2Q 630
B	1Q 650	1Q 728	2Q 674			1Q 701

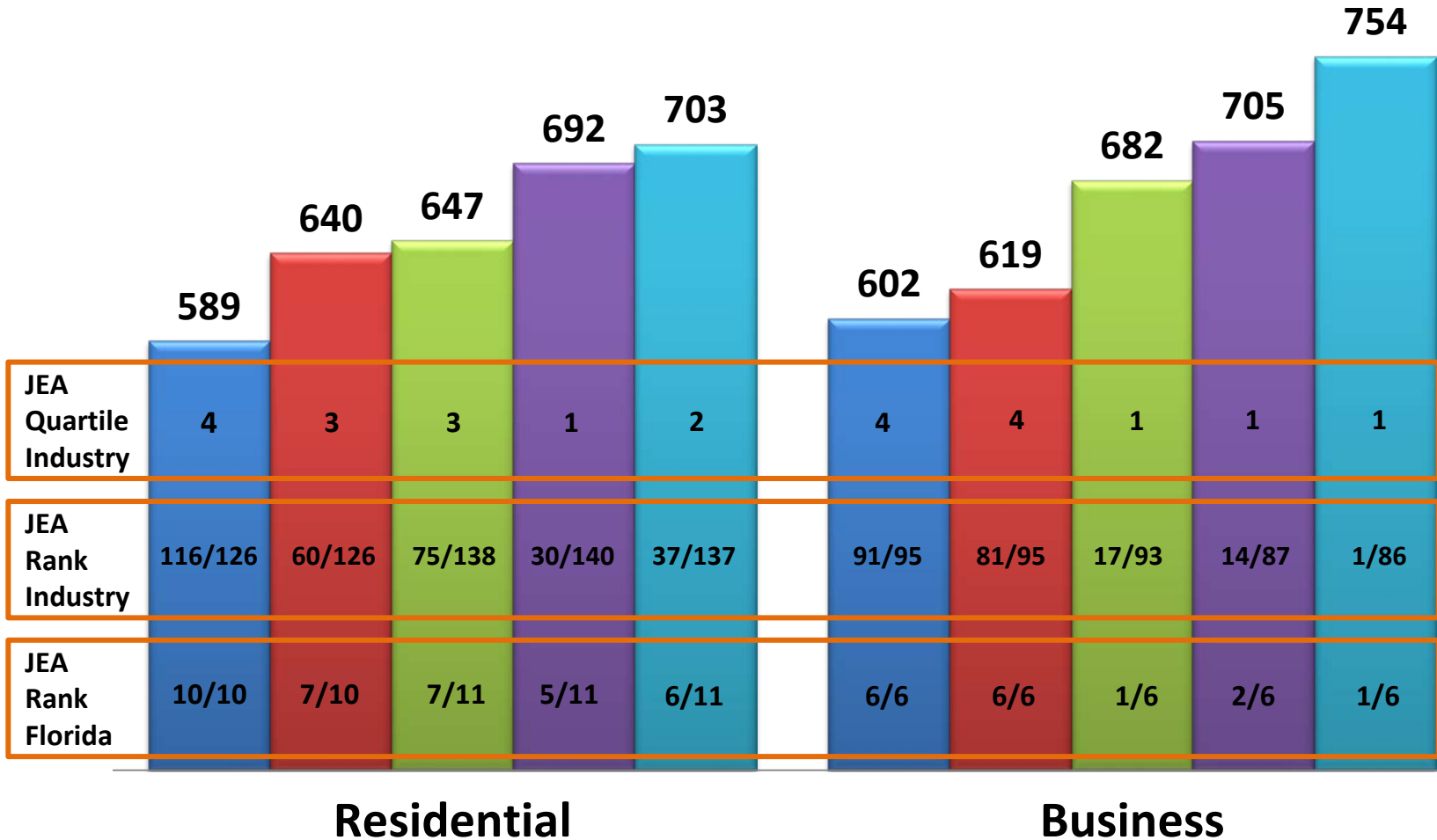
Demonstrate Community Responsibility

Corporate Citizenship

	FY15	Wave 1	Wave 2	Wave 3	Wave 4	FY16
R	2Q 634	2Q 655	2Q 635	1Q 667	3Q 625	2Q 645
B	1Q 673	1Q 736	1Q 727			1Q 731

Customer Satisfaction Index Scores

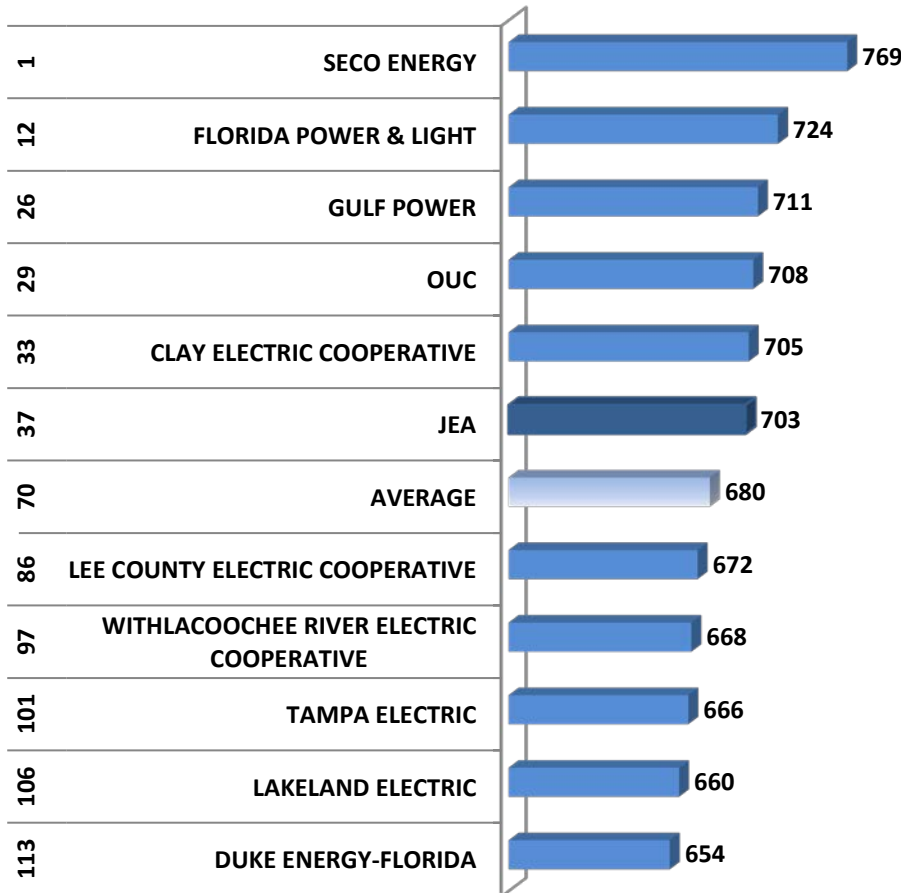
■ 2012 ■ 2013 ■ 2014 ■ 2015 ■ 2016



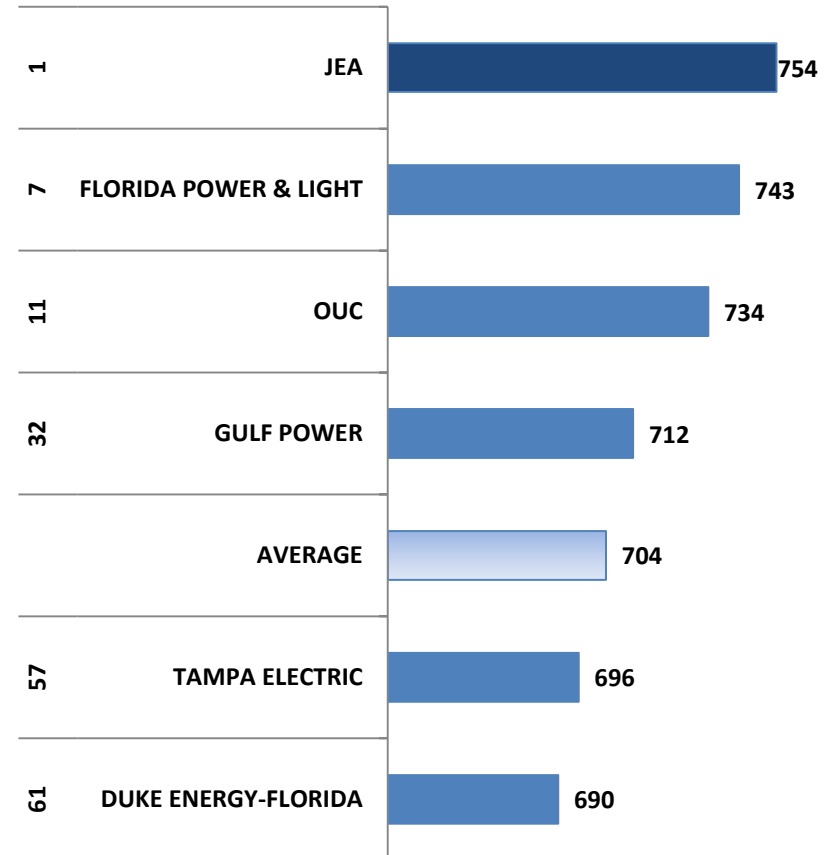
Customer Satisfaction Index Scores

FL Utilities

Residential



Business

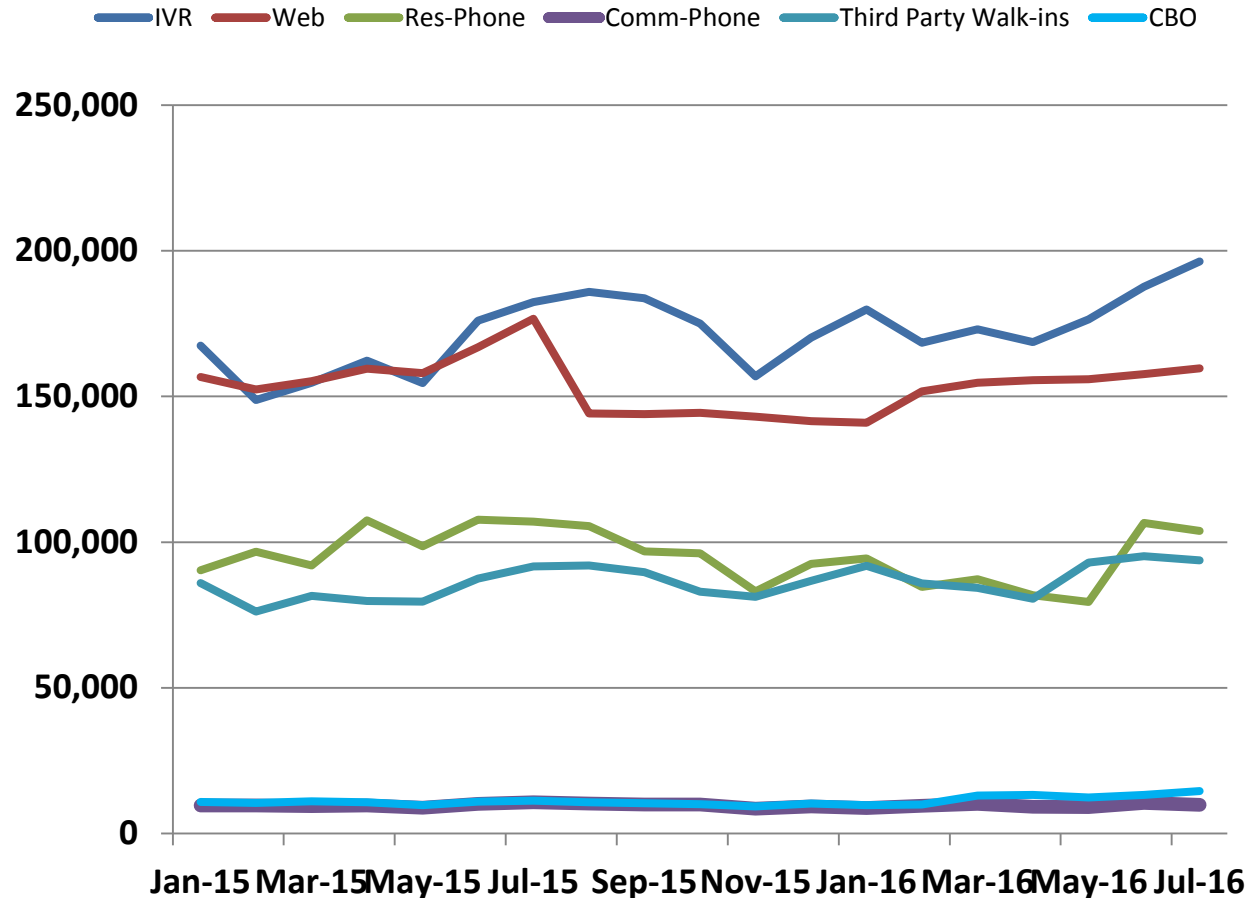


Providing multiple contact channels allows the customer to interact with JEA in a way that's easiest for them.

Customer Satisfaction Rating: 8s-10s by Channel - JDP

	FY15	FY16	Ind.
Phone	65.5%	72.5%	61.5%
CCC	60.8%	57.0%	60.2%
IVR	68.5%	79.6%	62.0%
Web	74.0%	64.6%	61.2%

Transactional Volume



Accurately addressing a customer's needs the first time produces a positive customer experience

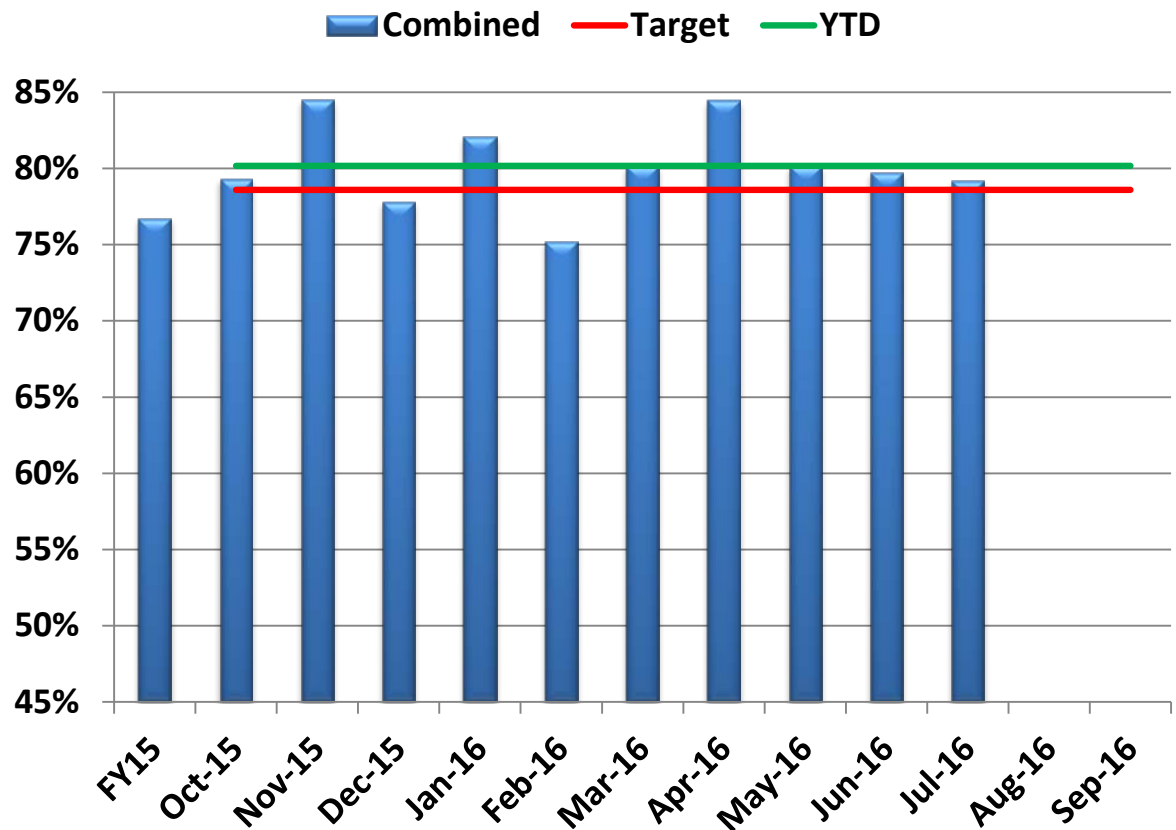
FY2016 YTD

Residential CC	78.7%
Branches	81.7%
Commercial CC	75.4%
IVR	82.0%
jea.com	79.3%
Overall	80.2%

JD Power FCR

	FY15	FY16	Ind.
Res CC/IVR	74.3%	74.8%	72.9%
Jea.com	80.2%	77.7%	74.5%
Bus CC/IVR	73.8%	71.4%	67.8%

First Contact Resolution Branches, Call Centers, and jea.com



Customers are more satisfied when receiving additional information when reporting an outage and when given updates when power is restored

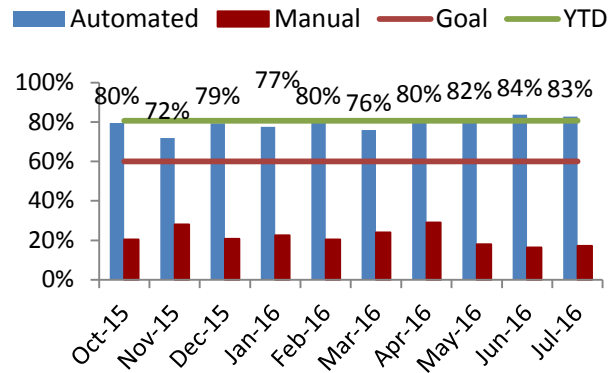
JD Power
“Keeping you informed about outage”

Score	FY15	FY16	Ind.
8 – 10	36.1%	37.9%	35.5%
< 5	24.1%	20.0%	20.1%

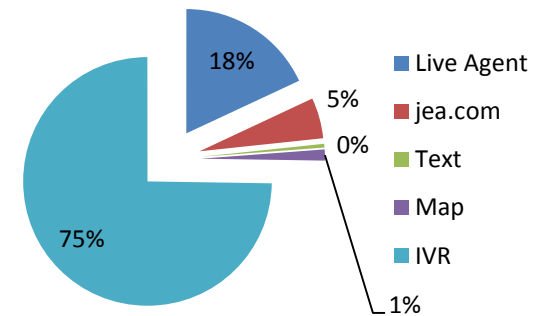
Outage Information Points

	FY15	FY16
JEA	2.3	2.3
Ind.	2.1	2.1

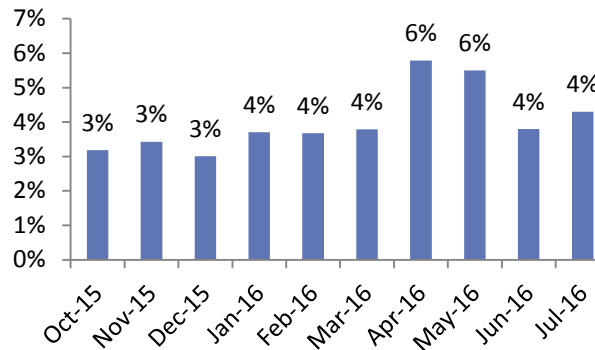
Automated Outage Reporting



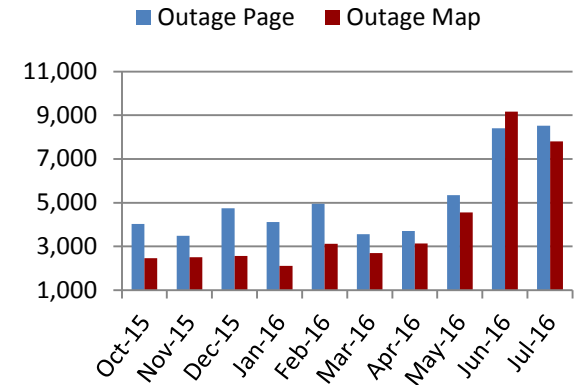
Outage Reporting by Channel



% Customers Receiving Outage Updates



jea.com Outage Page Volume



Customer Solution Participation	FY16 Goal	FY16 YTD
e-Billing Participation	72,600	★ 74,257
Levelized Bill Participation	20,186	★ 20,383
AutoPay Participation	36,640	33,680
JEA MyWay Participation	11,235	★ 12,440



Sign-up for JEA AutoPay by 8/31 for your chance to win a Portable Grill OR a meal delivery gift card from Blue Apron!

	FY16YTD	Industry Benchmark*
e-Bill	17.7%	18.5%
Budget Bill	5.0%	9.0%
Auto Pay	8.3%	13.0%
*2015 IOU Benchmark Average		

Communicating with customers is a key driver of satisfaction and impacts all drivers.

JDP Frequency of Comm

Received
FY16 YTD

Not enough	8%
Just right	86%
Too much	6%

JDP Comm Awareness

Residential

FY13	48.8%
FY14	51.9%
FY15	54.6%
FY16 YTD	55.0%

Commercial

FY13	53.4%
FY14	55.7%
FY15	70.4%
FY16 YTD	54.8%



**JEA AutoPay:
It Just Makes Sense**

Energy & Water Efficiency

Smart Sprinkler Controllers: Top Nine Things to Look for When Buying

You've heard of smart thermostats such as the Nest. Now meet smart sprinkler controllers. They've been around for a couple of years, but these days they're more affordable and easier to use than ever before. Best of all, they connect to the internet so you can stay on top of your home irrigation system with a smartphone or tablet anywhere in the world. When shopping for a smart sprinkler controller here are some things to look for:

1. A controller that will keep your system off if it's raining.
2. Low cost. We've seen them on sale for as low as \$50.
3. You can control the controller with an app as well as a website.
4. It requires a smartphone to set up so you can access your system from anywhere.
5. EPA WaterSense certified.
6. It adjusts watering schedule automatically between seasons when water restrictions change.
7. The system allows for at least 10 irrigation zones.
8. The system sends you email notifications.
9. You can see your watering data in charts and graphs.

Others who also use:

ELECTRIC RELIABILITY

JEA, COA, US Florida Urban Forestry Council and GreenSpace of Jacksonville are joining forces to urge everyone to plant the right tree in the right place. Learn why "right tree right place" is so important at jea.com/treeplanting.

COMMUNITY INVESTMENT

Staying right can be a challenge for the elderly. JEA employees regularly volunteer to help seniors order a nutritional meal at Cathedral Terrace. For more on JEA employee volunteer efforts go to jea.com/volunteer.

ELECTRIC SAFETY

Know where your main electric panel is located so you can switch off power in an emergency. For more electric safety tips go to jea.com/electric-safety.

Protecting The Environment

Up to 1.5 million gallons of freshwater a day in the Florida panhandle is processed as a result of customer and JEA reclaimed water use. Learn more about JEA reclaimed water at jea.com/reclaimed.

Communication Channels
FY16
Volume: 220,595,724

- **e-Com**
(jea.com, email, social)
30,276,880
- **Paid Media**
(Radio, TV, Print)
179,075,389
- **Community Engagement**
(Events, Workshops)
416,700
- **Other Communication**
(Bill Inserts, Brochures,
10,826,755



Giving back to our community through volunteering is foundational as a community-owned utility

FY16 YTD

Volunteers—777

July— 98 Volunteers

- Beaches Clean-up
- Dignity U Wear
- Aging True at Cathedral Terrace
- First Coast No More Homeless Pets
- Feeding NE Florida Food Bank
- Aging True at Cathedral Terrace

August—Vol. Events

- Friday Mornings in Jax Parks – August 5
- Salvation Army Project Playground – August 6
- Hubbard House Shelter – August 12
- Catty Shack Ranch Wildlife Sanctuary – August 12
- Back to School Give-away – August 13
- Tech Coast Conference – August 17
- Dignity U Wear – August 18
- City Rescue Mission – August 18
- Aging True at Cathedral Terrace – August 24
- Feeding NE Florida Food Bank – August 26

JEA Employee Volunteer Participation



JEA Ambassadors are engaging customers throughout our community in a greatly expanded way.

FY16 Activities:

- Speakers Bureau—72
- Facility Tours—39
- Community Events—90
- Educational Partnership Activities—47



JEA Ambassadors spoke to the Senior Group at the Winston YMCA, providing members with information on Storm Preparation and JEA products and services, including JEA Senior Day.

JEA Ambassadors have been participating in the Nocatee Farmers Market for the past 2 months, providing information to customers about Reclaimed Water, conservation and JEA products and services.



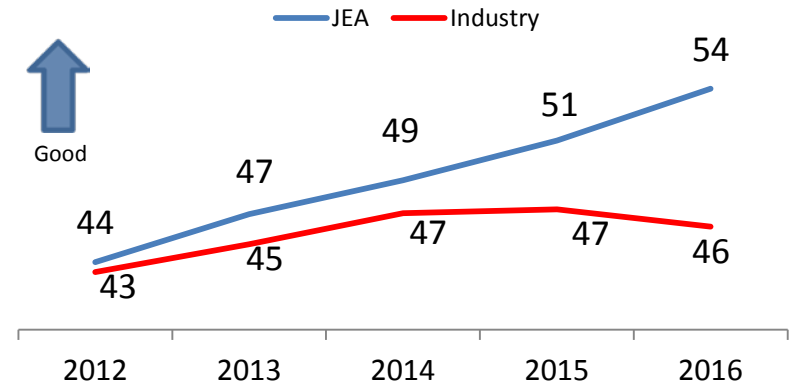
JEA Ambassador Program

DSM Programs & Participation	FY16 Goal	FY16 YTD
On-site Efficiency Assessment	N/A	5,082
Tracker Participation (Entering Site)	105,000	91,384
Invest Smart	230	241
Shop Smart	61,851	40,398
Neighborhood Energy Efficiency	1,280	1,051
Electric Vehicle Rebates	55	41
Charging Stations Installed	26	29

JEA EV Program Outreach Events in July:
 Nemours Ride & Drive; STEM Program at GRASP Academy – Kids learn about electric drive;
 Deutsche Bank Lunch & Learn



Familiarity with Utility Energy Efficiency or Conservation Programs (%)

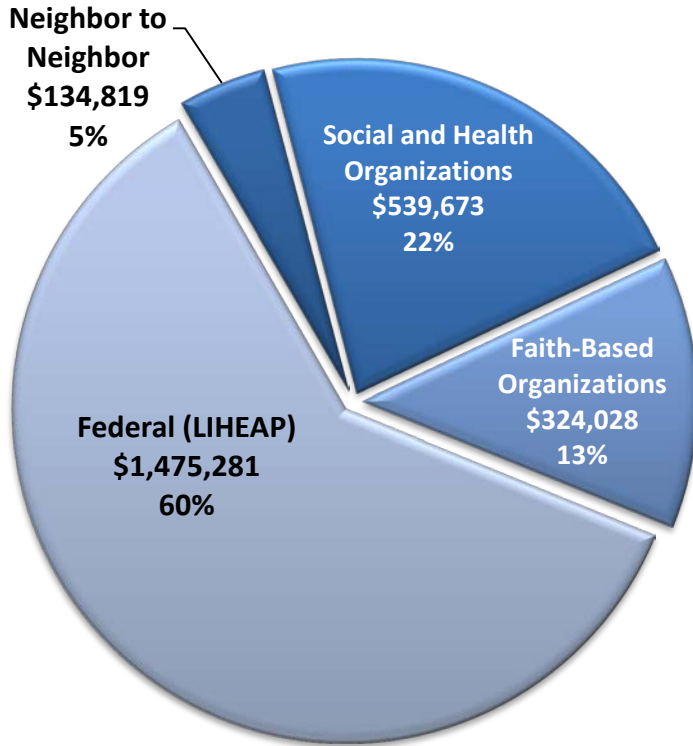




Building Community

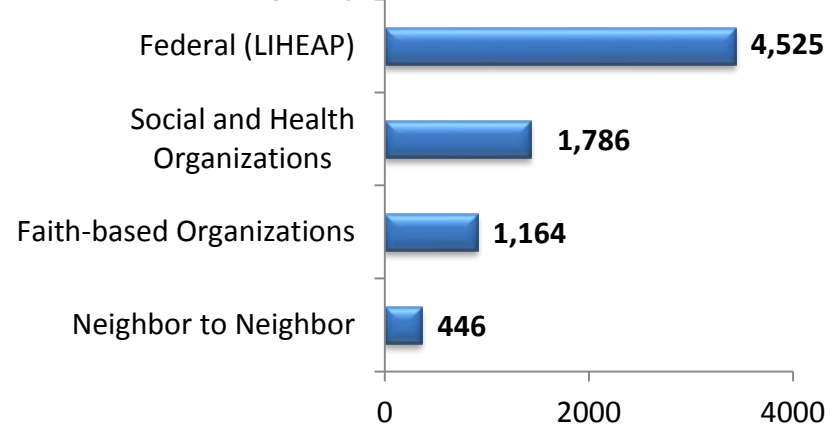
Demonstrating Community Responsibility

Corporate Citizenship: Customer Assistance Funding



28 agencies provided **931** utility payments on behalf of JEA customers in July 2016 totaling **\$304,477**

Customers Receiving Agency Assistance YTD



Agency & Federal Customer Assistance
FY 16 YTD
\$2,473,801

Number of Customers Receiving Agency & Federal Utility Assistance
FY 16 YTD
7,921

III. A. 4.

Monthly FY16 Communications & Engagement Calendar and Plan Update

JEA Community Engagement Calendar - July - September 2016*(Events highlighted in blue are either JEA corporate events)*

	A	B	C	D	E	F
1	Date	Event/Activity	Location	Time	Type	Opportunity for Public to Attend or Participate
2	Jul-16					
3	7/5/2016	1 Hour Power Pals Program	RF Kennedy Center - 1133 Ionia St	11am	Ambassador Instructor	No
4	7/6/2016	Bolles School Environmental Science APSI Class	Buckman Plant	8:30am	Ambassador Facility Tour	No
5	7/6/2016	1 Hour Power Pals Program	Cecil Community Center - 13611 Normandy Blvd.	11am	Ambassador Instructor	No
6	7/6/2016	IMI Fuels	NGS Tour	10am	Ambassador Facility Tour	No
7	7/7/2016	1 Hour Power Pals Program	Emmett Reed Center - 1092 W 6th St	11am	Ambassador Instructor	No
8	7/8/2016	1 Hour Power Pals Program	Cuba Hunter Park - 3620 Bedford Rd.	11am	Ambassador Instructor	No
9	7/8/2016	1 Hour Power Pals Program	Windy Hill Center - 10540 Anders Blvd.	11am	Ambassador Instructor	No
10	7/8/2016	Tulsa Welding Students	NGS Tour	10am	Ambassador Facility Tour	No
11	7/8/2016	1 Hour Power Pals Program	Livingway Kingdom KARE Camp	11am	Ambassador Instructor	No
12	7/9/2016	Q&A with JEA	WOKV	9am	Ambassador Speaker	Yes
13	7/11/2016	1 Hour Power Pals Program	Julian Barrs Center - 10151 Crystal Springs Rd.	11am	Ambassador Instructor	No
14	7/11/2016	1 Hour Power Pals Program	Johnson YMCA - 5700 Cleveland Rd.	9am	Ambassador Instructor	No
15	7/11/2016	1 Hour Power Pals Program	Johnson YMCA - 5700 Cleveland Rd.	9am	Ambassador Instructor	No
16	7/12/2016	Northside Business Leaders	Jax Zoo	12pm	Ambassador Speaker	No
17	7/12/2016	Nocatee Town Hall Meeting	Nocatee Community Center	6pm	Ambassador Event	Yes
18	7/12/2016	GRASP Academy	3101 Justina Rd	9am	Ambassador Speaker	No

JEA Community Engagement Calendar - July - September 2016

(Events highlighted in blue are either JEA corporate events)

	A	B	C	D	E	F
19	7/12/2016	1 Hour Power Pals Program	Oceanway Center - 12215 Sago Ave.	11am	Ambassador Instructor	No
20	7/13/2016	First Coast Alliance of Hazardous Materials Professionals	NGS Tour	9am	Ambassador Facility Tour	No
21	7/14/2016	1 Hour Power Pals Program	Balis Center - 1513 LaSalle St.	11am	Ambassador Instructor	No
22	7/15/2016	FSCJ Students Tour	Main St Lab	10am	Ambassador Facility Tour	No
23	7/16/2016	Nocatee Farmers Market	Nocatee Town Center	9am	Ambassador Event	Yes
24	7/19/2016	1 Hour Power Pals Program	HT Jones Center - 3856 Grant Rd.	11am	Ambassador Instructor	No
25	7/20/2016	1 Hour Power Pals Program	Johnson YMCA - 5700 Cleveland Rd.	9am	Ambassador Instructor	No
26	7/20/2016	Regional Hurricane Exercise and Training with Boys Scouts	Jax Beach Complex	9am	Ambassadors Instructor	No
27	7/20/2016	1 Hour Power Pals Program	Johnson YMCA - 5700 Cleveland Rd.	9am	Ambassador Instructor	No
28	7/21/2016	Arlington Lions Club	6523 Commerce St.	6pm	Ambassador Speaker	No
29	7/21/2016	Employee Tour - Safety	NGS Tour	10am	Ambassador Facility Tour	No
30	7/21/2016	EE Presentation - Water Meter Group	CWSC	7;30am	Ambassador Speaker	No
31	7/21/2016	Community Group		7pm	Ambassador Speaker	No
32	7/25/2016	SE CPAC Meeting	NEFAR	6:30pm	Ambassador Speaker	
33	7/26/2016	His Kids Summer Camp	8376 Normandy Blvd	3pm	Ambassador Instructor	No
34						
35	7/27/2016	Deutsche Bank EV Ride & Drive	5022 Gate Parkway, Bldg 400	12pm	Ambassador Event	No
36	7/27/2016	Deutsche Bank Lunch & Learn	5022 Gate Parkway, Bldg 400	12pm	Ambassador Speaker	No
37	7/29/2016	GRU Emergency Prep Group	NGS	10am	Ambassador Facility Tour	No

JEA Community Engagement Calendar - July - September 2016

(Events highlighted in blue are either JEA corporate events)

	A	B	C	D	E	F
38	7/30/2016	Children International Summer Village	Halsema Rd	9am	Ambassador Speaker	Yes
39	7/30/2016	Jacksonville Housing Authority Back to School Bash	1085 Golfair Blvd	11am	Ambassador Event	Yes
40	Aug-16					
41	8/3/2016	YMCA Thingamajig Convention	Edward Waters - 1859 Kings Rd.	10am - 3:30pm	Ambassador Event	Yes
42	8/6/2016	Back 2 School Bash	1063 W 6th St	10am - 2pm	Ambassador Event	Yes
43	8/6/2016	Back to School Events - The New Town Success Zone	Edward Waters - 1859 Kings Rd.	9am - 1pm	Ambassador Event	Yes
44	8/9/2016	Active Kids Facility Tour	Main St Lab	10am	Ambassador Facility Tour	No
45	8/10/2016	Rotary Club of Southpoint	Embassy Suites	12noon	Ambassador Speaker	No
46	8/10/2016	Rosalind Villas Senior Apts.	1800 Edgewood Dr.	2pm	Ambassador Speaker	No
47	8/11/2016	Rotary Club of Ponte Vedra	25655 Marsh Landing	7:15am	Ambassador Speaker	No
48	Sep-16					
49	9/17/2016	Operation New Hope Annual Health & Resource Fair	A Philip Randolph Park	9am - 2pm	Ambassador Event	Yes
50	9/29 - 10/2/2016	Fall Home & Patio Show	Prime Osborn	10am - 9pm	Ambassador Event	Yes
51						
52						
53						
54						
55	Oct-16					
56	10/8/2016	TEACH Conference	Hyatt Regency Hotel	8am	Ambassador Event	Yes
57	10/16/2016	Black Expo	Prime Osborn	10am - 7pm	Ambassador Event	Yes
58	10/20/2016	Southern Women's Show	Prime Osborn	10am - 9pm	Ambassador Event	Yes
59						
60						
61						
62						



FY16 Communications & Community Engagement Overview and July/August Update

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

Communications: With the multiple days of 100-degree or more temperatures during July, we put a lot of emphasis on how weather affects customers' bills and encouraged them to make their HVAC settings a few degrees higher to help to manage their bill in advance. We told you last month that July 1, we kicked off our AutoPay sign-up campaign where we offer a mini-grill or a Blue Apron gift certificate to three lucky customers who sign up during the campaign period. We had a very successful first month. For July, 460 customers enrolled in AutoPay which moved us to 33,680 total customers enrolled to date. We experienced similar success in some of our other billing programs that are included in our communications mix. For eBill, we have just passed the industry average participation rate of 18.5% with 18.9% total participation! Enrollment numbers increased to 74,257 by the end of July. It seems the hot weather and high bills are driving greater enrollment in MyBudget too. In July, MyBudget enrollment increased by 593 taking us to a total of 20,383 total participants. We continued all key messages that were identified by J.D. Power as critical to customers. All paid and owned messaging is supported by social media, using Twitter, Facebook, LinkedIn, Google+ and YouTube to provide additional timely, relevant information.

Community Engagement: JEA employees are actively involved in our community engagement efforts. JEA Ambassadors participate in activities where we have an opportunity to help customers manage their utility services and/or to educate customers about how JEA provides critical utility services to our community. These employees are trained and certified ahead of time to help JEA deliver on our mission. On the other hand, JEA Volunteers go out into the community to assist nonprofits accomplish their goals by offering their time and talents to help the nonprofit deliver their mission. Volunteers do not have to have any special training or talent; they just have a caring heart.

In July, Ambassador activities included participation in 10 speaking engagements and 21 community events/activities in support of the Arlington Lions Club, the Winston YMCA's Senior Club on Hurricane Preparedness, Deutsche Bank on Electric Vehicles, Gainesville Regional Utilities' (GRU) Emergency Preparedness group, students from the Tulsa Welding School, Jacksonville Housing Authorities Back to School Bash, the Nocatee Farmers Market and the Nocatee Town Hall Meeting, and Jacksonville Housing Authority's Back to School Bash.

Below, JEA Employee Ambassadors participated in the Nocatee Farmers Market for the past two months, providing information to customers about reclaimed water, conservation and JEA products and services.



In July, JEA volunteers came out in support of July 5th Beaches Clean-up, Dignity U Wear, Aging True at Cathedral Terrace, Jax Family and Community Expo, First Coast No More Homeless Pets, Feeding NE Florida Food Bank, Rethreaded, and Aging True at Cathedral Terrace.



July 5th Beaches Clean-up



No More Homeless Pets



Aging True at Cathedral Terrace

As a community-owned utility, JEA employees take a great pride in the Ambassador and Volunteer programs and these programs go a long way to tangibly demonstrate to customers and the community the incredible “Heart of JEA.”

Communications Contacts* Generated Year to Date	220,595,724
• Number of Paid Communications Contacts (Radio, Television, Out of Home, Online, Print)	179,075,389
• Number of Other Communications Contacts (Bill Insert, Bill Envelop, Brochure, etc.)	10,826,755
• Number of E-communications Contacts (jea.com Visitors, Email, Social Media, Videos)	30,276,880
• Number of Community Engagement Communications Contacts (Events, Public Speaking, Presentations, Training, Workshops, etc.)	416,700

*Communications Contacts are the opportunities we have to communication information to our customers.

III. B. 1.

Monthly Operational and Financial Review



Building Community

AGENDA ITEM SUMMARY

III. B. 1.
8/16/2016

August 2, 2016

SUBJECT:	MONTHLY OPERATIONAL AND FINANCIAL PRESENTATION
-----------------	---

Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
-----------------	--	--	---

Issue: As presented at the June 21, 2016 JEA Board Meeting, the Finance and Operations reports are included in the monthly Board package in the consent agenda. This monthly operational and financial review presents a summary of JEA's trends and budget variances.

Significance: JEA is operating in an environment where there are minimal changes in trends and budget variances between monthly reporting periods.

Effect: N/A

Cost or Benefit: N/A

Recommended Board action: This presentation is provided for information only.

For additional information, contact: Paul McElroy

Submitted by: PEM

MISSION 	VISION 	VALUES 
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

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

[Return to Agenda](#)

III. B. 1.
8/16/2016

Board of Directors August 16, 2016











Water & Wastewater Monthly Operations Scorecard

Water & Wastewater	FY2015	FY2016 Goal	FY2016 YTD	Status
JEA Safety RIR	1.65	1.20	1.92	
Sales Forecast (kGals in 1000's)	34,558	34,558	35,379	
Water Unplanned Outages (# cust.)	5,659	4,500	4,694	
CUP Compliance	Yes	Yes	Yes	
Nitrogen to the River (tons)	553	600	454	
Sanitary Sewer Overflows (SSO's)	23	30	32	

Significant Occurrences or Concerns This Month

- Safety performance in line with recent performance, yet short of best-in class, 1.20 goal
- 593 customers were impacted by Water Main Outages in June, 351 attributed to a large meter change-out
- Nitrogen to River forecast is 551 tons, 130 tons below FDEP limit of 683
- Two (2) SSO's during June pushed performance above the annual, best-in-class, 30 SSO goal
- \$14 million River Crossing Force Main installed on schedule – provides critical risk mitigation
- FY 16 Capital Program forecast is > \$150 million, expanding from \$100M in FY15 and \$77M in FY14

Electric System	FY2015	FY2016 Goal	FY2016 YTD	Status
JEA Safety RIR	1.65	1.20	1.92	
Sales Forecast (million MWh)	12.4	12.4	12.5	
T&D Grid Performance Customer Outage				
<i>Frequency (outages/year)</i>	<i>1.7</i>	<i>1.8</i>	<i>1.6</i>	
<i>Electric Outage Duration (minutes/year)</i>	<i>99</i>	<i>80</i>	<i>82</i>	
<i>Transmission Line Faults (# per 100 miles)</i>	<i>1.7</i>	<i>3.0</i>	<i>1.3</i>	
<i>CEMI₅ (% cust. > 5 outages/year)</i>	<i>2.1</i>	<i>1.5</i>	<i>1.4</i>	
Generating Plant Performance				
<i>Generation Fleet Reliability (forced outages rate)</i>	<i>1.8</i>	<i>2.25</i>	<i>2.4</i>	
<i>Environmental Compliance (permit exceedances)</i>	<i>2</i>	<i>5</i>	<i>3</i>	

Significant Occurrences or Concerns This Month

- Generation Fleet performing well this summer, with exception of SJRPP(5.9%) due to boiler issues
- Widespread thunderstorms thus far this year has slightly degraded outage metrics. Excellent recovery work however, by JEA field crews.
- Outage Frequency, Transmission Line Faults and *CEMI₅* all better than targets

FY16 Customer Satisfaction Goal

1st Quartile in Overall Customer Satisfaction

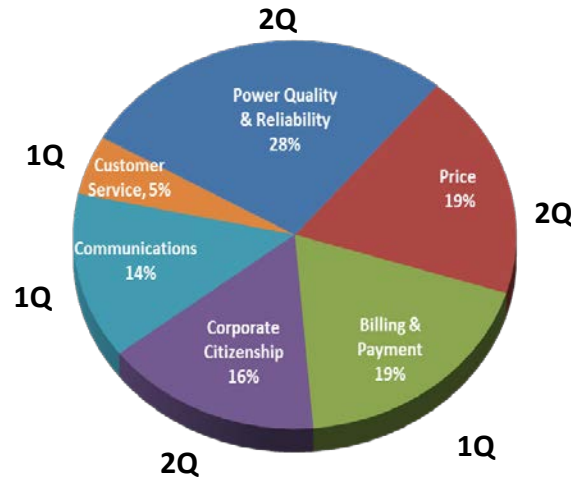
Residential ●

FY14		FY15		FY16	
3Q	647	1Q	692	2Q	703

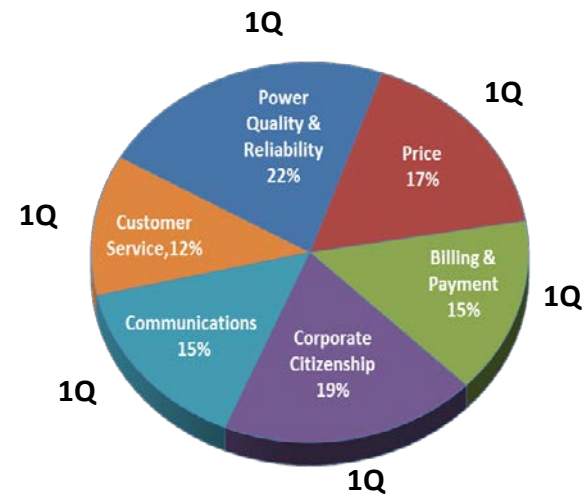
Business ●

FY14		FY15		FY16	
1Q	682	1Q	705	1Q	754

Residential



Business












“Highest Customer Satisfaction with Business Electric Service in the South among Midsize Utilities.”











Highlights

- For second year in a row, JEA is identified as the top improving utility over past 5 years in JDP Residential Electric study
- Residential Customer Service via jea.com rated 1st Quartile nationally on every index item in JDP study
- Performing best in class for residential communication recall at 54%, with 8% of customers indicating more is needed
- Enrollment in optional billing and payment programs continues to climb, contributing to increased satisfaction
- Increases in ambassador events and employee volunteering is being recognized and valued by our customers

Electric Systems Metrics Forecast

	Rating Agency/ Perform. Goal	Forecast	Score
System Sales (GWh)	12,434	12,497	
Base Revenue Growth	(1.8%)	0.4%	
Debt Svc. Coverage	2.4x	2.8x	
Days Liquidity (Cash)	303 (189)	327 (206)	
Debt/Asset %	66%	66%	
Non-Fuel/MWh (2012: \$54.74)	\$49.44	\$50.92	
Net Funded Debt Reduction	\$125m	\$153m	
Capital Expenditures	\$160m	\$163m	
Moody's/S&P/Fitch Ratings	Aa2/AA-/AA	Aa2/AA-/AA	

Water and Sewer Systems Metrics Forecast

	Rating Agency/ Perform. Goal	Forecast	Score
Water System Sales (mGals)	34,558	35,379	
Base Revenue Growth	(1.0%)	2.5%	
Debt Svc. Coverage	2.6x	2.9x	
Days Liquidity (Cash)	245 (140)	282 (161)	
Debt/Asset %	53%	53%	
Water Cost/kgal (2012: \$4.57)	\$3.98	\$4.19	
Sewer Cost/kgal (2012: \$7.96)	\$7.25	\$7.39	
Net Funded Debt Reduction	\$34m	\$34m	
Capital Expenditures	\$182m	\$146m	
Moody's/S&P/Fitch Ratings	Aa2/AA/AA	Aa2/AAA/AA	

Significant Occurrences or Concerns This Month

- Additional expenses from Brandy Branch outage will challenge ability to achieve cost metrics this year
- Fuel fund ending balance expected to exceed target
- Net revenues projected to exceed budget by \$27M, allowing us to direct additional funds toward substantial capital program (debt repayment and/or capital fund)
- Year-to-date rainfall totals have been 25% lower than FY2015

IV. A.

Finance & Audit Committee Report

JEA
FINANCE & AUDIT COMMITTEE AGENDA

DATE: August 8, 2016
TIME: 8:00 – 10:00 AM
PLACE: 21 W. Church Street
8th Floor Conference Room

Committee Members will meet on the 8th Floor
Other Board Members may join via conference call by dialing:
904-665-7100

			Responsible Person	Action (A) Info (I)	Total Time
I.	OPENING CONSIDERATIONS		Kelly Flanagan		
	A.	Call to Order			
	B.	Adoption of Agenda		A	
	C.	Approval of Minutes – May 9, 2016	Melissa Charleroy	A	
II.	NEW BUSINESS				
	A.	Approval of Annual Internal Audit Plan	Steve Tuten/ Lee Montanez	A	15 mins.
	B.	Adoption of Changes to the Finance & Audit Committee Operating Policy	Steve Tuten	A	5 mins.
	C.	Annual Approval of Audit Services Charter	Steve Tuten	A	5 mins.
	D.	Audit Services - Quarterly ERM/Audit Update	Steve Tuten/ Frank DiBenedetto	I	10 mins.
	E.	Coordinated Dispatch Agreement and Pricing Policy Revisions	Ryan Wannemacher	A	10 mins.
	F.	Ethics Officer Quarterly Report	Walette Stanford	I	5 mins.
	G.	External Auditors	Mike Pattillo		20 mins.
	1.	Schedule of Expenditures of Federal Awards		I	
	2.	Ernst & Young FY2016 Annual Financial Audit Plan		A	
	H.	Treasury			
	1.	Electric System and Water and Sewer System Reserve Fund Quarterly Report	Joe Orfano	I	5 mins.
	2.	JEA Investment Policy Revisions	Joe Orfano	A	5 mins.
	I.	JEA Energy Market Risk Management Policy Report	Steve McInall	I	5 mins.
	J.	Update on Procurement for External Auditor	Janice Nelson	A	5 mins.
	K.	Announcements			
	1.	Tentative Special Meeting, September/October 2016			
	2.	Next Meeting, December 2016, 8:00 – 10:00 AM (Date to be determined)			

	L.	Committee Discussion Sessions				
		1.	Director, Audit Services	Steve Tuten	I	5 mins.
		2.	Ernst & Young	Mike Pattillo	I	5 mins.
		3.	Council Auditor's Office	Robert Campbell	I	5 mins.
	M.	Adjournment				

IV. A. 1.

Approval of Minutes from May 9, 2016

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JEA FINANCE & AUDIT COMMITTEE MINUTES
May 9, 2016

The Finance & Audit Committee of JEA met on Monday, May 9, 2016, in the 8th Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

Agenda Item I – Opening Considerations

- A. Call to Order – Board Chair Petway called the meeting to order at 8:03 AM with Member Husein Cumber in attendance. Committee Chair Flanagan and Board Vice Chair Ed Burr attended telephonically. Others in attendance were Paul McElroy, Melissa Dykes, Paul Cosgrave, Mike Brost, Brian Roche, Ted Hobson, Angie Hiers, Steve Tuten, Janice Nelson, Dan Mishra, Joe Orfano, Judi Spann, Steve McInall, Walette Stanford, Ryan Wannemacher, Jane Upton, David Jolley, and Gerri Boyce. Jody Brooks, Office of General Counsel, Chris Edmunds, Ernst & Young, and Robert Campbell, Council Auditors Office, were also in attendance.

Due to a lack of quorum physically present, agenda items were received for information only. Action items will be brought before the May 17, 2016 full Board for action.

- B. Adoption of Agenda – Due to a lack of quorum, the agenda was received for information.
- C. Approval of Minutes – Due to a lack of quorum, the March 7, 2016 Minutes were received for information.

Agenda Item II – New Business

- A. FY2017 Budget Presentation – Melissa Dykes, Chief Financial Officer, introduced Ryan Wannemacher, Director, Financial Planning and Analysis. Ms. Dykes and Mr. Wannemacher presented and reviewed the FY2017 draft budget and process. Staff requested Committee feedback and direction regarding the key strategic issues and major budget assumptions used in preparing the FY2017 operating and capital budgets including: revenue, O&M expense levels, interest rates and debt structure, financial metrics, and regulatory accounting items. Mr. Wannemacher stated Budget assumptions include: no rate adjustments for Electric or Water and Sewer systems and financial metrics that are within Pricing Policy goals. The proposed budgets include considerable internal funding for the capital program in an effort to support the “pay-go” philosophy for all recurring capital expenditures. The budget includes a record high contribution to the City of Jacksonville General Fund in the amount of \$115.3 million. In connection with the Pricing Policy, the budget was prepared using regulatory accounting and as such, included items for Pension, Demand-side Management (DSM)/Conservation, Debt Management, Environmental, Purchased Power and Self-Funded Health Plan. Staff also requested the Finance and Audit Committee provide feedback and direction in its report or staff presentation to the Board at the May 17, 2016 meeting, for final Board approval at the June 21, 2016 Board Meeting, prior to the submission to the City Council by July 1, 2016. This item was received for information.
- B. Update on Procurement for External Auditor – Janice Nelson, Controller, presented that at the March 15, 2016 JEA Board Meeting, Board Members approved the Ernst & Young (E&Y) contract extension with the proposed fee schedule expiring June 30, 2017. Ms. Nelson provided the Committee with an update on the external auditor procurement process and information on various CPA firms. Committee Members held discussions regarding external auditor terms and potential policies for the future. Based on feedback received from the Committee, staff will prepare the Request for Proposal (RFP), evaluation matrix, and timeline for the RFP and evaluation process. In addition, staff will provide additional research data on audit firm’s rotation

policies. These items will be brought back to the Committee at the August 8, 2016 meeting for additional consideration.

- C. Audit Services – Quarterly ERM/Audit Update – Steve Tuten, Director, Audit Services, provided the Committee with key FY2016 highlights, FY2016 Internal Audit Plan, Enterprise Risk Management (ERM) Trend Report, and the Ethics Hotline Report. This presentation was received for information.
- D. Chief Information Officer Report – Paul Cosgrave, Chief Information Officer (CIO), provided an overview of the eight departments that report to the CIO, services provided to JEA, cybersecurity protection, Critical Infrastructure Protection (CIP), and the North American Electric Reliability Corporation (NERC) Risk Assessment. This presentation was received for information.
- E. Identity Theft Protection Program Fair and Accurate Credit Transactions Act (FACTA) Annual Risk Assessment – Dan Mishra, Director, Critical Infrastructure Protection (CIP) Compliance, provided a presentation on JEA’s Identity Theft Protection Program. Mr. Mishra stated JEA’s program complies with Federal and State regulations imposed by the Fair Credit Reporting Act (FCRA), Fair and Accurate Credit Transactions Act (FACTA), and Florida Information Protections Act (FIPA). This presentation was received for information.
- F. Ethics Officer Quarterly Report – Walette Stanford, Ethics Officer and Director, Workforce Strategies, presented the Ethics Officer Quarterly Report, which was received for information.
- G. Treasury
 - 1. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.
- H. JEA Energy Market Risk Management Policy Report – Mike Brost, Vice President/General Manager, Electric Systems, reviewed the Energy Market Risk Management Policy Report, which was received for information.
- I. Announcements
 - 1. The next Finance and Audit Committee meeting will be held on August 8, 2016, at 8:00 AM.
- J. Committee Discussion Sessions
 - 1. Director, Audit Services – At 9:45 AM, the Committee held a general conversation with Steve Tuten, Director, Audit Services.
 - 2. Ernst & Young – At 9:50 AM, the Committee held a general conversation with Chris Edmunds, Senior Manager, Assurance Services.
 - 3. Council Auditor’s Office – At 9:51 AM, the Committee held a general conversation with Robert Campbell, Council Auditor’s Office.

Closing Considerations

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 9:59 AM.

APPROVED BY:

Kelly Flanagan, Committee Chair

Date: _____

Submitted by:

Melissa Charleroy
Executive Assistant

IV. A. 2.

Approval of Annual Internal Audit Plan



Building Community

AGENDA ITEM SUMMARY

July 27, 2016

SUBJECT:	APPROVAL OF ANNUAL INTERNAL AUDIT PLAN
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: JEA's Audit Services adheres to the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (Standards), which require that the Finance & Audit Committee formally approves the Annual Internal Audit Plan, as stated in the Finance & Audit Committee Operating Policy.

Significance: High

Effect: The effect of the formal approval is to demonstrate that the Finance & Audit Committee has reviewed and is in agreement with the Annual Internal Audit Plan, and to allow Audit Services to be in compliance with the IIA Standards.

Cost or Benefit: There is no cost. See Effect above for Benefit.

Recommended Board action: Staff recommends that the Finance & Audit Committee and the Board approve the attached FY 2017 Annual Internal Audit Plan.

For additional information, contact: Steven V. Tuten, Director, Audit Services

Submitted by: PEM/TEH/SVT/

MISSION 	VISION 	VALUES 
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

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

[Return to Agenda](#)

IV. A. 2.
8/16/2016

FY17 Internal Audit Plan

Steve Tuten - Director, Audit Services

Lee Montanez – Manager, Audit Services



FY17 Internal Audit Plan – Planning Guidance

- A cornerstone of our annual planning process is conducting a risk assessment of the identified auditable entities within JEA.
- We rely on the guidance of the Institute of Internal Auditors (IIA), which has established the International Professional Practices Framework (IPPF), which is the global authoritative guidance for the internal audit profession. The IPPF, through its Standards, presents the professional requirements for risk assessments conducted by internal auditors.

FY17 Internal Audit Plan - Risk Assessment & Audit Planning Approach

- Interviews with the nine Senior Leadership Team members and a combination of 98 risk assessment surveys completed by department Directors and 40+ follow-up meetings were used to identify perceived areas of risk and potential internal audits.
- This information was combined into an overall audit plan designed to address critical risks to achieving JEA's objectives while being sensitive to operational and regulatory requirements.
- The following approach was taken in creating the Audit Plan:



FY 2017 Internal Audit Plan - Risk Assessment Survey

- The risk assessment survey consisted of 28 questions (18 multiple choice and 10 open questions), designed for management to help identify and document risk factors related to their business objectives. These risk factors included:
 - Key COSO objectives of operational, compliance and reporting risk.
 - Qualitative measures (Process complexity, governance matters and degree of change).
 - Potential impact risks (Financial and Reputational)
- Internal Audit surveyed management about these risks in each of the 98 areas of JEA's audit universe. We then combined the scores to determine the highest risk areas for JEA.
- A copy of the survey form is shown at Appendix pages A1-A8.

Audit Plan Improvements for FY17

Integration with ERM and Ethics & Investigations Audit - Internal Audit risk assessment surveys now include detailed information on JEA's Top Corporate Risks, Ethics and Investigations. The Audit Plan now includes specific information on Tier 1 and 2 risks applicable to each auditable entity.



Reduction of Internal Audit Staff hours in the completion of Director-Level Risk Assessments - With the rollout of the new risk assessment surveys, there was a reduction of 50% in the amount of hours spent on capturing data and meeting with Directors.

FY17 Audit Plan - Description of Scheduled Audits

- The final plan has twenty-two (22) audits/projects scheduled:
 - Sixteen (16) new audits based on the FY2017 risk assessment process.
 - Five (5) recurring audits and/or projects.
 - One (1) follow-up audit.
- The proposed timeline for these audits is shown on p. 12.
- A detailed list of these audits/projects, which includes an entity description and mapping to the relevant Top Tier risks, is shown in Appendix A9-A13.

FY17 Internal Audit Plan - Proposed Timeline

Audit/Project	Budgeted Hours	Auditor-in-Charge	Estimated Draft Report Date	FY 2017												
				Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	
2016 Distribution, Development & Joint Projects	60	Troy England (TE)	10/31/16													
2016 Facilities Management	140	David Arnold (DA)	10/31/16													
2016 System Protection & Controls Information Security	120	Laurie Gaughan (LG)	10/31/16													
JEA and SJRPP FY2016 Performance Pay Audit	500	Rashid Brittain (RB)	12/15/16													
TEA Audit	200	TE	11/30/16													
Emergency Preparedness	100	LG	*Fieldwork only*													
Customer Revenue - Receivables and Collection	350	TE	01/15/17													
Security	300	New Auditor (NA)	01/31/17													
Electric Production CT Operations	550	DA / RB	01/31/17													
Real Estate Services and Revenue Contracts	400	LG	03/15/17													
Water Meter Services	350	DA	04/30/17													
Telecommunications and Support	400	NA	05/15/17													
SJRPP Enviro Engineering and Preventive Maintenance	450	RB	05/15/17													
W/WW Reuse and Delivery	350	LG	05/31/17													
W/WW Project Engineering and Construction	550	TE	06/15/17													
Electric Distribution and Construction Maintenance	500	DA	08/15/17													
Technology Infrastructure	400	LG	08/31/17													
Payroll and Compensation	500	RB	09/15/17													
Permitting and Regulatory Conformance	400	NA	09/30/17													
P-Card follow-up	400	TE	09/30/17													
Safety and Health	300	DA	10/15/17													
New Auditor Training	300	LG	10/31/17													
FY2017 Action Plan Follow-Up	250	NA	N/A													
FY2018 Annual Risk Assessments	400	All Staff	N/A													
	300	All Staff	N/A													

	Completed Audit
	In-Progress Audit
	Scheduled Audit
	Pending Audit
	Administrative



- The following supplemental documents are included in the Appendix, and were cross-referenced in the preceding presentation:
 - A1-A8 – Risk Assessment Survey for FY 2017 Internal Audit Plan (*Re p. 4*)
 - A9-A13 – Proposed FY 2017 Internal Audit Plan with Details (*p. 6*)



**Audit Services
Risk Assessment Survey
FY2017 Planning**

Purpose

Audit Services uses this survey to generally assess the internal controls the department has in place to mitigate risks and help achieve its goals. The results will assist Audit Services in developing our annual risk-based audit plan and allocating the necessary staff resources for conducting the selected audits.

Instructions

Please read the survey questions carefully, and mark the best answer for each. Under each question, there is a section to add additional information, if necessary. Please complete only Section I of this assessment; Audit Services will complete Sections II-VI.

Please let us know if you have any questions. Your cooperation is greatly appreciated.

Certification

The information provided is true and objective to the best of my knowledge and ability.

Completed by: Enter Name
Title: Enter Title
Department: Enter Department
Cost Center: Enter Cost Center
Date: Enter Date

Reviewed By: Enter Name
Approved By: Enter Name

Audit Services use only

Date: Enter Date
Date: Enter Date

Section I

1. **Department’s Primary Goals** *(Please distinguish between short-term and long-term)*

Enter your comments here

Reserved for comments by Internal Audit

2. **Key Metrics** used to assess progress toward meeting the department's goals (i.e. key performance indicators used, internal or external assessments, etc.)?

Enter your comments here

Reserved for comments by Internal Audit

3. **Current Number of FTEs** employed in the department: Enter Number
Staff eligible or planning to retire within next 12-24 months: Enter Number

Enter your comments here

Reserved for comments by Internal Audit

4. Status of **Written Policies and Procedures**, including any desktop procedures.

- Policies are in place, with no recent significant updates. Written procedures which support the policies are in place.
- Policies are in place; however, employees are not always familiar with the policies and adherence to procedures is not always enforced.
- Limited or no written policies and procedures, or substantially outdated.

Enter your comments here

Reserved for comments by Internal Audit

5. **Business Continuity** - Does the department have contingency procedures to be implemented if normal operations are disrupted?

- Plans are developed, documented, and tested to address short and long-term disruptions. The plans are up-to-date and comprehensive.
- Contingency plans have been developed and tested where appropriate. Short-term disruption plans are current, but long-range plans may be lacking.
- No plans exist for long-term disruptions and only minimal plans exist for handling short-term disruptions. The ability to operate in the event of abnormal conditions is uncertain.

Enter your comments here

Reserved for comments by Internal Audit

6. **Service Level Quality** - Impact on JEA if the department’s services were not provided at the usual or expected level?

- Nominal, if any.
- Moderate impact, likely short-term.
- Significant impact creating serious internal problems that could impair JEA's reputation.

Enter your comments here

Reserved for comments by Internal Audit

7. **Supervisory Oversight** personnel with appropriate responsibilities, organizational experience, and knowledge of JEA's processes periodically review and document the functioning and overall effectiveness of controls.

- Effectiveness of controls reviewed and documented.
- Never documented, but supervisory personnel are aware of overall effectiveness.
- Overall effectiveness of controls never reviewed or documented.

Enter your comments here

Reserved for comments by Internal Audit

8. **Control Overrides** – In your opinion, to what degree can established controls or policies be circumvented in this department?

- Complete inability to circumvent controls.
- Ability to override some controls without detection.
- Ability to override most controls without detection.

Enter your comments here

Reserved for comments by Internal Audit

9. **Departmental Training** (JEA required training excluded)

- Provided at least regularly; employees consider training is adequate.
- Some training provided, but more is needed.
- Little or no training provided, and may not be adequate or effective.

Enter your comments here

Reserved for comments by Internal Audit

10. **Impact of Federal or State Regulations** – Consider both current and pending.

- None, or minimal.
- Moderate.
- Significant.

Enter your comments here

Reserved for comments by Internal Audit

11. **Fines or Reprimands** assessed or levied by regulatory agencies in the past year (*describe*):

Enter your comments here

Reserved for comments by Internal Audit

12. **Agencies/Organizations** that may review or monitor your department (*describe*)

Enter your comments here

Reserved for comments by Internal Audit

13. **Cross-Dependency** of other JEA business units supported by this department:

- Department is mostly self-contained.
- Department provides limited informational/service needs for several dependent business units within JEA.
- Department meets full and very complex informational needs of numerous dependent business units within JEA.

Enter your comments here

Reserved for comments by Internal Audit

14. **Degree of Information Confidentiality** produced or handled by the department.

- Not confidential, is generally available to the public, and its release would not result in any potential loss or embarrassment to JEA.
- Information is available to designated employees of JEA in connection with their jobs. Release to the public or to an unauthorized department could result in minor financial loss or moderate embarrassment or violation of an individual's privacy.
- Information produced by this department requires protection against unauthorized or premature disclosure. Such disclosure could result in serious loss or embarrassment or could adversely affect the department or JEA.

Enter your comments here

Reserved for comments by Internal Audit

15. **Incorrect or Inaccurate Data** – its impact on the department's capability to provide service.

- None or minimal.
- Moderate impact.
- Serious impact.

Enter your comments here

Reserved for comments by Internal Audit

16. **Significant Changes** in staff size, funding, functions, systems, key positions and/or responsibilities of the department during the past year (*describe changes, if applicable*).

- No significant changes have occurred.
- Moderate changes.
- Continuous and large-scale changes have been made to the department.

Enter your comments here

Reserved for comments by Internal Audit

17. **Management / Employee Turnover** over the past 12 months.

- None, or minimal.
- Moderate turnover.
- Significant turnover.

Enter your comments here

Reserved for comments by Internal Audit

18. **Technology Services (TS)** impact on your department over the past 12 months.

- No changes; nominal impact.
- Significant changes.
- TS environment has changed or been replaced, affecting most key operations.

Enter your comments here

Reserved for comments by Internal Audit

19. **Operations or Transactions** managed by your department: inherently complex, require a significant amount of time, coordination or extensive training?

- Relatively simple processes and time commitments, with minimal training.
- Moderately complex, somewhat time-consuming, requires significant training.
- Extensive operations that are very time-consuming and require extensive training.

Enter your comments here

Reserved for comments by Internal Audit

20. **Communication with External Parties**, such as legislators, city personnel, and news media or citizen groups.

- None, or minimal.
- Occasional.
- Significant and often.

Enter your comments here

Reserved for comments by Internal Audit

21. **Inventory/Materials**

- No inventory, or nominally valued. No specialized inventory or materials.
- Inventories are at relatively moderate dollar amounts and do not include specialized items.
- Inventories are valued at high dollar amounts or include specialized items.

Enter your comments here

Reserved for comments by Internal Audit

22. **Reputational Risk** impact on JEA if errors or problems within the department receive negative publicity?

- Minimal impact.
- Moderate impact, but not a pressing concern.
- Significant impact due to the high degree of interest emanating from customers or external parties.

Enter your comments here

Reserved for comments by Internal Audit

23. **Potential Fraud, Waste or Loss** - What is the worst case, or most likely, scenario for possible loss in your department (*description of event and estimated financial loss*)?

Enter your comments here

Reserved for comments by Internal Audit

24. **Total Budget** (All Accounts): Cost Center: Enter Cost Center

FY	Total Budget	Operating Budget	Capital Budget
2017	Enter Amount	Enter Amount	Enter Amount
2016	Enter Amount	Enter Amount	Enter Amount
2015	Enter Amount	Enter Amount	Enter Amount

25. Within your budget, are there also **Revenues**? If so, please provide the approximate yearly amount.

Enter your comments here

Reserved for comments by Internal Audit

26. **External Audits / Consulting Reviews** – List any conducted within the department for the past three years (*not including annual Ernst & Young financial audit*).

FY	Audit / Review Description
Enter Year	Enter Description
Enter Year	Enter Description
Enter Year	Enter Description

Reserved for comments by Internal Audit

27. **Next Internal Audit** – If your department was selected for an audit in FY17, are there any anticipated obstacles regarding its timing?

- No.
- Maybe, based on possible events.
- Yes, an audit scheduled next year would not be advisable.

Enter your comments here

Reserved for comments by Internal Audit

28. **Additional Concerns or Risks** – please provide a brief description.

Enter your comments here

Reserved for comments by Internal Audit

Section II – Internal Audit History

Please identify any audit reports related to this Department.

Fiscal Year	Audit Report Rating	Comments
Enter Year	Enter Report Rating	Enter Comments
Enter Year	Enter Report Rating	Enter Comments
Enter Year	Enter Report Rating	Enter Comments

Section III –ACL Reports

Please identify any ACL reports related to this Department.

ACL Report Name	Description
Enter ACL Report Name	Enter Report Description
Enter ACL Report Name	Enter Report Description

Section IV - ERM Top Corporate Risks

Please identify and provide a brief description of Top Corporate Risks that pertain to this department.

Tier	Risk Name	Description
Enter Risk Tier	Enter Risk Name	Enter Description
Enter Risk Tier	Enter Risk Name	Enter Description
Enter Risk Tier	Enter Risk Name	Enter Description

Section V – EHL

Please identify any EHL case and outcome for this department.

Fiscal Year	EHC Case Number	Outcome / Comments
Enter Year	Enter Case Number	Enter Outcome /Comments
Enter Year	Enter Case Number	Enter Outcome /Comments
Enter Year	Enter Case Number	Enter Outcome /Comments

Section VI – Risk Scores

COSO	OR	1	2	3	4	5	6	Sum	Avg.
	CR	10		11		12		Sum	Avg.
	RR	13		14		15		Sum	Avg.

Qualitative Measures	PC	19		20		21		Sum	Avg.
	GM	26		27				Sum	Avg.
	DC	16		17		18		Sum	Avg.
	CCE	7		8		9		Sum	Avg.

Impact Risks	PFI	23		24		25		Sum	Avg.
	PRI	22						Sum	Avg.

**JEA AUDIT SERVICES
 PROPOSED FY 2017 INTERNAL AUDIT PLAN
 WITH ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
 (SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Electric Systems		
Electric Production Combustion Turbines Operations	Provides mechanical support and maintenance of JEA's combustion turbine generating fleet.	<p><u>Tier 1</u> Physical Security (Facilities Infrastructure Security and Regulatory Compliance) (C02) Critical Infrastructure Protection (CIP) Compliance (E07) Effluent Limit Guidelines for Steam Units (E02)</p> <p><u>Tier 2</u> Disaster Recovery / Business Continuity (C07) Public and Employee Safety (H03) FERC/NERC O&P Reliability & Compliance (E09) Infrastructure Destruction Due to Severe Weather (E13)</p>
Electric Distribution & Construction Maintenance	Maintains overhead electric distribution circuits throughout JEA's service territory, including predictive and preventive maintenance, and supports electric troubleshooter's response area to respond to electrical service emergencies through the overhead distribution and transmission circuits.	<p><u>Tier 2</u> Long-term Planning/Load Forecasting (E06) Infrastructure Maintenance – Electric System Assets (E11) Public and Employee Safety (H03) Disaster Recovery / Business Continuity (C07)</p>
SJRPP Engineering, Environmental, and Predictive Maintenance	Provides engineering services for SJRPP. Includes predictive maintenance and laboratory.	<p><u>Tier 1</u> Carbon Emission Mitigation (E01) Effluent Limit Guidelines for Steam Units (E02) Coal Combustion Residual Rule (CCR) (E03)</p> <p><u>Tier 2</u> FERC/NERC O&P Reliability & Compliance (E09) Infrastructure Maintenance – Electric System Assets (E11) Public and Employee Safety (H03)</p>

**JEA AUDIT SERVICES
 PROPOSED FY 2017 INTERNAL AUDIT PLAN
 WITH ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
 (SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Water / Wastewater Systems		
Water Wastewater Reuse & Delivery	Provides water, wastewater, and reclaimed water service to our customers.	<p><u>Tier 1</u> Water Supply Management / Long Term Planning (W01) Physical Security (Facilities Infrastructure Security and Regulatory Compliance) (C02)</p> <p><u>Tier 2</u> Disaster Recovery / Business Continuity (C07) Sanitary Sewer Overflow Management (W03) Infrastructure Maintenance – Water/Wastewater Systems (W04) Infrastructure Destruction Due to Severe Weather (E13)</p>
Water Wastewater Project Engineering & Construction	Manages the planning, engineering, and construction processes associated with upgrades, repair or new construction of water utility infrastructure.	<p><u>Tier 1</u> Water Supply Management / Long Term Planning (W01) Physical Security (Facilities Infrastructure Security and Regulatory Compliance) (C02)</p> <p><u>Tier 2</u> Sanitary Sewer Overflow Management (W03) Infrastructure Maintenance – Water/Wastewater Systems (W04) Public and Employee Safety (H03)</p>
Financial & Logistical Services		
P-Card Follow-Up	Provides a means to meet the purchasing of small dollar value goods for the organization and to be used during emergency to ensure continuity of service.	<p><u>Tier 1</u> Revenues and Expenses Management (F01)</p> <p><u>Tier 2</u> Fraud Risk Management (C06)</p>

**JEA AUDIT SERVICES
PROPOSED FY 2017 INTERNAL AUDIT PLAN
WITH ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
(SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Real Estate Services and Revenue Contracts Administration	Acquisition, disposition and management of JEA's property rights for near and long-term utility needs.	Tier 1 Revenues and Expenses Management (F01) Tier 2 Fraud Risk Management (C06)
Emergency Preparedness	Supports JEA's business areas in the development, testing and execution of business continuity plans.	Tier 1 Revenues and Expenses Management (F01) Tier 2 Disaster Recovery / Business Continuity (C07) Technology Services Disaster Recovery / Business Continuity (T04) Infrastructure Destruction Due to Severe Weather (E13)
Customer Relationships		
Water Meter Services	Maintains JEA's residential, commercial and industrial water meters and systems to ensure accurate readings for billing purposes.	Tier 1 Customer Relationship Management (C01) Tier 2 Infrastructure Maintenance – Water/Wastewater Systems (W04) Disaster Recovery / Business Continuity (C07)
Customer Revenue - Receivables & Collection Services	Manages credit and collection policies, commercial collections, bankruptcies, credit reporting, miscellaneous receivables, write-offs, loan payment collection, deposit refunds and third party vendor payments.	Tier 1 Revenues and Expenses Management (F01) Tier 2 Other Regulatory Compliance (C09) Cyber Security Business Disruption (T03)
Information Technology		
Information Security	Protects information and information systems from unauthorized access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction.	Tier 2 Staffing (H02) Cyber Security Information Protection (T02) Cyber Security Business Disruption (T03) Technology Services Resource Optimization (T05)

**JEA AUDIT SERVICES
PROPOSED FY 2017 INTERNAL AUDIT PLAN
WITH ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
(SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Technology Infrastructure	Provides infrastructure services associated with equipment and software used to support enterprise systems. Also provides support for middle-tier code deployment, tape backup and restore, Citrix, SharePoint, corporate email and Critical Cyber Assets associated with CIP.	Tier 2 Staffing (H02) Technology Infrastructure Reliability (T01) Cyber Security Business Disruption (T03) Technology Services Resource Optimization (T05)
Telecommunications & Support	Provides communication services such as: radio, fiber, network, wireless, business phones. Also responsible for leasing fiber and cell towers.	Tier 1 Revenues and Expenses Management (F01) Tier 2 Staffing (H02) Technology Infrastructure Reliability (T01) Cyber Security Business Disruption (T03) Technology Services Resource Optimization (T05)
Human Resources		
Payroll and Compensation Services	Manages the payroll process for all JEA employees.	Tier 1 Revenues and Expenses Management (F01) Pensions (H01) Tier 2 Staffing (H02) Cyber Security Business Disruption (T03)
Safety and Health	Promotes and maintains accountability of safety across the organization.	Tier 2 Public and Employee Safety (H03)
Compliance		
Security	Protects the critical infrastructure that provides utility services to our customers.	Tier 1 Physical Security (Facilities Infrastructure Security and Regulatory Compliance) (C02) Tier 2 Disaster Recovery / Business Continuity (C07) Cyber Security Business Disruption (T03)

**JEA AUDIT SERVICES
 PROPOSED FY 2017 INTERNAL AUDIT PLAN
 WITH ENTITY DESCRIPTION & MAPPING TO TOP CORPORATE RISKS
 (SEE PP. 6-7 IN PRESENTATION)**

Title	Entity Description	Top Corporate Risks
Public Affairs		
Permitting & Regulatory Conformance	Secures permits, ensures regulatory reporting and compliance oversight, advocates for JEA on matters of environmental compliance and emerging local/state environmental rules.	<u>Tier 1</u> Carbon Emission Mitigation (E01) Effluent Limit Guidelines for Steam Units (E02) Coal Combustion Residual Rule (CCR) (E03) Cooling Water Intake Structures 316(b) (E05) <u>Tier 2</u> Disaster Recovery / Business Continuity (C07) Cyber Security Business Disruption (T03)
Recurring Audits / Projects		
JEA / SJRPP Performance Pay Audits	Determine if achieved levels of performance were calculated in conformance with the incentive plan approved by JEA's Board of Directors.	
The Energy Authority (TEA) Audit	Audit of TEA's East Coast Operations performed by a team of representatives from several member utilities.	
Annual Risk Assessments	Identifying and prioritizing risks to the business. The FY 2018 audit plan will be developed from these assessments.	
Action Plan Follow-Up & Reporting	Ensure that management's action plans are being implemented and are working effectively to mitigate internal control deficiencies reported in internal audits and investigations.	

IV. A. 3.

Adoption of Changes to the Finance & Audit Committee Operating Policy



Building Community

AGENDA ITEM SUMMARY

July 27, 2016

SUBJECT:	ADOPTION OF CHANGES TO THE FINANCE & AUDIT COMMITTEE OPERATING POLICY
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The Institute of Internal Auditors (IIA) mandates that an Audit Committee perform certain duties, including the annual review and approval of the Committee's governing policy. For JEA, that governing policy is the Finance & Audit Committee (FAC) Operating Policy.

Significance: High

Effect: To keep JEA's Finance & Audit Committee in compliance with IIA Standards, and to better define the current responsibilities of the Finance & Audit Committee. The suggested change to the FAC Policy is highlighted in yellow on the attached document, and adds the word "investigations" on page 2 to clarify the specific information reported.

Cost or Benefit: There is no cost. See Effect above for Benefit.

Recommended Board action: Staff recommends that the Finance & Audit Committee and the Board approve the attached revision of the JEA Finance & Audit Committee Operating Policy.

For additional information, contact: Steven V. Tuten, Director, Audit Services

Submitted by: PEM/TEH/SVT/

MISSION	VISION	VALUES
		
<p>Energizing our community through high-value energy and water solutions.</p>	<p>JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

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

Role of the Finance & Audit Committee

The Finance & Audit Committee is appointed by, and is a standing Committee of, the Board of JEA. The Committee's primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing JEA's financial information, systems of internal controls, and audit process, including a high-level review of the operating and capital budgets. In conjunction with its primary function, it is the responsibility of the Committee to provide an open avenue of communication between the Board, Management, Audit Services, and the external auditors. The committee will report to the Board on a regular basis to keep the full Board apprised.

The Finance & Audit Committee shall review and approve various agenda items as outlined below. These items shall then be recommended to the full JEA Board for approval.

Membership

The Committee shall consist of at least three Board members, appointed annually by the Board Chair. The Board Chair shall also appoint one of the Committee members as Chairperson. The Director of Audit Services and the external auditors shall have direct and independent access to the members of the Finance & Audit Committee.

Meetings:

The Committee will meet at least four times per year. The Committee may invite members of Management, external and internal auditors, and/or others to attend meetings and provide pertinent information, as necessary. A schedule of regular meetings will be established by the Committee annually. Special meetings may be called by any Committee member. To constitute a quorum, a majority of the members must be present at all meetings. Meetings shall be subject to public information laws.

Responsibilities:

The Committee shall:

General

- Report Committee actions and recommendations to the Board.
- Annually review and approve the Committee's Operating Policy, updating as needed.
- Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have unrestricted access to members of Management and relevant information. The Committee may request Audit Services, and/or the City of Jacksonville Council Auditor or Inspector General, to assist it in the conduct of any investigation.

JEA Finance & Audit Committee Operating Policy

Internal Controls and Risk Assessment

- Review and evaluate the effectiveness of JEA's process for identifying and assessing significant risk exposures and the steps Management has taken to monitor and control such risks.
- Review any significant findings and recommendations of the external auditors, including Management's responses and timetable for implementation of recommendations to correct any weaknesses in internal controls.
- Review with the external auditors the adequacy of JEA's internal controls including controls over computerized information, and security controls.

Audit Services

- Review the internal audit function, including the independence and authority of its reporting process.
- Review and formally approve the proposed annual audit plan, and the adequacy of resources and organizational structure.
- Annually review and formally approve the Audit Services Charter.
- Review and formally approve the appointment, reassignment, or dismissal of the Director, Audit Services (the Chief Auditor).
- The Finance & Audit Committee Chair will annually discuss the Director, Audit Services' performance and compensation with the CEO and/or the Chief Risk & Compliance Officer (CRCO).
- Review the summary results of **investigations of** ethics violations and frauds reported through the Ethics Hotline, and confirm that JEA is maintaining effective controls over conflicts of interest and fraud.
- Receive, prior to each meeting, a progress report on the annual internal audit plan, and a summary of completed internal audits including:
 - Any significant findings and Management's responses, including the timetable for implementation to correct weaknesses; &
 - Any difficulties encountered in the course of the audit such as restrictions on the scope of the work or access to information.

Enterprise Risk Management (ERM), Compliance with Laws, Regulations

The Board's responsibilities, as outlined in the Enterprise Compliance and Risk policy are delegated, in part, to the Finance & Audit Committee as follows:

- Approve significant changes to the Enterprise Compliance and Risk Policy, and to the Electric Compliance Policy.
- Ensure that JEA maintains a comprehensive and effective ERM program
- Monitor JEA's process to identify, assess, and manage those significant risks that could prevent JEA from achieving its business objectives by:
 - Reviewing any summary risk reports provided by the Enterprise Compliance and Risk Committee (ECRC).

JEA Finance & Audit Committee Operating Policy

- Reviewing management presentations on the implementation of policies and procedures related to risk assessment and risk management, to confirm that operational and financial risks are being adequately managed and mitigate
- Gain reasonable assurance that JEA is in compliance with pertinent laws and regulations by reviewing summary reports and management presentations confirming that Management is meeting the legislative and regulatory requirements applicable to JEA.

Ethics Program

On behalf of the JEA Board, the Finance & Audit Committee of the Board will oversee JEA's Ethics Program as follows:

- Ensure that JEA maintains a comprehensive and effective Ethics program, and is conducting its affairs in accordance with JEA's Core Values, Code of Conduct, and Code of Ethics.
- Review presentations and summary reports from the JEA's Board-appointed Ethics Officer (EO) relating to the ethics training program and ethics questions posed by employees.

Budget

On behalf of the JEA Board, the Finance & Audit Committee will oversee the annual budget process by:

- Reviewing and approving JEA's preliminary and final budgets.
- Reviewing significant changes to the existing budget.
- Reviewing and approving annual budget resolutions authorizing line item reallocations.

Rates

On behalf of the JEA Board, the Finance & Audit Committee will oversee the rates change process by reviewing and approving:

- Significant changes to JEA's rate structure and Pricing Philosophy.
- Management's recommendations for rate changes, and rate hearings.

Treasury

On behalf of the JEA Board, the Finance & Audit Committee will oversee JEA's financing processes by:

- Reviewing and discussing with Management and the external auditors:
 - All critical Investments and Debt policies and practices used by JEA, as well as any significant changes to those policies and practices, including changes resulting from recent professional and/or regulatory pronouncements, or

JEA Finance & Audit Committee Operating Policy

changes in Management's assessment of financial market conditions or liquidity requirements.

- Reviewing all management reports relating to investment and debt position and results.
- Reviewing and approving all new debt issuance and/or debt refinancing, in accordance to the Board's delegated authority, as appropriate considering the necessary timing of the transaction and the meeting schedule of the Finance & Audit Committee.

Financial Reporting

- Review and discuss with Management:
 - All critical accounting policies and practices used by JEA, as well as any significant financial reporting issues such as regulatory actions, complex or unusual transactions, alternative treatments within generally accepted accounting principles, and highly judgmental matters.
 - Significant changes in JEA's policies for financial reporting, including changes resulting from recent professional and/or regulatory pronouncements or Management's evaluation.
- Review all reports between Management and the external auditors, such as the management letter.
- Review with Management and the external auditors the results of the annual financial audit including any difficulties or disputes with Management encountered during the audit and matters required to be discussed in accordance with the Statement of Auditing Standards No. 61, *Communications with Audit Committees*.
- Review with Management JEA's financial performance on a periodic basis.

External Auditor

- Oversee the selection, compensation, terms of engagement and recommendation to the Board for appointment of the external auditors, who in their capacity as independent public accountants shall be responsible to the Board and the Committee. Per Florida Statute 218.391, compensation shall not be the sole or predominant factor used to evaluate and select the external auditors.
- Review and formally approve the qualifications and independence of the external auditors, including quality/ independence controls, such as independent partner reviews, peer reviews (including the most recent report) and/or a partner rotation policy. If the Committee is not satisfied with the auditors' assurances of independence, it shall recommend to the Board appropriate action to ensure the independence of the external auditors, including discharge, if necessary.
- Review and formally accept the scope and approach of the annual financial audit with the external auditors.
- Approve all non-audit services provided by the external auditors in accordance with Governmental Auditing Standards.
- Review and approve the hiring of former external auditors for JEA senior-level positions.

JEA Finance & Audit Committee Operating Policy

Committee Education, Orientation, and Self-Assessment

- With Management, the Committee shall develop and participate in a process for reviewing important topics presenting potential significant financial and reputational risk to JEA.
- Individual Committee members are encouraged to participate in relevant and appropriate self-study to assure understanding of the business and the environment in which JEA operates
- The Committee shall review, discuss, and assess its own performance annually as well as the Committee's role and responsibilities, seeking input from Senior Management, the full Board, Audit Services and the external auditors.

March 27, 2008 (07/02/08 jer)

August 9, 2010 (dac)

August 8, 2011 (dac)

August 13, 2012 (dac)

August 30, 2012 (dac)

September 17, 2012 (cb)

August 11, 2014 (dac)

August 10, 2015 (dac)

August 8, 2016 (svt)

IV. A. 4.

Annual Approval of Audit Services Charter



Building Community

AGENDA ITEM SUMMARY

July 27, 2016

SUBJECT:	ANNUAL APPROVAL OF AUDIT SERVICES CHARTER
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The Institute of Internal Auditors (IIA) requires that the Finance & Audit Committee annually reviews and formally approves the JEA Audit Services Charter.

Significance: Medium

Effect: The Purpose statement on page 1 of the attached document has been updated to reflect some of the key elements described in the Charter's Mission, which was updated in 2015. Both the old and new text, highlighted in yellow, have been included for comparative purposes. In addition, in the Reporting section on page 3, the text highlighted in yellow, "Office of the Inspector General" (OIG), has been added to reflect JEA's collaboration with the OIG.

Cost or Benefit: There is no cost. See Effect above for Benefit.

Recommended Board action: Staff recommends that the Finance & Audit Committee and the Board approve the attached version of the Audit Services Charter.

For additional information, contact: Steven V. Tuten, Director, Audit Services

Submitted by: PEM/TEH/SVT/

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

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



Audit Services Charter

Purpose

New Text: The purpose of JEA's internal audit function is to provide independent and objective assurance and consulting services designed to add value and improve JEA's operations. Internal Audit helps JEA to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of internal control, compliance, and governance processes.

Previous Text: To assist management in fulfilling its oversight responsibilities by determining if internal controls over JEA's processes, systems, operations, and financial reports are in place and operating effectively to achieve management's business objectives, and are in compliance with legal/regulatory requirements (including city ordinances and resolutions and Board directives), internal Management Directives, and operating procedures.

Authority

The Director, Audit Services is the Chief Audit Executive (CAE) and reports administratively to the Chief Risk and Compliance Officer, as established by the Chief Executive Officer. On audits involving Compliance Department functions, the Director, Audit Services reports directly to the CEO. The Director, Audit Services also meets quarterly with the CEO, and reports to and meets quarterly with the Finance & Audit Committee of the Board of Directors.

The Director, Audit Services and Internal Audit Staff are authorized:

- To carry out a program of Internal Audit projects as necessary to fulfill the purpose and mission of the department, including an annual risk assessment and development of an annual audit plan.
- To have access to all JEA records, assets, properties, plants, computers, personnel, etc., with strict and absolute accountability for safekeeping and confidentiality while conducting their internal audit duties.

To minimize duplication of efforts, Audit Services will not audit JEA's financial statements, which are already audited by JEA's external auditors.

Mission

The Institute of Internal Auditors' (IIA) definition of internal auditing is: "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." The IIA's Mission of Internal



Audit Services Charter

Audit is “To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.”

The specific mission of JEA’s Internal Audit is to perform comprehensive, objective audits (assurance services) and consulting reviews (consulting services) that fulfill the purpose outlined above while conforming to the IIA’s Standard Practices, Code of Ethics, Definition of Internal Auditing, and Mission of Internal Audit.

Scope and Responsibilities

Internal Audit’s responsibilities include both assurance services and consulting services, which are defined by the IIA as follows:

Assurance Services: “An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.”

Consulting Services: “Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization’s governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.”

Activities performed by Internal Audit in executing its assurance and consulting services responsibilities include, but are not limited to, the following:

Assurance/Audit Activities

- Evaluate the effectiveness of controls over the reliability and integrity of management information. Ascertain the level of compliance with policies, procedures, laws and regulations.
- Review operations to evaluate whether established objectives and goals are being achieved.
- Assist management in identifying operational, financial, regulatory and reputational risks, and assess JEA’s ability to adequately mitigate these risks.
- Conduct objective reviews of company business activities, operations, internal controls and performance management systems, and report results to JEA management.
- Proactively consult with internal customers on recommendations and the implementation of action plans, and monitor results.
- Perform engagement level audit planning and risk control assessment.
- Perform action plan follow-up.



Audit Services Charter

- A detailed description of audit practices is contained in Procedures for Conducting Internal Audits ASC0500 113.

Annual Risk Assessment and Audit Plan Activities

- Perform annual risk assessment activities and develop an annual audit plan. The CAE will present the annual audit plan to the Finance & Audit Committee for review and approval. Annual risk assessment/audit plan development will be performed according to Audit Services Procedures ASC0500 1101 Risk Assessment/Develop Audit Plan.
- The audit scope will be based on Internal Audit's assessment of risk. Audit coverage will focus on high risk areas as defined in the annual risk assessment process.

Consulting Activities

- Provide consulting services per Audit Services' Consulting Engagement Procedure ASC0500 CE, where the level of risk warrants our involvement. However, Audit Services does not act in an operating capacity, and cannot be part of the approval process.

Auditors will not be assigned to audits or projects in areas where they previously worked within the past 24 months, or where their degree of independence could be questioned in any other way.

Quality Assurance

Adequate supervision and quality assurance will be performed and documented for each auditor and each audit assignment as defined in Audit Services' Quality Assurance Improvement Program (QAIP) Procedure ASC0500QA, which includes external peer reviews as required by the IIA, at least every five years beginning in 2005.

Reporting

Detailed written reports will be prepared and issued to management following the completion of each audit. The contents will be discussed with auditee management before the reports are finalized, except in cases of fraud. Reports will generally be distributed to the Chief/Vice President/General Manager and Director/Manager of the area being audited, along with the Chief Executive Officer and the Chief Risk and Compliance Officer. Final audit reports are also submitted to the Council Auditor's office and the **Office of the Inspector General** for the City of Jacksonville. Quarterly summaries of audit results are presented to the Finance & Audit Committee of the Board of Directors.



Audit Services Charter

JEA Management Responsibilities

Although the role of Internal Audit is to assess internal controls, systems, procedures, risks, etc., JEA management retains full responsibility for ensuring that JEA maintains an appropriate framework of controls to reduce business risks to an acceptable level.

Management also has the responsibility and accountability for addressing weaknesses and inefficiencies identified in both External and Internal Audit Reports and for taking the necessary corrective action. If JEA management decides to accept a level of risk that Internal Audit believes is imprudent and improper, and this difference of opinion cannot be resolved, the CAE has the option to refer the matter to the Enterprise Compliance & Risk Committee (ECRC) for discussion and resolution, as stated in the ECRC Charter.

Management should immediately inform the CAE of any significant internal control problems, thefts, frauds, or unauthorized transactions.

Annual Review of Charter

This charter will be reviewed at least annually and revised as needed. The CAE will present the charter at least annually to the Finance & Audit Committee for review and approval.

Presented to the Executive Management Team October 5, 2004

Presented to JEA Board of Directors November 16, 2004

Revised January 7, 2009 to include the Finance & Audit Committee (F&AC)

Revised August 8, 2011 and presented to F&AC

Presented to the F&AC for review and approval Aug. 13, 2012, with no revisions

Presented to the F&AC for review and approval Aug. 12, 2013, with revisions

Presented to the F&AC for review and approval Aug. 11, 2014, with no revisions

Presented to the F&AC for review and approval Dec. 10, 2014, with revisions

Presented to the F&AC for review and approval Aug. 10, 2015, with no revisions

Presented to the F&AC for review and approval Aug. 8, 2016

IV. A. 5.

Audit Services - Quarterly ERM/Audit Update

Audit Services 3Q FY16 Update

Steve Tuten - Director, Audit Services

Lee Montanez – Manager, Audit Services

Frank DiBenedetto – Manager, Enterprise Risk Management



Audit Services 3Q FY16 Update – Table of Contents

<u>Topic</u>	<u>Page #s</u>
• Internal Audit	3-4
• Enterprise Risk Management (ERM)	5-9
• Ethics Investigations & Audit	10-13
• Appendix	14 & A1-A2

Internal Audit 3Q16 Highlights

- We are extending an offer to a candidate for our Internal Audit position, the final opening in the department.
- As of 6/30, there were 27 open audit and investigation report issues requiring management's corrective action plans.
- The current timeline for the FY16 Internal Audit Plan is shown on p. 14; three of the postponed audits have been included in the FY17 Audit Plan.

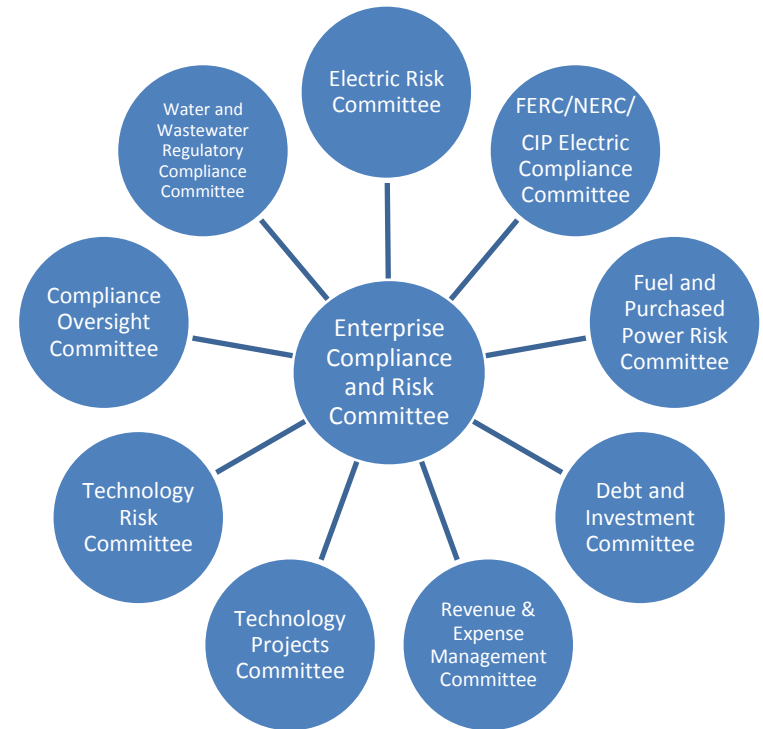
FY16 Internal Audit Plan - Timeline

Audit/Project	Budgeted Hours	Auditor-in-Charge	Estimated Draft Report Date	FY 2016 Hours												
				Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	
2015 Neighbor to Neighbor Program Review (<i>carryover</i>)	5	Doris Champ	11/23/15													
2015 TEA (<i>carryover</i>)	75	Troy England (TE)	Completed (No Report)													
2015 HIPAA Audit (<i>carryover</i>)	20	Laurie Gaughan (LG)	11/18/15													
2016 FY15 Performance Pay Review	150	TE	12/02/15													
2016 SJRPP Fuels	400	LG	12/21/15													
2015 Investment Recovery Limited Scope (<i>carryover</i>)	230	TE	04/01/16													
2016 JEA Fuels	450	LG	04/22/16													
2016 P-Card Audit	375	David Arnold (DA)	05/23/16													
2015 Fleet Services (<i>carryover</i>)	130	Julie Moore / DA	07/31/16													
2016 Disaster Recovery	375	Rashid Brittain (RB)	08/15/16													
2016 Emerging Workforce Strategies	200	LG	08/15/16													
2016 Distribution, Development & Joint Projects	400	TE	09/30/16													
2016 System Protection & Controls	500	LG	10/30/16													
2016 Facilities Management	550	DA	10/30/16													
2015 Customer Billing & Payment Processing (<i>carryover</i>)	295	Postponed (Included in FY17 Audit Plan)														
2016 Technology Infrastructure	400	Postponed (Included in FY17 Audit Plan)														
2016 Information Security	400	Postponed (Included in FY17 Audit Plan)														
2016 Debt Management	500	Postponed														
2016 PMO	550	Postponed														
2016 SJRPP Electric Production, Operations, and Bulk Material Handling	350	Postponed														
2016 SJRPP Electric Production Maintenance	350	Postponed														
New Auditor Training	300	DA / RB	N/A													
2016 Action Plan Follow-Up	800	TE	N/A													
2017 Annual Risk Assessments	375	DA/ LG / RB / TE	N/A													



Enterprise Risk Management (ERM) – Committee Structure

- JEA’s ERM program identifies, assesses, measures, monitors and actively manages risk, including mitigation strategies and actions. Top corporate risks are reviewed monthly by the Enterprise Compliance & Risk Committee (ECRC) & quarterly with the Board.
- Enterprise Compliance & Risk Committee and Subcommittees
 - Electric Risk
 - FERC/NERC/CIP Electric Compliance
 - Fuel and Purchased Power
 - Debt and Investment
 - Revenue and Expense Management
 - Technology Projects
 - Technology Risk
 - Compliance Oversight
 - Water and Wastewater Regulatory Compliance



ERM Corporate Risk Heat Map

<u>Top Corporate Risks</u>	<u>Score</u>	<u>Total # of Risks</u>
Tier 1 (See p. 7)	10-25	14
Tier 2 (See A1)	5-9	27
Tier 3 (See A2)	1-4	13

Impact x Likelihood Score

Likelihood	Almost Certain >90%	5	5	10	15	20	25	15-25	Red
	Likely 65-90%	4	4	8	12	16	20	10-12	Orange
	Possible 35-65%	3	3	6	9	12	15	8-9	Yellow
	Unlikely 5-35%	2	2	4	6	8	10	4-6	Light Green
	Rare <5%	1	1	2	3	4	5	1-3	Dark Green
			1	2	3	4	5		
			Minor	Moderate	Significant	Major	Severe		
Impact									



*The risk score is a factor of the risk impact x likelihood.

ERM – Tier 1 Top Corporate Risk Trends

Risk	FY2012	FY2013				FY2014				FY2015				FY2016			Long Term Risk Exposure Trend (> 5 Years)
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Electric Risks																	
E01 - Carbon Emission Mitigation - Clean Power Plan (CPP)	20	20	20	20	20	20	20	25	25	25	25	25	25	25	25	25	↑ Increasing
E02 - Effluent Limit Guidelines for Steam Units	8	8	12	12	16	16	16	16	16	16	16	16	16	16	16	16	↔ Stable
E04 - Adverse Electric Commodity Supply and Pricing	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable
E03 - Coal Combustion Residual Rule (CCR)	10	10	15	15	15	15	15	15	15	15	15	10	10	10	10	10	↔ Stable
E05 - Cooling Water Intake Structures 316(b)	12	12	12	10	10	10	10	10	10	10	10	10	10	10	10	10	↔ Stable
E06 - Long-term Planning/Load Forecast - Electric	6	6	6	6	6	6	6	10	10	10	10	10	10	10	10	10	↑ Increasing
E07 - Critical Infrastructure Protection (CIP) Compliance	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	↑ Increasing
Water/Wastewater Risks																	
W01 - Water Supply Management/Long Term Planning	9	8	12	12	12	12	12	12	15	15	15	15	15	15	15	15	↑ Increasing
Corporate Wide Risks																	
H01 - Pension Costs	20	16	16	20	20	20	20	20	20	20	20	20	20	20	20	20	↑ Increasing
F01 - Revenue and Expense Management	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	16	↑ Increasing
C16 - Weather and Climate Change Impact															15	15	↑ Increasing
C01 - Customer Relationship Management	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	↔ Stable
C02 - Physical Security (Facilities Infrastructure Security and Regulatory Compliance)	9	9	9	9	9	9	12	12	12	12	12	12	12	12	12	12	↑ Increasing
C03 - New Technology								12	12	12	12	12	12	12	12	12	↑ Increasing



E = Electric, W = Water/Wastewater, F = Financial, H = Human Resources, T = Technology, C = Corporate-wide. Risks are in order by risk score within Business Function

*These risks possess the greatest potential impacts to JEA.

- Added two new risks during 3Q:
 - **Weather & Climate Change Impact** – The unpredictability of weather patterns and/or short-term or seasonal extreme weather negatively impacting long-term planning, financial and reliability performance.
 - **Public Perception of Water Quality** - Water quality issues in other municipalities have heightened the public's sensitivity to water quality.
- Commenced ongoing business unit risk assessments to better align business processes with top corporate risk mitigations efforts, as well as identify/manage risks that may negatively impact business objectives.
- Implementing required risk management training for all appointed employees to enhance understanding of JEA's risk management infrastructure, improve risk identification, assessment and mitigation skills, and enhance the interdepartmental coordination of risk mitigation efforts.
- Aligned audit entities with top corporate risks to enhance ERM/Audit coordination and focus towards business functions with the highest risks and to verify the adequacy of controls and mitigation efforts.

Continuous Auditing/Continuous Monitoring (CACM) - Current Functionality

JEA utilizes ACL software to develop and operate a data analytics function aimed at analyzing transactional data from the Oracle system.

The Continuous Audit/Continuous Monitoring (CACM) function provides an automated means to identify transactions that are in violation of policy, processing errors and/or potential fraudulent activities.
CACM functionality.

GRC (Governance/Risk/Compliance) Enhancement Discussions

Audit Services is considering enhancing the current ACL application functionalities and possible replacement of the current audit management application (AutoAudit) and ERM manual spreadsheets with the ACL-GRC application.

Ethics Investigations & Audit 3Q16 Highlights

- Team is now fully staffed, Manager and two Senior Ethics Auditors.
- As of 6/30/16, 233 cases have been handled through the Ethics Hotline (EHL) since its inception in 2006.
- We have begun our collaboration with the City's Office of the Inspector General (OIG), in compliance with their Ordinance Code requirements relating to fraud, waste and abuse cases we receive through the EHL and other sources. We are developing a reporting protocol to streamline the handling of these cases between JEA and the OIG.

3Q16 Ethics Hotline (EHL) Cases

Open Cases - 4/1/2016	Cases Opened During FY16	Cases Closed During FY16	Open Cases - 6/30/2016
8	14	8	14

Categories For Cases Opened During 3Q FY16	
Alleged Misuse of Resources / Fraud / Theft	9
Alcohol / Substance Abuse	2
Request for Information	2
Conflict of Interest / Ethics Matters	1
Total	14

Summary of Closed EHL Cases - 3Q16

Reporting Source	Allegation	Investigation Results
External	JEA-14-12-0003 - A letter was received from an attorney for a client who asserted knowledge of a kickback scheme between a JEA vendor and two previous JEA employees. The information suggested that transactions were set up to invoice a higher amount, charge the payment to a JEA P-Card, and the vendor would then kick back money to the P-Card holder (the JEA employee).	<p>We did not find evidence to support the allegation.</p> <p>During this investigation, we found evidence that the vendor was not in full compliance with his JEA contract relating to drug screening of his employees working on JEA sites. Recommendations were made to improve the process for monitoring contractor drug screening in compliance with contract requirements.</p>
Hotline	JEA-15-03-0001 - An employee allegedly falsified time sheets by entering overtime that was not worked and, purchased items on a company P-Card to later take the items home. The caller also heard rumors that this employee and others sabotage things at the plant so they will be called in to get paid overtime hours. It was alleged the employees think this person is untouchable and does not have to follow the rules because an immediate family member holds a management position in the organization.	<p>We were able to conclude there were occasions where the employee in question did not work the hours claimed on the applicable time card; however, we were unable to find evidence to confirm the allegation that this employee or others sabotaged things at the plant to be called in later for overtime.</p> <p>No evidence was found to support the concern that the employee purchased items on a P-Card to later take the items home, although we did find evidence of missing items from the facility. As a result of this investigation and other issues, the employee is no longer working for the organization. Also, Management initiated procedures related to P-Card usage and inventory accounting/use.</p>
Hotline	JEA-16-01-0001 - The caller indicated that for approximately a year, a JEA-appointed employee has falsified his/her timesheets. Management approved the employee's timecards without verification.	<p>A review indicated multiple instances where the employee's timecard hours did not agree with the time the employee was on property. This was discussed with the employee's Director, Executive Management and Human Resources. With management approval, appointed employees are allowed to flex their time and to work from home. The employee's Director was able to provide information to account for some of the employee's work time from home, and while there were anomalies in the work hours, the Director confirmed that the employee's performance meets expectations.</p> <p>Based on the results of this case, the employee's Director indicated that the employee has subsequently changed his/her routine, made schedule adjustments, and is providing more accountability to those he/she works with. In addition, we made recommendations to HR management to clarify the procedure related to appointed personnel working from home.</p>



Summary of Closed EHL Cases - 3Q16 (cont.)

Reporting Source	Allegation	Investigation Results
Internal	JEA-16-03-0002 - Five pressure transducers were discovered missing from SJRPP.	Our joint investigation with law enforcement concluded the transducers (valued at approximately \$8,000) were stolen, and the identification of the person(s) responsible for the theft could not be determined. We made a recommendation to provide better control and security over items of value that can easily be concealed and removed.
Hotline	JEA-16-04-0005 - The caller alleged a Randstad employee was given management approval to attend a JEA electric class which might have been intended for employees only. The caller was concerned as the budget is tight and was not sure who was paying for the class or why a non-employee was allowed to attend.	We determined it was management's discretion as to whether or not a Randstad employee was allowed to attend classes that are not required. The Randstad employee did attend the "Everything Electric at JEA" class. Because the class was taught in-house by a JEA employee, there was no additional cost to JEA for the Randstad employee taking the class.
Hotline	JEA-16-05-0002 - The caller requested guidance in regards to obtaining quotes from contractors and possibly hiring a JEA contractor to do work at his/her residence. The caller is responsible for approving invoices for the contractor and wanted to know if there will be any issues with hiring them to do the work.	Because the caller was asking for advice on an ethics-related matter, the caller's information was provided to JEA's Ethics Officer, who provided guidance to the caller.
Hotline	JEA-16-05-0003 - The anonymous caller requested guidance regarding receiving customer property (not JEA property) such as copper wire and steel pipes that customers do not want. The employees did not want to get in trouble if they were caught with the materials in their possession.	Because the caller was asking for advice on an ethics-related matter, the caller's information was provided to JEA's Ethics Officer, who provided guidance to the caller.
External	JEA-16-06-0001 - External letters to JEA alleged an employee has been spending significant working hours playing an online game, and that the employee's boss was aware and allows it.	Our investigation did not identify any evidence to support the allegations.



- The following supplemental documents are included in the Appendix, and are cross-referenced within the preceding presentation:
 - A1-A2 - ERM Tiers 2 & 3 Top Corporate Risk Trends (p. 6)

Enterprise Risk Management - Tier Two Risk Trends as of Current Quarter (Q3 FY16)

(See P. 6 in Presentation)

Risk <small>E = Electric, W= Water/Wastewater, F = Financial, H = Human Resources, T = Technology, C = Corporate-wide. Risks are in order by risk score within Business Function</small>	FY2012	FY2013				FY2014				FY2015				FY2016			Long Term Risk Exposure Trend (> 5 Years)
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Electric Risks																	
E08 - SJRPP	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing
E09 - FERC/NERC (Section 693) O&P Reliability & Compliance	9	9	9	9	9	9	9	9	8	8	8	8	8	8	8	8	↔ Stable
E10 - Nuclear Power Portfolio	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↑ Increasing
E21 - Natural Gas Sales - Commercial Customers												6	6	6	6	6	↔ Stable
E11 - Infrastructure Maintenance - Electric Systems Assets	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
E20 - Operations Technology Management - Electric	4	4	4	4	4	4	4	4	4	4	6	6	6	6	6	6	↔ Stable
E12 - By Product Management	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
E13 - Infrastructure Destruction Due to Severe Weather	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
Water/Wastewater Risks																	
W02 - Operations Technology Management - Water/Wastewater Systems	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable
W03 - Sanitary Sewer Overflow Management	6	6	6	6	6	6	6	6	6	6	8	8	8	8	8	8	↔ Stable
W04 - Infrastructure Maintenance - Water/Waste Water Systems	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
Corporate Wide Risks																	
C05 - Records Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↔ Stable
C06 - Fraud Risk Management	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing
T02 - Cyber Security Information Protection					9	9	9	9	9	9	9	9	9	9	9	9	↑ Increasing
H02 - Staffing	16	16	16	16	12	12	9	9	9	9	9	9	9	9	9	9	↔ Stable
H03 - Public and Employee Safety	6	6	6	6	6	6	6	9	9	9	9	9	9	9	9	9	↔ Stable
T05 - Technology Services Resource Optimization														9	9	9	↑ Increasing
T01 - Technology Infrastructure Reliability	12	12	12	12	12	12	12	12	12	4	4	4	4	8	8	8	↔ Stable
T03 - Cyber Security Business Disruption											8	8	8	8	8	8	↑ Increasing
T04 - Technology Services Disaster Recovery/Business Continuity											8	8	8	8	8	8	↔ Stable
C04 - External Influence on Policy	9	9	9	9	9	9	10	10	10	10	10	10	10	10	8	8	↔ Stable
C07 - Disaster Recovery/Business Continuity	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable
C08 - Black Swan (High Impact - Low probability event)	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	↔ Stable
F03 - Credit Availability/Cost	9	9	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
C09 - Other Regulatory Compliance	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	↔ Stable
F04 - Counterparty Risk	6	10	10	5	5	5	5	5	5	5	5	5	5	5	5	5	↔ Stable
																	↔ Stable

Enterprise Risk Management - Tier Three Risk Trends as of Current Quarter (Q3 FY16) (See P. 6 in Presentation)

Risk <small>E= Electric, W= Water/Wastewater, F= Financial, H= Human Resources, T= Technology, C= Corporate-wide. Risks are in order by risk score within Business Function</small>	FY2012	FY2013				FY2014				FY2015				FY2016			Long Term Risk Exposure Trend (> 5 Years)
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Electric Risks																	
E15 - TEA Activities Risk Management	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable
E16 - Air Emissions Reduction Regulatory Initiatives	12	12	20	20	20	20	20	4	4	4	4	4	4	4	4	4	↔ Stable
E17 - Mercury and Air Toxics Standards (MATS)				15	15	15	15	15	4	4	4	4	4	4	4	4	↔ Stable
E18 - Renewable Energy Standards	20	20	20	20	20	3	3	3	3	3	3	3	3	3	3	3	↔ Stable
E19 - Plant Scherer Environmental Lawsuit					6	6	6	4	1	1	1	1	1	1	1	1	↓ Decreasing
Water/Wastewater Risks																	
W05 - Numeric Nutrient Criteria Mandates	12	12	12	10	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable
Corporate Wide Risks																	
C10 - Project Risk Assessment and Capital Allocation	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable
C12 - Capacity Plan Land Acquisition	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable
C13 - Key Customer Accounts Management	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	↔ Stable
F02 - Financial Regulatory Compliances (e.g. Dodd-Frank Bill)	9	9	9	9	9	9	9	9	9	9	9	9	4	4	4	4	↔ Stable
F05 - IRS Bond Audit Records Requirements	9	9	3	3	3	3	3	3	3	3	3	3	3	3	3	3	↔ Stable
H04 - Benefits	6	6	6	6	6	6	6	6	6	6	6	6	4	4	4	4	↑ Increasing
C14 - Environmental Compliance Management	1	1	1	1	1	1	1	1	4	4	4	4	4	4	4	4	↔ Stable

IV. A. 6.

Coordinated Dispatch Agreement and Pricing Policy Revisions



Building Community

AGENDA ITEM SUMMARY

July 26, 2016

SUBJECT:	COORDINATED DISPATCH AGREEMENT AND PRICING POLICY REVISIONS
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: On March 25, 2016 JEA entered into a coordinated dispatch agreement with Gainesville Regional Utilities (GRU) with the intent to optimize asset utilization of both utilities, and to pass on the savings to customers.

Significance: The coordinated dispatch process compensates the seller’s system for its fuel expense and generates margins equal to the difference between the JEA and GRU independent systems and the coordinated system. These margins are allocated equally to JEA and GRU. The current Pricing Policy does not address the treatment of these margins.

Effect: Savings allocated to JEA’s base revenue will aid in mitigating current year base expenses, assisting in keeping rates as low as possible for customers.

Cost or Benefit: This agreement has produced \$78,631 of savings to JEA year to date, and expects this to produce approximately \$6.5 million in savings annually.

Recommended Board action: Staff recommends the Finance and Audit Committee recommend to the full Board to approve the proposed edits to the Pricing Policy, including an addition that states “Gains realized from coordinated dispatch agreements will be allocated to base revenue, unless otherwise directed by the Board”, as well as administrative edits.

For additional information, contact: Melissa Dykes

Submitted by: PEM/MHD/RFW/

MISSION 	VISION 	VALUES 
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

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



INTER-OFFICE MEMORANDUM

July 26, 2016

SUBJECT: COORDINATED DISPATCH AGREEMENT AND PRICING POLICY REVISIONS

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
Tom Petway
Ed Burr
Husein Cumber

BACKGROUND:

On March 25, 2016 JEA entered into a coordinated dispatch agreement with Gainesville Regional Utilities (GRU) with the intent to optimize asset utilization of both utilities, and to pass on the savings to customers. The coordinated dispatch process compensates the seller's system for its fuel expense and generates margins equal to the difference between the JEA and GRU independent systems and the coordinated system. These margins are allocated equally to JEA and GRU.

DISCUSSION:

This agreement has produced \$78,631 of savings to JEA year to date, and expects this to produce approximately \$6.5 million in savings annually. The current Pricing Policy does not address the treatment of these margins. Savings allocated to JEA's base revenue will aid in mitigating current year base expenses, assisting in keeping rates as low as possible for customers.

RECOMMENDATION:

Staff recommends the Finance and Audit Committee recommend to the full Board to approve the proposed edits to the Pricing Policy, including an addition that states "Gains realized from coordinated dispatch agreements will be allocated to base revenue, unless otherwise directed by the Board", as well as administrative edits.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/RFW



JEA/GRU Coordinated Dispatch
August 8, 2016

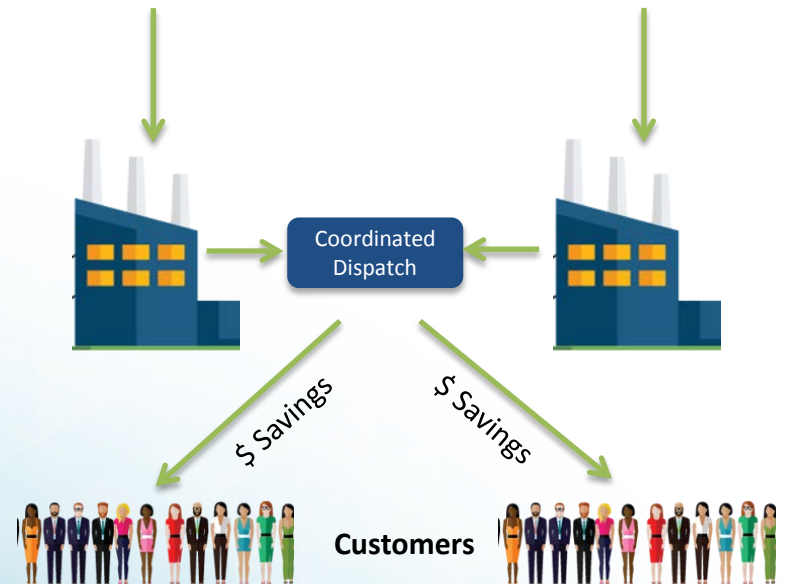
COORDINATED DISPATCH SAVINGS

On March 25, 2016 JEA entered into a coordinated dispatch agreement with Gainesville Regional Utilities with the intent to optimize asset utilization of both utilities, and to pass on the savings to customers.

Before Agreement



After Agreement



COORDINATED DISPATCH SAVINGS

This agreement has produced \$78,631 of savings to JEA year to date, and expects this to produce approximately \$6.5 million in savings annually.

The current Pricing Policy does not address the treatment of these margins:

- Savings allocated to JEA's base will aid in mitigating current year base expenses
- These savings assist in keeping rates as low as possible for customers.

Staff recommends the Finance and Audit Committee recommend to the full Board to approve the proposed edits to the Pricing Policy, including an addition that states "Gains realized from coordinated dispatch agreements will be allocated to base revenue, unless otherwise directed by the Board", as well as administrative edits.

Pricing Policy

I. Scope

This Pricing Policy is intended to provide broad guidance and to facilitate the management, control and oversight of JEA's pricing structure. Its primary goal is to establish revenue requirements to fully recover the costs necessary to operate and maintain the utility, consistent with its mission, through fair and equitable pricing. This includes sufficient revenue for required transfers to the City, depreciation expense, and balance sheet liquidity. The total revenue requirement of each system must be sufficient to ensure the financial integrity of the utility, including recovery of debt service, sufficient revenue to meet renewal and replacement fund requirements, and maintenance of key financial metrics. It recognizes the operational challenges of managing dynamic businesses with major cost drivers such as significant regulatory reform, as well as fuel and debt service, which are dependent on global market conditions. The Pricing Policy contains the guiding parameters that JEA utilizes to develop its financial reporting, ratemaking, budget, and financial projections.

The Board is JEA's independent body responsible for setting rates. As part of this responsibility, the Board acknowledges that the rate setting policy and practices utilized will govern JEA's accounting under current generally accepted accounting principles, meaning that rate actions by the Board will impact when certain costs and revenues are recognized for financial statement purposes. This policy formalizes the rate philosophy utilized in prior years and codifies policy changes required for the implementation of regulatory accounting beginning with FY2015, including the change in rate setting methodology from Cash Basis to Utility Basis.

II. Goal and Objectives

JEA's pricing shall be managed with an overall philosophy to provide advantages of a community-owned utility by delivering high quality, reliable and exceptional service at fair and competitive rates. JEA will exhaust all other net revenue improvement opportunities before recommending any price increases. JEA will develop a price structure that is based on cost of service and allocates costs to appropriate customer classes based on the cost to serve each class. Pricing shall be sufficient, predictable, consistent, understandable, fair, equitable, non-discriminatory and relatively easy to administer. A comprehensive cost of service study will be performed at a minimum of every five years to support that the rates charged by class are based on cost.

III. Responsibility for Pricing Policy

The overall Pricing Policy is approved by the JEA Board of Directors and implemented by the Chief Executive Officer, Chief Financial Officer and staff. Annually, during the development of the Five Year Financial Projection that is provided to the credit rating agencies, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Customer Officer (CCO), Vice President/General

Manager Water Wastewater Systems, and Vice President/General Manager Electric Systems will meet to develop strategy and review pricing and financial performance. JEA's Financial Planning and Rates department will develop and manage processes to implement and administer this Policy. Based on this review, any changes to pricing such that JEA continues to have rates based on cost of service and sufficient to maintain each System's financial integrity will be recommended to the Board for approval.

IV. Authorization

The JEA Board of Directors is independent from JEA management and has the power to fix, pledge to establish or establish, levy, regulate, impose and collect rates, assessments, fees and charges for the use or benefit of the utilities system and to alter and amend the same from time to time.

Although JEA is a non-jurisdictional entity, Tariffs approved by the Board of Directors are filed with the Public Service Commission for information and review. The Florida Public Service Commission (FPSC) does not regulate the revenue requirement of municipal utilities, yet pursuant to Section 366.04 (2), Florida Statutes, the FPSC has jurisdiction to review a rate structure for municipal utilities.

V. Electric System

Revenue requirements and rate design for the Electric System shall be constructed in three major categories: Base Rate, Fuel Charge, and Environmental Charge.

Base Rate

Structure

The Base Rate will be structured with two major components: a fixed monthly charge and consumption charges. The fixed charge is billed as a "Basic Monthly Charge" and the consumption charges are billed as "Energy Charge," "Residential Conservation Charge," "*Demand Charge*," and "*Excess kVar Charge*." (Italicized charges apply to commercial or industrial customers only, and do not appear on residential bills.) Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Electric System by achieving the following objectives:

- A minimum annual total debt service coverage ratio of 2.2x, (with a long-term goal of consistently achieving a minimum annual total debt service coverage ratio of 2.5x)
- A minimum of 150 to 250 days of liquidity
- Continue to move towards a maximum debt to asset ratio of 60%
- Maintain stabilization funds as detailed in the "Stabilization Funds" section

Staff plans to phase in higher fixed components of base rates over time, utilizing widely accepted principles and practices to better reflect the fixed components of JEA's electric system cost structure.

Pricing

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the "Five Year Projection" section). Recurring capital will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover non-recurring capital over a future period of time may constitute an asset on JEA's balance sheet.

The Base Rate will additionally include a policy-directed allocation of current year base electric revenues to Customer Benefit programs to be collected in addition to the Residential Conservation Charge. Staff will develop specific programs such as electrification, direct load control, demand side management, residential low income efficiency programs, and customer utility optimization education programs, set program objectives and periodically report the status of the programs. Each year, the Customer Benefit budget will include an allocation for customer education initiatives at least equal to revenues generated from the Residential Conservation Charge (initially set at \$0.01 per kWh for monthly residential consumption in excess of 2,750 kWh) collected from customers in the prior year. The budgeted carve-out from the Base Rate will be set each year based on funding required to meet the targets determined by staff, at least equal to the Residential Conservation Charge and not to exceed \$0.50 per 1,000 kWh. Any amounts collected in excess of current and future anticipated need will be used for future costs or refunded to customers. The Customer Benefit programs do not function as special charge, but are a component of JEA's cost of service in determination of the Base Rate each year.

Gains realized from coordinated dispatch agreements will be allocated to base revenue, unless otherwise directed by the Board.

Fuel Charge

Structure

The Fuel Charge is designed to recover fuel and energy costs and will be structured with three potential components, the Variable Fuel Rate, the Fuel Stabilization Charge and the Fuel Recovery Charge.

The Variable Fuel Rate will be structured for full recovery of actual energy expenditures including direct fuel expenses, fuel procurement, fuel handling, residual disposal expense, less any proceeds from the sale of residuals, byproduct expenses directly utilized in managing the facilities used to prepare the byproduct for its final disposition, fuel hedging activities including gains and

losses on settlement of fuel hedges, purchase power energy charges such as fuel, and renewable energy that is not considered generation available for JEA's current capacity plans. This charge can be adjusted up or down based upon energy costs. The Fuel Charge structure shall also include a charge for Fuel Stabilization to fund potential negative variances between projected and actual energy costs, when projections at the time of the rate setting indicate this fund balance will be below the target balance during the rate period. A Fuel Recovery Charge may also be included as part of the Fuel Charge if needed to recover a cumulative fuel fund deficit over a set number of years.

Pricing

The Fuel Charge will be set annually during the budget process to be effective October 1 of the upcoming fiscal year. The Charge is based on the forward twelve-month energy cost projection and will be structured to fully recover all expected fuel-related costs and any amounts for Fuel Stabilization Fund, discussed below, over the coming fiscal year. Provided the actual plus forecasted energy costs remain within 10% of projected energy cost, any variance will be "trued-up" annually and recovered in the subsequent twelve month period. Should actual plus forecasted energy costs exceed the 10% range of projected energy costs during the twelve month period, rates may be adjusted to reflect current market conditions. For example, a Variable Fuel Rate charge of \$50.00/1,000 kWh may be adjusted when the twelve month projection for total energy cost is less than \$45.00/1,000 kWh or greater than \$55.00/1,000 kWh. Absent a rate change, Fuel Charges collected in excess of fuel expenses are deposited in the Fuel Stabilization Fund, and under collected amounts are funded through Fuel Stabilization Fund withdrawals until rates can be adjusted.

The Fuel Charge may include an amount for a Fuel Stabilization Charge to fund potential short-term negative variances between projected and actual energy costs. The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum 12-month historical fuel cost or (ii) the projected 12-month fuel cost. Should the Fuel Stabilization Fund balance reach the 15% level at any point during the twelve month variable fuel rate cycle, the CEO, CFO, CCO, and staff will evaluate the Fuel Stabilization Fund balance, projection through year-end, and current market prices and volatility, and will recommend to the Board to either continue funding with no change, credit customers with the overfunded amount, or modify the Fuel Charge. Absent any specific change, the Fuel Charge will continue to be collected until the end of the cycle. An objective of the Fuel Stabilization Charge is to establish the most transparent mechanism to communicate the amount of the Fuel Charge which is being collected to fund the Fuel Stabilization Fund, and thus should be utilized in the communication with stakeholders. Allowable uses of the Fuel Stabilization Fund shall include cash deposits supporting any fuel fund deficits, energy risk management activities, and inter-fund loans.

The Fuel Charge may also include a Fuel Recovery Charge to recover any cumulative fuel fund deficit. Allowable uses shall include debt reduction, repayment of inter-fund loans, new inter-fund loans, and fund activities employed during the time the fuel deficit accumulated that were used to fund the deficit.

Each month management shall report the total fuel revenues, expenses and the resulting surplus or deficit. All authorized fuel related costs shall be recovered through the Fuel Charge, and funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

Environmental Charge

Structure

The Environmental Charge is applied to all kWh consumption and structured to provide funding for major specific environmental and regulatory program needs.

Pricing

The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations, excluding the amount already collected in the Environmental Liability Reserve. Applicable use of funds is described in the “Stabilization Funds” section.

VI. Water and Sewer System

Revenue requirements and rate design for the Water and Sewer System shall be constructed in two major categories: Base Rate and Environmental Charge.

Base Rate

Structure

Revenue and rate design for the Water and Sewer System shall be constructed in two major categories: monthly charges and initial charges, including capacity and main extension fees. Standard monthly charges will include two primary components: A fixed monthly charge and volume charges based on customer usage. The fixed charge is billed as a “Basic Monthly Charge” and the volume charges are billed as “Water Consumption Charges” and “Sewer Usage Charges”.

Revenue requirements and rates will be set using depreciation expense as the capital recovery estimate but must also ensure the financial integrity of the Water and Sewer System by achieving the following objectives:

- A minimum annual total debt service coverage ratio of 1.8x, with a long-term goal of consistently achieving a minimum annual total debt service coverage ratio of 2.0x
- A minimum of 100 days of liquidity
- A long-term objective of a maximum debt to asset ratio of 50%
- Maintain stabilization funds in the “Stabilization Funds” section

Pricing

The Base Rate will recover expenditures necessary to operate and maintain the system, depreciation expense, capital required to maintain the system, the necessary contribution to the City, any special charges for programs adopted by JEA and approved by the Board, and additional revenues required to maintain the financial integrity of the System.

Staff will review with the Board of Directors the Base revenue and capital funding plans during both the annual budget cycle and the discussion of the Five Year Projection (as outlined in the “Five Year Projection” section). Recurring capital not recovered via the Environmental Charge will be recovered from revenues each year. Non-recurring or unanticipated (i.e., storm damage or major equipment failure) costs will be evaluated by management to determine the best source of capital funding. This can include absorbing the cost in the current year budget or the inclusion of cost in future rates over a period of time with funding of the cost from debt or reserves. Authorization from the Board to recover non-recurring capital over a future period of time may constitute an asset on JEA’s balance sheet. The annual principal repayment requirements and contributions to the Renewal and Replacement Fund will be added to the non-capacity capital expenditure amount with the amount in excess of the annual depreciation expense included as an additional cost in setting rates. Capacity fee revenue will be used as an additional source of revenue in determining annual revenue requirements.

Capacity fees to recover water, sewer and reclaimed water treatment facilities investment are established to recover 100% of the cost, including materials, of performing these services. These fees will be reviewed and if necessary, adjusted at least every three years. Capacity fees to recover the cost of off-site water and sewer line extensions shall be established to recover:

- 75% master plan main extension attributed to general system growth, assessed on a per connection basis; and
- 100% main extension attributed to specific development, assessed to the developer in accordance with JEA’s development policy.

On-site line extensions have been and will remain the financial responsibility of the developer, builder, homeowner or business and shall be contributed to JEA at no charge to own, operate and maintain.

Tap and meter fees will be established to recover 100% of the cost, including materials, of performing tap and meter services. These fees will be reviewed and, if necessary, adjusted at least every three years.

Staff will review with the Board of Directors the revenue and capital funding plans during both the annual budget cycle and the Five Year Projection/Rating Agency cycle.

Environmental Charge

Structure

The Environmental Charge is applied to all kgal sales and structured to provide funding for major specific environmental and regulatory program needs.

Pricing

The Environmental Charge is designed to recover from customers all costs of environmental remediation and compliance with new and existing environmental regulations. Applicable use of funds is described in the “Stabilization Funds” section.

Annually the Board will review and approve the operating, maintenance and capital costs of projects to be included in determining the Environmental Charge for that year. For capital projects funded from sources other than the environmental charge revenues, the Board will determine an appropriate method including recovery period for including these costs in the determination of the Environmental Charge. The revenues collected will be used to reimburse the fund that provided the original funding. Methods used for recovery can include amortization over a relatively short period of time, depreciation expense and related carrying charge of the related asset or other reasonable methods.

Any revenues collected in excess of costs in any period will be used to fund operating and capital costs of approved projects in the future.

The amounts collected from the Environmental Charge will be accounted for in the Water and Sewer System Environmental Stabilization Fund. Amounts collected for future environmental capital projects are transferred from the Water and Sewer System Environmental Rate Stabilization Fund to the Environmental Capital Fund.

VII. Five Year Projection

Staff will prepare a Five Year Projection annually that will be presented to Board of Directors and Rating Agencies. The Five Year Projection will address the status of the current pricing and forecasted cost-based revenue requirements.

The annual budgeting process will be used to project the cost-based revenue requirements and suggested pricing for the next fiscal year. Thereafter, factors to be considered in the projections include:

- Required revenue and resulting rates
- The forecast of unit sales
- Projected fuel and purchased power costs
- Projected non-fuel purchased power costs
- Projected operating and maintenance costs
- Contribution to the City General Fund
- Renewal and Replacement Deposit
- Amortization of regulatory assets and liabilities including gains and losses on debt refinancing, debt issue costs and other items approved by the Board
- Desired level of operating capital outlay
- Projected depreciation expense
- Desired debt service coverage, liquidity, and debt to asset levels consistent with a highly rated electric and water and sewer utilities
- Analysis of costs and revenue of any special charges for programs adopted by JEA and approved by the Board

VIII. Stabilization Funds

The Board authorizes the funding and utilization of certain Stabilization Funds within each of the Electric and Water and Sewer Systems. Deposits and withdrawals will be made into each of the funds as specifically described below, and are governed by both this Pricing Policy and JEA's Bond Resolutions. The

Stabilization Funds described below have a specific funding source which is approved by the Board, and uses of funds which are also approved by the Board. Any excess amounts remaining after the funding target is met and expenses are paid are refunded back to customers.

Fuel Stabilization Fund

Target Balance

The target balance in the Fuel Stabilization Fund is equal to 15% of the greater of (i) the maximum 12-month historical fuel cost or (ii) the projected 12-month fuel cost.

Funding and Authorization

The Fuel Charge for each Fiscal Year is established to include the projected fuel-related expenditures for the upcoming fiscal year as well as deposits required into the Fuel Stabilization Fund to maintain the target balance in the Fund. These projections, including any Fuel Stabilization Fund projected deposit amounts, are approved by the Board in connection with the approval of the annual Budget. Deposits to the Fuel Stabilization Fund during the fiscal year are made for amounts representing the excess of the variable rate fuel revenues (not including the fuel stabilization revenues) recorded for the fiscal year over the amount of actual fuel and purchased power expense for the fiscal year.

Allowable Uses

Withdrawals from the Fuel Stabilization Fund for fuel stabilization are limited to the following purposes:

- a) to reduce the variable fuel rate charge to the customers for a determined period of time
- b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues
- c) to pay for the costs associated with any energy risk management activities and/or
- d) to be rebated back to the customers as a credit against the electric bill

The balance in the Fuel Stabilization Fund may also be borrowed by the Electric System operating fund through an interfund loan, which requires the approval of the CFO and the CEO with the amounts required to be repaid within a reasonable period of time.

Excess Funds

Funds collected in excess of authorized fuel related expenses (including Fuel Stabilization Fund deposits, when required) shall be used to fund future expenses or be refunded to customers.

Customer Benefit Stabilization Fund

Funding and Authorization

Deposits to the Customer Benefit Stabilization Fund are made for amounts representing the Residential Conservation Charge to the customer (\$0.01 per kWh over 2,750 kWh) and the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh) during the course of the fiscal year. The Residential

Conservation Charge revenues are direct collections from customers based on sales. The Customer Benefit Revenue Allocation is approved by the Board in connection with the annual Budget process.

Allowable Uses

Withdrawals from the Customer Benefit Stabilization Fund are limited to amounts representing charges to the applicable "Customer Benefit" expense types, which represent Customer Benefit programs approved annually by the Board. Amounts withdrawn from the Customer Benefit Stabilization Fund will first be funded by the Residential Conservation Charge (\$0.01 per kWh over 2,750 kWh) and the remaining funded by the Customer Benefit Revenue Allocation (up to \$0.50 per 1,000 kWh). Any costs not recovered in the current year will be collected in future years through the Residential Conservation Charge and the Customer Benefit Revenue Allocation.

Excess Funds

Funds collected in excess of the approved Customer Benefit programs shall be used to fund future program expenses or be refunded to customers.

Electric System Environmental Stabilization Fund

Funding and Authorization

Deposits to the Electric System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

Allowable Uses

Withdrawals from the Electric System Environmental Stabilization Fund are limited to potential environmental expenditures approved by the Board, and may include regulatory initiatives such as the cost of acquisition of renewable energy capacity.

Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

Water and Sewer System Environmental Stabilization Fund

Funding and Authorization

Deposits to the Water and Sewer System Environmental Stabilization Fund are made for amounts collected from the Environmental Charge to the customer. The Environmental Charge will be set each year to recover the costs of approved projects. Any shortfalls will be included as a cost in determining the Environmental Charge.

Allowable Uses

Withdrawals from the Water and Sewer System Environmental Stabilization Fund are limited to major environmental and regulatory program needs. Capital costs include those costs associated with specific environmental or regulatory

requirements. Costs directly required to operate and maintain the environmentally driven or regulatory required assets can also be funded from this revenue source. The Environmental Charge revenue may also be used for JEA's cost participation with the City of Jacksonville septic tank phase-out program, including a waiver of sewer and main extension fees, or for well mitigation. Additionally, the Environmental Charge revenue may be used for Customer Benefit programs supporting the Consumptive Use Permit objective to reduce JEA's demand on the Florida Aquifer.

Excess Funds

Funds collected in excess shall be used to fund future environmental expenses or be refunded to customers.

Debt Management Strategy Stabilization Fund

Funding and Authorization

The Board will approve a Debt Management Policy and use of related stabilization funds. Deposits to the Debt Management Strategy Stabilization Fund will be for amounts associated with any debt management strategy objectives. The Board as part of the budget review process will determine and approve the amounts included in rates that are to be deposited into the Debt Management Strategy Stabilization Fund for the year. The Board may, periodically throughout the year, determine and approve changes to these amounts. The amounts included in rates and deposited into the stabilization fund are intended to offset future costs.

Allowable Uses

Withdrawals from the Debt Management Strategy Stabilization Fund for debt management strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget. Any amounts withdrawn for these costs will subsequently be presented for approval by the Board.

Excess Funds

Amounts deposited into the Debt Management Strategy Stabilization Fund for debt management strategy in excess of the target amount set forth in the Debt Management Policy in both the Electric and Water and Sewer Systems may be authorized by the Board to be used to (1) maintain the financial integrity of the Systems, (2) fund future debt-related expenses including early debt retirement or defeasance, or (3) be refunded to customers.

Non-Fuel Purchased Power (NFPP) Stabilization Fund

Target Balance

Initially, the total projected principal payments incurred by MEAG for the Vogtle Units 3 and 4 Purchased Power Agreement prior to the operating date of each unit.

Funding and Authorization

Deposits to the NFPP Stabilization Fund are for amounts associated with any non-fuel purchased power. The Board will determine as part of the Budget approval process or periodically throughout the year the amount to include in rates that will be deposited into the NFPP Stabilization Fund.

Allowable Uses

Withdrawals from the NFPP Stabilization Fund are to reimburse non-fuel purchased power expenses associated with Plant.

Excess Funds

Funds collected in excess shall be used to fund future non-fuel purchased power expenses or be refunded to customers.

Health Self-Insurance Reserve

Target Balance

The target size of this reserve is based on regulatory requirements, market conditions and risk management experience, along with input from the Department of Insurance, the regulatory body responsible for oversight of all self-insurance health and medical plans.

The objective is to maintain appropriate reserves and to ensure the long-term viability of the organization and the sustainability of the self-insurance health programs. Rule 69O-149.053, Florida Administrative Code requires that JEA maintain a minimum surplus reserve of 60 days over and above the amount needed for the Plan's claim liability to cover costs associated with unexpected claims.

Funding and Authorization

JEA has established, from operating revenues, an internally designated "Health Self-Insurance Fund" to cover reserve requirements for its self-insurance health program. Reserve requirements will be reviewed and approved by the Board annually. The Board, as part of the Budget approval process, will approve amounts to be collected in rates that include both the current anticipated cost less amounts approved to be contributed by employees as well as amounts to maintain an adequate reserve for future costs.

Allowable Uses:

The amounts approved for recovery from the employees will be used to reduce the annual cost. Any costs in excess of revenues collected will be included in rates at the direction of the Board in a future period.

Excess Funds

Any amount over the required reserve requirement will be used to reduce future costs included in rates or will be refunded to the employee through premium holidays as approved by the Board.

IX. Policy Exceptions

Any pricing activity determined to be in conflict with this Policy will be brought to the Board of Directors for review and approval prior to adoption, and resulting metrics will be reported on an annual basis within the Five Year Projection.

X. Effective Date

This Pricing Policy became effective October 1, 2005 (originally called “Pricing Philosophy”). This revision will become effective on the date on which it is adopted by the full Board effective October 1, 2014.

DRAFT

IV. A. 7.

Ethics Officer Quarterly Report

[Return to Agenda](#)

JEA

Ethics Officer Report

August 8, 2016

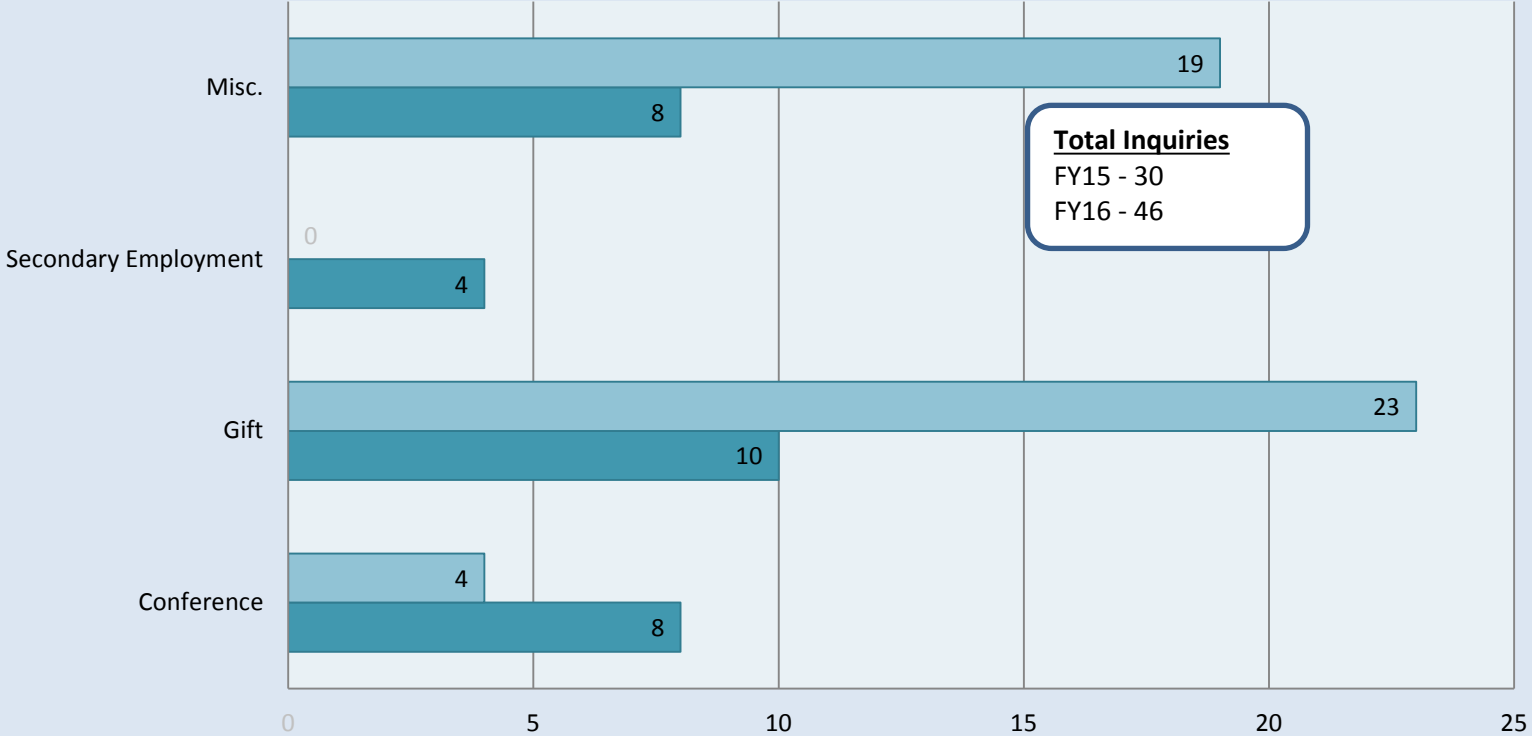
Creating an Ethical Culture

JEA will conduct its business fairly, impartially, in an ethical and proper manner, and in full compliance with all applicable laws and regulations



FY15/16 Comparison

Ethics Inquiries Comparison FY15/FY16 3rd Quarter Results



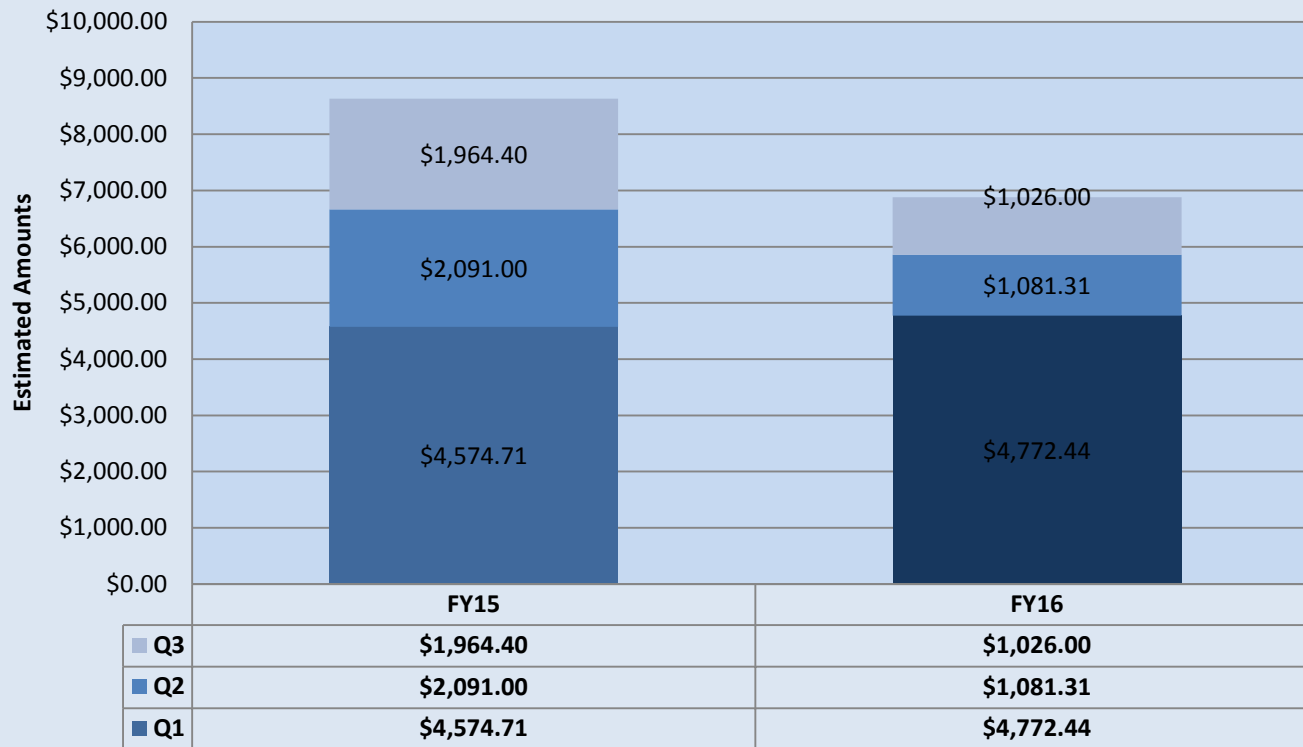
Total Inquiries
FY15 - 30
FY16 - 46

	Conference	Gift	Secondary Employment	Misc.
FY16	4	23	0	19
FY15	8	10	4	8



FY16 Gift Registry

FY15/16 Gift Registry Estimates Comparison Per Quarter



Food Items: lunch or dinners during meetings or trainings, jar of mints, assorted candies and cookies

Promotional items: ball caps, t-shirts, pens

Misc. : golf, door prizes, televisions

Registration fees

Ethics Representatives

- Ethics Representatives are appointed by the Senior Leadership Team (SLT) to promote and maintain a strong ethical environment at JEA. The representative acts as liaisons between the Ethics Officer and their respective management teams. The representatives shall consist of appointed employees who represent the different functional areas of the JEA organization

First Name	Last Name	Department	Chief
Berdell	Knowles	Legislative Affairs Advocate	Mike Hightower
Michael	Eaton	Director, Enterprise Architecture	Paul Cosgrave
Deborah	Beaver	Dir Commercial Customer Relationships	Monica Whiting
Ed	Dendor	Director, Emergency Preparedness	Melissa Dykes
Frank	DiBenedetto	Mgr Enterprise Risk Mgmt	Ted Hobson
Gary	Vondrasek	Contract Administration Specialist	Melissa Dykes
Kevin	Holbrooks	Director, Laboratory & Water Services	Mike Hightower
Ruth	Remsen	Water Wastewater Specialist	Brian Roche
Andy	Motsinger	Director, Electric Systems Asset Mgmt	Mike Brost

Business Ethics Update and What's Next

- **Updated the JEA/SJRPP Ethical Conduct Guidelines in July**
 - The Code of Conduct, our Value, examples of ethical questions you might face, information about business compliance issues, and resources you can use when you need ethical advice or help.
- **Attend the NE FL Compliance & Ethics group and City Ethics Coordination Council meetings quarterly**
- **Automated the Secondary Employment form approval process via Sharepoint**
- **Evaluating a Business Ethics database for case tracking**
- **Attending the Compliance & Ethics Institute Conference in Sept**

IV. A. 8a.

Schedule of Expenditures of Federal Awards



Building Community

AGENDA ITEM SUMMARY

July 22, 2016

SUBJECT: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Purpose: Information Only Action Required Advice/Direction

Issue: Ernst & Young, LLP (E&Y) issued their Independent Auditors' Report on the Schedule of Expenditures of Federal Awards for the fiscal year ended September 30, 2015.

Significance: Entities that expend \$500,000 or more yearly in Federal Awards are required to have an audit conducted in accordance with requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement.

Effect: The audit is required to be performed annually within 9 months after the end of the fiscal year.

Cost or Benefit: Auditing standards require the auditors to communicate certain matters to the governing board that may assist the JEA Board in its oversight responsibilities.

Recommended Board action: No action is required. This item is submitted for information.

For additional information, contact: Janice Nelson

Submitted by: PEM/MHD/JRN

MISSION
Energizing our community through high-value energy and water solutions.

VISION
JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES

- Safety
- Service
- Growth?
- Accountability
- Integrity

Commitments to Action

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



INTER-OFFICE MEMORANDUM

July 22, 2016

SUBJECT: SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
Tom Petway
Ed Burr
Husein Cumber

BACKGROUND:

Entities that expend \$500,000 or more yearly in Federal Awards are required to have an audit conducted in accordance with requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement. Ernst & Young, LLP (E&Y), issued their Independent Auditors' Report on JEA's Schedule of Expenditures of Federal Awards for the fiscal year ended September 30, 2015. The purpose of the audit is to express an opinion on JEA's compliance with the requirements applicable to its federal program.

DISCUSSION:

Attached is a copy of the Independent Auditors' Report on the Schedule of Expenditures of Federal Awards. JEA had one federal program during fiscal year 2015 which is identified in the schedule below:

FEDERAL AWARDS	Total Grant	Total Expenditures	Expenditures	Total Expenditures	Grant funding	Remaining Grant
Grantor/Federal Program Title/Pass-Through Grantor/	Award	through 9/30/2014	for 9/30/15	through 9/30/2015	Not used	Funding
<i>Direct Program</i>						
Electric Delivery and Energy Reliability, Research, Development and Analysis - ARRA	13,031,547	12,110,571	765,286	12,875,857	155,690	-

RECOMMENDATION:

No action is required. This item is submitted for information, only.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JRN

SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

JEA

Year Ended September 30, 2015

With Report of Independent Certified Public Accountants

Ernst & Young LLP



Building a better
working world

JEA

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2015

Contents

Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-1331

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Report of Independent Certified Public Accountants on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The Chief Executive Officer, Chief Financial Officer, and the Governing Board of JEA
Jacksonville, Florida

Report on Compliance for Each Major Federal Program

We have audited JEA's compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on JEA's major federal program for the year ended September 30, 2015. JEA's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for JEA's major federal program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JEA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of JEA's compliance.

Opinion on Each Major Federal Program

In our opinion, JEA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of JEA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered JEA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of JEA as of and for the year ended September 30, 2015, and have issued our report thereon dated December 9, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst & Young LLP

June 15, 2016



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Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Chief Executive Officer, Chief Financial Officer, and the Governing Board of JEA
Jacksonville, Florida

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of JEA, which comprise the statement of net position as of September 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JEA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JEA's internal control. Accordingly, we do not express an opinion on the effectiveness of JEA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether JEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

December 9, 2015

JEA

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2015

FEDERAL AWARDS	Identification	CFDA	Federal
Grantor/Federal Program Title/Pass-Through Grantor/	Number	Number	Expenditures
U. S. Department of Energy			
<i>Direct Program</i>			
Electricity Delivery and Energy Reliability, Research, Development and Analysis – ARRA	DE-OE0000269	81.122	\$ 765,286
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 765,286</u>

See accompanying notes.

JEA

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2015

1. Presentation and Basis of Accounting

The Schedule of Expenditures of Federal Awards (the Schedule) is prepared on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.

2. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of JEA. In the opinion of management, all grant and grant matching expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

JEA

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2015

Part I – Summary of Auditor’s Results

Financial Statements Section

Type of auditor’s report issued (unmodified, qualified, adverse or disclaimer):

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ **yes** X **no**

Significant deficiency(ies) identified?

_____ **yes** X **none reported**

Noncompliance material to financial statements noted?

_____ **yes** X **no**

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified?

_____ **yes** X **no**

Significant deficiency(ies) identified?

_____ **yes** X **none reported**

Type of auditor’s report issued on compliance for major programs (unmodified, qualified, adverse or disclaimer):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?

_____ **yes** X **no**

JEA

Schedule of Findings and Questioned Costs (continued)

Part I – Summary of Auditor’s Results (continued)

Identification of major programs:

<u>CFDA number(s)</u>	<u>Name of federal program or cluster</u>
81.122 – ARRA	Electricity Delivery and Energy Reliability, Research, Development and Analysis

Dollar threshold used to distinguish between
Type A and Type B programs: _____ \$300,000

Auditee qualified as low-risk auditee? X **yes** **no**

JEA

Schedule of Findings and Questioned Costs (continued)

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

No matters were reported.

Part III – Federal award findings and questioned costs section

This section identifies the audit findings required to be reported by Circular A-133 section .510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving federal awards that are material to a major program.

No matters were reported.

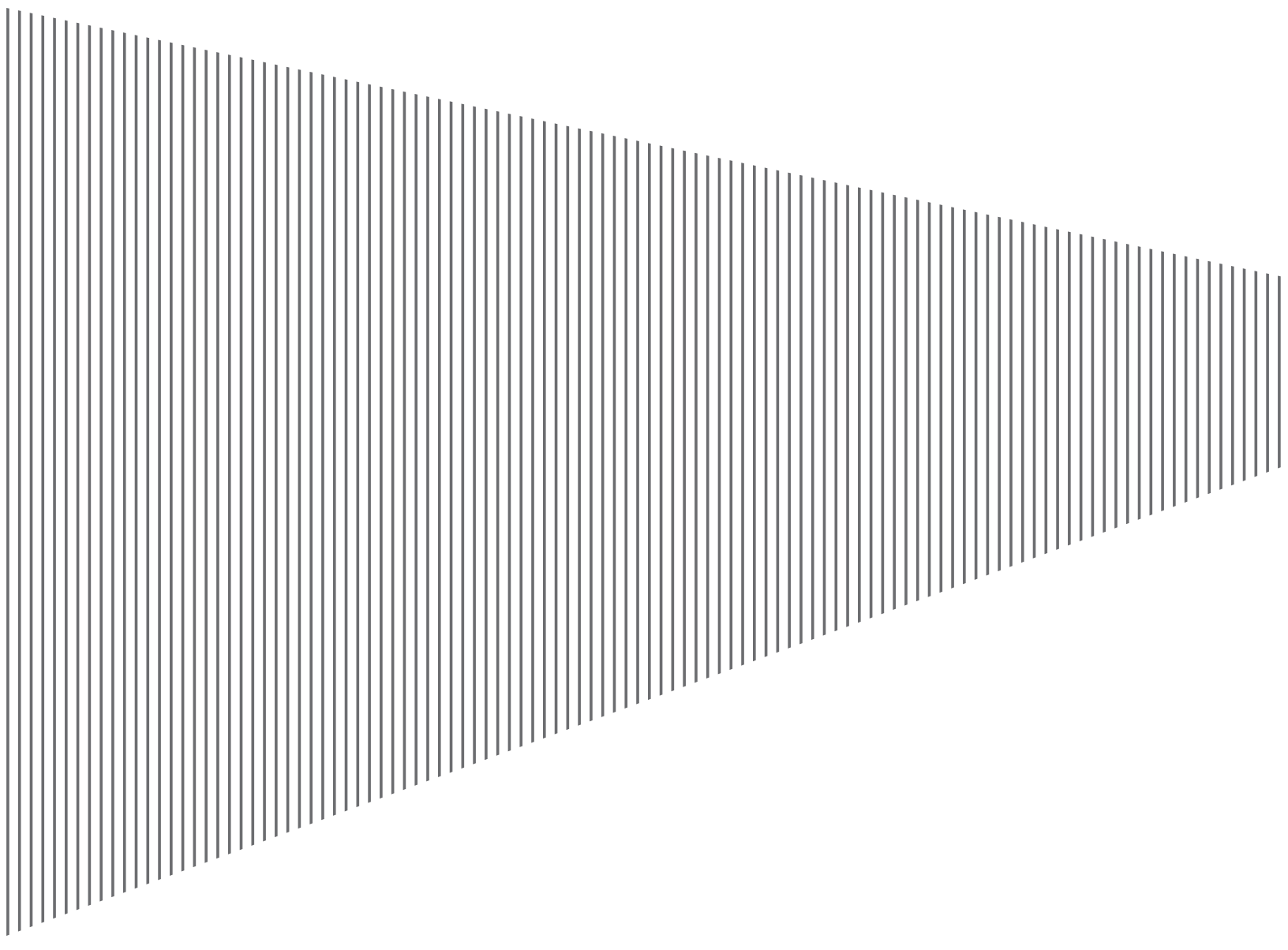
About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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IV. A. 8b.

Ernst & Young FY2016 Annual Financial Audit Plan



AGENDA ITEM SUMMARY

July 22, 2016

SUBJECT:	ERNST & YOUNG FY2016 ANNUAL FINANCIAL AUDIT PLAN
-----------------	---

Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
-----------------	---	---	---

Issue: Ernst & Young (E&Y) has been invited to attend the August 8, 2016 Finance & Audit Committee (FAC) meeting to review the FY2016 annual financial audit scope and approach. At that meeting, E&Y will outline the scope of their services, identify the team that will perform the audit and present the key considerations that will affect the FY2016 audit.

Significance: Auditing standards require the auditors to communicate certain matters to the governing board, which may assist the Board in overseeing management’s financial reporting process.

Effect: To keep in compliance with the Finance and Audit Committee Operating Policy, a formal approval of the annual audit plan is required. The effect of the formal approval is to demonstrate that the governing board has reviewed and is in agreement with the plan. In addition, meeting with auditors to discuss the audit plan assists the Board in overseeing management’s financial reporting process.

Cost or Benefit: There is no cost. See effect above for benefits.

Recommended Board action: Staff recommends that the Finance and Audit Committee recommend to the full Board to approve the attached FY2016 Annual Audit Plan.

For additional information, contact: Janice Nelson

Submitted by: PEM/MHD/JRN

MISSION	VISION	VALUES
		
Energizing our community through high-value energy and water solutions.	JEA is a premier service provider, valued asset and vital partner in advancing our community.	<ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity

Commitments to Action

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

JEA

2016 audit plan

August 8, 2016



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ey.com

The Audit and Finance Committee
JEA

July 25, 2016

Dear Members of the Audit and Finance Committee,

We look forward to discussing the current year audit plan for JEA on August 8, 2016. At that meeting, we will outline the scope of our services, identify the EY team that will perform the audit and present the key considerations that will affect the 2016 audit. We are providing the enclosed materials so you can familiarize yourselves with them prior to our meeting.

The audit is designed to express an opinion on the 2016 financial statements. We are currently completing the planning phase of our audit, and have aligned our procedures to consider JEA's current and emerging business risks and evaluate those risks that could materially affect the financial statements.

We appreciate that JEA selected EY to perform its 2016 audit and are committed to executing a quality audit that embraces the responsibility of serving the Audit and Finance Committee.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Mike Pattillo', with a long horizontal line extending to the right.

Mike Pattillo
Coordinating Partner

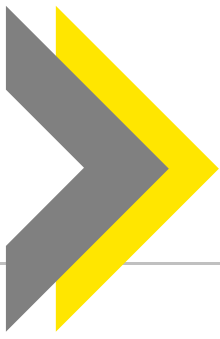
A handwritten signature in black ink, appearing to read 'John DiSanto', with a long horizontal line extending to the right.

John DiSanto
Executive Director

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2016 EY services

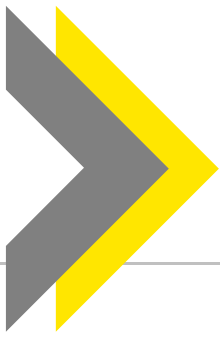
Services and deliverables

Audit and audit-related services

- ▶ Express an opinion on, and report to the Audit and Finance Committee the results of our audit of:
 - The financial statements of JEA - the audit will meet the requirements of Florida Statutes and Rules of the Auditor General of the State of Florida and will be conducted in accordance with auditing standards related to financial statement audits as set forth in the US Government Accountability Offices Government Auditing Standards.
- ▶ JEAs Electric System, Water and Sewer System, Bulk Power Supply, and St. John's River Power Park System of debt service coverage
- ▶ Other reports:
 - Issue a report on internal control over financial reporting compliance with certain provisions of laws, regulations, contracts, and grants and other matters.
 - Issue a report on compliance with requirements applicable to each major federal awards program and internal control over compliance in accordance with the Uniform Guidance, if required
 - Issue a management letter including recommendations for improvements of internal controls and other opportunities based on observations made during the course of the audit
 - Report on other matters as required by Chapter 10.550, Rules of the Auditor General, which govern the conduct of local government entity audits in Florida

Other services

- ▶ Prepare a schedule of findings and questioned costs pursuant to the Uniform Guidance, if required
- ▶ Issue reports on compliance with debt covenants as required by JEA credit agreements
- ▶ Issue a summary results report to the Audit Committee
- ▶ Provide comfort and consent letters for bond offerings, if applicable



Executive summary

Audit timeline

- ▶ We will perform our interim procedures during the months of August and September and our year end procedures during the months of October through November. Refer to the audit timetable on page 6.

Audit scope and strategy

- ▶ Our audit scope and strategy, including significant risks identified, for the 2016 audit is outlined in the "Areas of audit emphasis" section on pages 8-11.

Accounting developments affecting JEA

- ▶ GASB Statement No. 72, *Fair Value Measurement and Application - Effective FY16*
- ▶ GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - Effective FY16*
- ▶ GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans - Effective FY16*

- ▶ GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions - Effective FY17*
- ▶ GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments - Effective FY16*
- ▶ GASB Statement No. 77, *Tax Abatement Disclosures - Effective FY17*
- ▶ GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans - Effective FY17*
- ▶ GASB Statement No. 79, *Certain External Investment Pools and Pool Participants - Effective FY16*
- ▶ GASB Statement No. 80, *Blending Requirements For Certain Component Units - An Amendment of GASB Statement No. 14 - Effective FY16*
- ▶ GASB Statement No. 81, *Irrevocable Split-Interest Agreements - Effective FY17*
- ▶ GASB Statement No. 82, an amendment of GASB Statement No. 67, No. 68 and No. 73. - *Effective FY17*

Topics to be discussed at the meeting with the Audit and Finance Committee:

EY critical insights

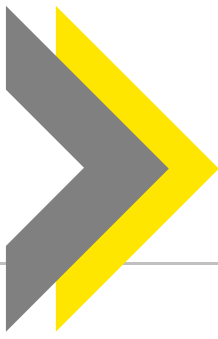
- ▶ Data analytics (page 5)

Significant 2016 considerations (page 8)

- ▶ Revenue recognition
- ▶ Allowance for doubtful accounts
- ▶ Regulatory accounts
- ▶ Legal reserves
- ▶ Derivative instruments and hedging activities
- ▶ Pollution remediation obligations
- ▶ OPEB liabilities
- ▶ Pension plan accounting and reporting
- ▶ Investments
- ▶ Capital assets
- ▶ Asset impairments

Our audit plan (pages 6-12)

Inquiries relating to matters relevant to the audit (page 13)



EY critical insights

Audit analytics

Topic summary

Companies are investing heavily in people, processes and technology to analyze “big data” – including vast amounts of financial data. Audit committees and others charged with governance are expecting auditors to leverage their investment in analytics by challenging traditional audit procedures and providing more relevant business insights. The effective use of analytics can bring confidence, transparency and perspective for a higher quality audit.

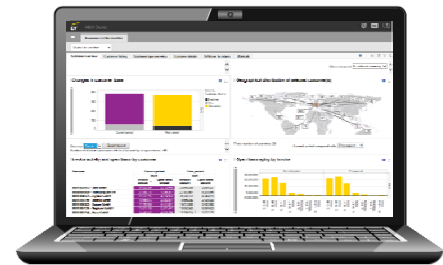
Impact of analytics on the audit

EY Helix, our suite of analytics, enables us to deliver a high quality audit by:

- ▶ Allowing us a deeper understanding of your business by analyzing larger populations of audit relevant data, to present a fuller picture of what happened and identify relevant risks.
- ▶ Identifying trends and anomalies in your processes to help direct our audit efforts in the right areas.
- ▶ Using complete data populations to obtain higher quality audit evidence within areas of higher risk.
- ▶ Delivering relevant feedback and insights during the audit, so you can optimize your business processes and controls.
- ▶ Saving JEA valuable time and effort through our repeatable data capture process using globally-integrated data extraction tools and processes.

Keys to a successful integration of analytics

- ▶ Commitment from management to support the planned data capture and analysis strategy
- ▶ Confirmation that the right people from finance and IT are available to provide approval and access rights for data extraction
- ▶ Support in creating an efficient, repeatable data capture process as quickly as possible to allow for the use of analytics throughout the audit



Comments from the team

- ▶ **Current or prior use of analytics in the audit** – in past periods the EY team has leveraged JEA’s general ledger journal entry data to make journal entry selections based on pre-determined parameters. Sub-ledger data has not been previously used by the audit team.
- ▶ **Preliminary plan for the use of analytics going forward** – establishing a repeatable data capture process for the general ledger journal entry data, and possible use of sub-ledger data from CC&B.

Relevant materials are available on the Center for Board Matters (www.ey.com/boardmatters)

Big data and analytics in the audit process: mitigating risk and unlocking value – In just the last few years, the terms “big data” and “analytics” have become hot topics in company boardrooms around the world. This article helps board members and others charged with governance understand the complexities and have a grasp of the issues surrounding these technology trends.



Our audit plan

Audit timetable

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Planning and risk identification												
Understand service requirements and audit scope and coordinate with management and internal audit			■	■								
Update our understanding of the business			■	■								
Establish the team including determining the need for specialized skills or knowledge			■	■								
Audit planning including identification of significant risks and budgeting			■	■								
Strategy and risk assessment												
Update our understanding of the Company's systems and related IT applications and develop overall audit strategy and audit program			■	■	■							
Evaluate entity level internal controls					■	■						
Update our understanding of significant classes of transactions and perform walkthroughs					■	■						
Make combined (inherent and control) risk assessments and develop audit approach					■	■						
Execution of audit procedures												
Design and perform interim tests of controls					■	■						
Perform interim substantive procedures					■	■						
Update tests of controls							■	■				
Perform year end substantive procedures							■	■				
Perform general audit procedures							■	■				



Our audit plan

Audit timetable

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Conclusion and reporting												
Issue audit opinion on the financial statements												
Communicate audit results to management and the Audit and Finance Committee												
Issue reports to management and the Audit and Finance Committee on any significant deficiencies or material weaknesses												
Issue a management letter including recommendations for improvements in controls and procedures												
Uniform Guidance procedures - to be completed in 2017, if applicable												
Perform planning and fieldwork for major 2016 Programs												
Issue audit opinion on 2016 SEFA, if applicable												
Issue reports to management and those charged with governance on any significant deficiencies or material weaknesses regarding major programs												



Our audit plan

Areas of audit emphasis

Our audit procedures emphasize testing those accounts, contracts, or transactions where we believe there is the greatest risk of material misstatement to the financial statements, whether due to error or fraud. We consider the effects of current market risk factors on JEA, and also place emphasis on those areas requiring subjective determinations by management. We will reassess our risk assessment and other internal and external factors influencing JEA throughout our audit, and communicate to you any changes to our initial plan, as necessary. Our areas of audit emphasis, including areas with identified significant risks, are as follows. Our proposed audit plan is detailed on pages following:

▸ Revenue recognition

▸ Allowance for doubtful accounts

▸ Regulatory accounts

▸ Legal reserves

▸ Derivative instruments and hedging activities

▸ Pollution remediation obligations

▸ Other postretirement benefits liabilities

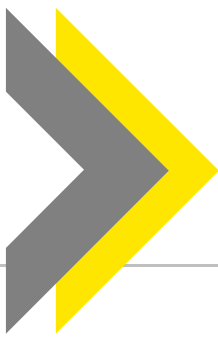
▸ Pension plan accounting and reporting

▸ Investments

▸ Capital assets

▸ Asset impairments

■ **Shaded/asterisked areas indicate accounts or transactions identified as having significant risks, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations.



Our audit plan

Areas of audit emphasis

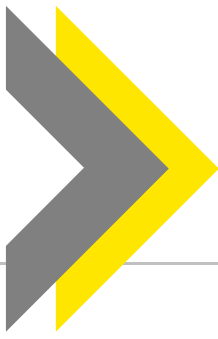
Area of emphasis	Summary of planned audit procedures
<p>Revenue recognition</p> <p>JEA recognizes revenues for estimated services provided on its electric and water and sewer infrastructure. Unbilled revenue relates to services that have not yet been billed to the end customer at fiscal period-end. The calculation is based upon approved rates and historical consumption trends.</p> <p>JEA is a member of The Energy Authority (TEA), a municipal power marketing and risk management joint venture. In addition to providing its members with wholesale power marketing and resource management services, TEA also assists JEA with natural gas procurement and related gas hedging activities. JEA records energy marketing activity in the period when the energy is delivered.</p> <p>Intergovernmental revenues are recognized when the applicable eligibility requirements, including time requirements, are met. Resources remitted before the eligibility requirements are met should, under most circumstances, be reported as deferred revenue. JEA receives revenue from various federal and state-assisted grant programs. Programs are generally reimbursement-based, and JEA records revenue once expenditures for allowable purposes are made or upon compliance with the terms and conditions of grant agreements and applicable regulations.</p>	<ul style="list-style-type: none">▶ Review calculation of unbilled revenue▶ Test contractual arrangements, including unique terms and conditions, to obtain reasonable assurance of compliance with the applicable accounting standards▶ Test timing of revenue recognition based on the terms of the arrangement▶ Confirm terms and conditions with both customers and management as considered necessary▶ Test account reconciliations to determine timely completion and review▶ Perform detailed analytical review procedures, by system, including predictive analytics based on verifiable consumption and production data▶ Perform detailed tests over a sample of revenue transactions to assess the appropriateness and accuracy of recorded amounts
<p>Allowance for doubtful accounts</p> <p>An allowance for doubtful accounts is established based on JEA's best estimate of billed amounts that will not be collected from its customers.</p>	<ul style="list-style-type: none">▶ Test allowance for doubtful accounts calculation, including the aging of receivables▶ Validate assumptions based on retrospective review of prior estimates▶ Evaluate the appropriateness of the financial statement presentation and disclosure
<p>Regulatory accounts</p> <p>Regulatory accounts are recorded when either future revenues are expected to recover incurred expenses or when amounts have been collected through rates in advance. JEA's regulatory accounts are associated with the Electric, Waster & Sewer, SJRPP and Bulk power systems pursuant to 3rd party agreements, and generally relate to the timing differences between recognition of capital asset costs (depreciation) and amounts collected in rates to cover debt service requirements.</p>	<ul style="list-style-type: none">▶ Test approval of any new regulatory assets/liabilities▶ Verify that amortization and expense recognition are consistent with rate recovery▶ Vouch significant activity▶ Test account reconciliations▶ Perform projection tests to determine that regulatory accounts will be recovered/amortized over the remaining maturities/useful lives of related debt and capital assets



Our audit plan

Areas of audit emphasis

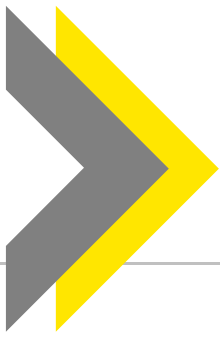
Area of emphasis	Summary of planned audit procedures
<p>Legal reserves</p> <p>Accruals are recorded for regulatory and legal proceedings that arise in the ordinary course of business when probable and subject to reasonable estimation.</p> <p>Many factors are considered in making an assessment of a contingency, including history and stage of litigation. Estimates are based upon consultation with legal counsel (in-house and/or external). Legal fees are generally expensed as incurred.</p>	<ul style="list-style-type: none"> ▶ Interview management and in-house legal counsel regarding all litigation ▶ Obtain external letters from counsel ▶ Review legal accruals and expenses for appropriateness based on management inquiry and responses from outside counsel
<p>Derivative instruments and hedging activities</p> <p>JEA uses derivative contracts to manage its exposure to changes in energy commodity prices and interest rates. Derivative contracts are accounted for in accordance with GASB 53. The gains and losses from the change in fair market value of JEA's derivative instruments are deferred if hedge effectiveness is maintained.</p>	<ul style="list-style-type: none"> ▶ Test assessment of hedge effectiveness documentation, including re-performance where quantitative methods are used ▶ Confirm instruments with counterparties ▶ Test recorded market values using independently developed estimates ▶ Test fuel hedge contract settlements ▶ Evaluate disclosures ▶ Reconsider normal purchase/normal sales assumptions for commodity contracts
<p>Pollution remediation obligations</p> <p>JEA records accruals for costs for future and ongoing remediation, litigation and administrative expenses when these amounts are estimable. As required by GASB 49, management applies probability assessments to expected future cash outflows for remediation activities to determine the amounts accrued.</p>	<ul style="list-style-type: none"> ▶ Inquire of management and internal or external engineers regarding remediation plans and efforts ▶ Obtain evidence of the remediation plans and review and test management's probability assumptions for remediation activities ▶ Review estimated recoveries and obtain evidence that amounts recorded are considered probably of occurring
<p>Other postretirement benefits liabilities</p> <p>JEA engages an actuary to calculate the liability related to the other post-employment benefit liability.</p> <p>JEA's benefit obligations recognizable under these standards are significantly affected by certain assumptions, among which are the discount rate, long-term rate of return on plan assets, life expectancies and the assumed health care cost trend rate assumption.</p>	<ul style="list-style-type: none"> ▶ Review key assumptions for reasonableness ▶ Test census data provided to the actuaries ▶ Develop independent estimates for corroboration



Our audit plan

Areas of audit emphasis

Area of emphasis	Summary of planned audit procedures
Pension plan accounting and reporting - COJ Plan	
In accordance with GASB 68 JEA is required to record a liability for it's unfunded pension obligations for the City of Jacksonville (COJ) cost-sharing multi employer pension plan.	<ul style="list-style-type: none"> ▶ Review actuary reports for reasonableness of assumptions and methodology ▶ For cost sharing plan (City Plan) obtain allocation schedule to determine the City's liabilities, expenses, deferred inflows and outflows ▶ In accordance with AU-C 805, obtain a report on elements from CRI ▶ Census data testing for JEA plan participants ▶ Assess reasonableness of require disclosures
Pension plan accounting and reporting - SJRPP Plan	
In accordance with GASB 68 JEA is required to record a liability for it's unfunded pension obligations for the SJRPP single employer pension plan.	<ul style="list-style-type: none"> ▶ Review actuary reports for reasonableness of assumptions and methodology ▶ For single employer plan, obtain actuary's reports and procedures performed by plan auditors ▶ In accordance with AU-C 805, obtain a report on elements from KBLD ▶ Assess reasonableness of require disclosures
Investments	
All investments are stated at fair value based on quoted market prices or other observable market inputs (e.g., matrix pricing for fixed income securities).	<ul style="list-style-type: none"> ▶ Assess estimation uncertainty for significant classes of securities in JEA's portfolio ▶ Confirm investments with custodial institutions and managers ▶ Test valuation for selected securities using alternative pricing sources ▶ Test selected transactions ▶ Evaluate GASB 40 risk disclosures
Capital assets	
Property and equipment is carried at historical cost. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets ranging from 5 to 50 years.	<ul style="list-style-type: none"> ▶ Review expenses to determine expenses should be capitalized versus expensed ▶ Test selection of assets added during fiscal year 2015 ▶ Review depreciation for reasonableness
Asset impairments	
JEA assesses recoverability of long-lived assets as indicators of impairment become known, as required by GASB Statement No. 42. If an impairment indicator or change in circumstance affecting the value of the asset has occurred, JEA would evaluate the need for an impairment charge by determining whether the carrying value is recoverable based on expected future cash flows of the asset. The assets are reduced to reflect their fair value if they are determined to be unrecoverable.	<ul style="list-style-type: none"> ▶ Review and evaluate impairment indicators through inquiries and review of other records and meeting minutes ▶ Discuss and understand management's assessment if a change in circumstance potentially effects the value of an asset ▶ If applicable, test impairment computations and disclosures



Our audit plan

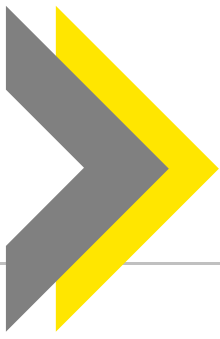
Involvement of council auditors and others

Areas where EY is using the work of council auditors and subcontractor staff for direct assistance:

- Test of controls/transactions
- Substantive procedures for certain audit areas (including cash and investments, accounts receivable, capital assets, accounts payable, long-term debt)

Direct assistance model:

- ▶ EY will work closely with council auditors and subcontractor staff, who provide us direct assistance:
 - On-site direction and supervision
 - Detailed review of working papers



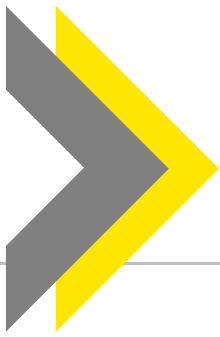
Inquiries relating to matters relevant to the audit

We perform inquiries related to fraud and other matters to help inform our audit strategy and execution of our audit procedures. As a part of our upcoming meeting, we would like to discuss the following topics with you in order to understand any matters of which you believe we should be aware, including, but not limited to:

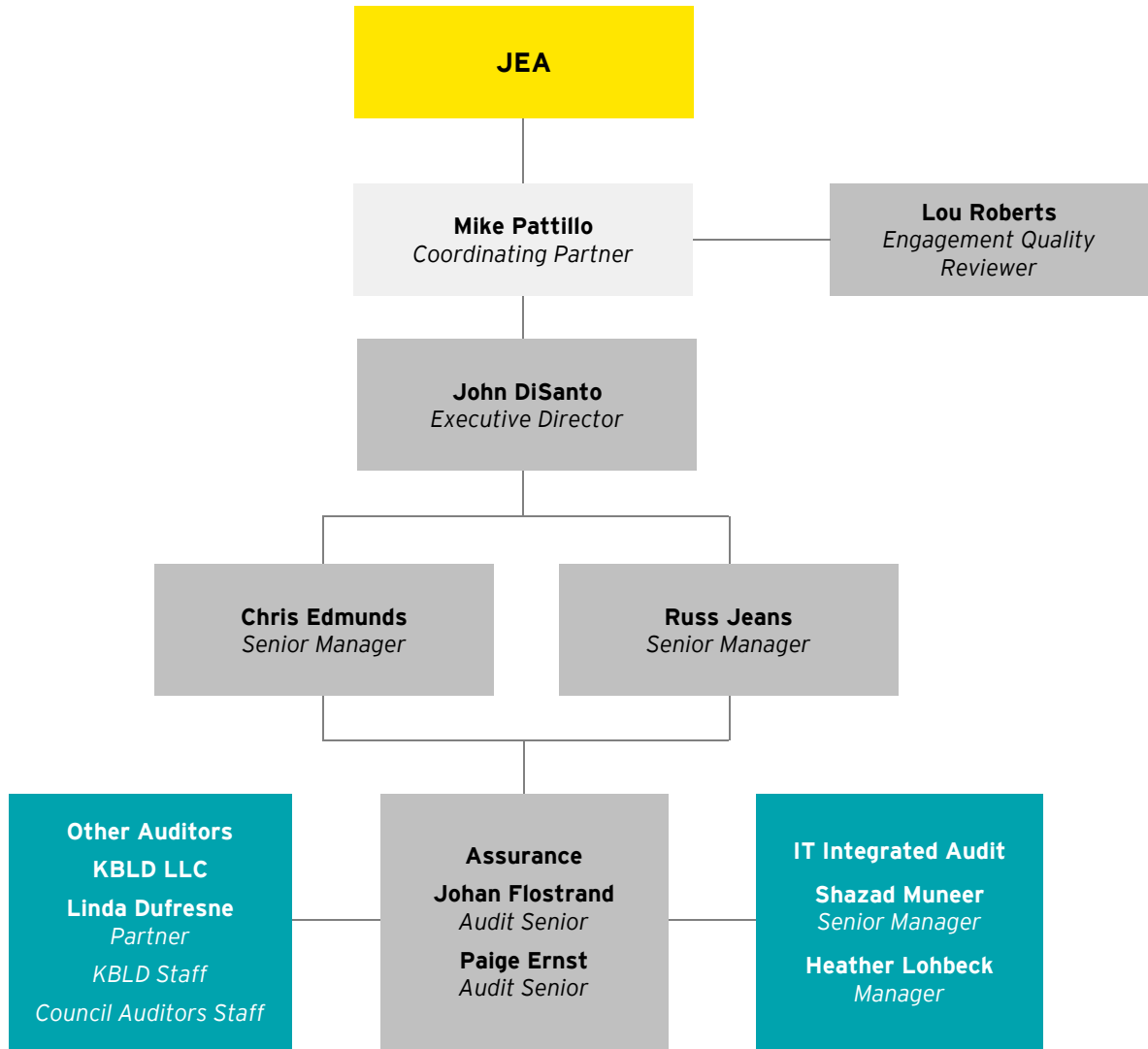
- ▶ Your views about the risks of material misstatements due to fraud, including the risks of management override of controls
- ▶ Your knowledge of any actual, alleged or suspected fraud
- ▶ How you exercise oversight over JEA's assessment of fraud risks and the establishment of controls to address these risks
- ▶ Your awareness of other matters, you believe, are relevant to the audit including, but not limited to, violations or possible violations of laws or regulations

- ▶ Your understanding of JEA's relationships and transactions with related parties that are significant to JEA
- ▶ Whether you have any concerns regarding relationships or transactions with related parties and, if so, the substance of those concerns

When we identify a fraud risk, including a fraud risk that arises through or is associated with the risk of management override of controls, we perform audit procedures to address those risks. In addition to any specific responses related to the fraud risk, we also examine journal entries, review accounting estimates for management bias and evaluate the business rationale of significant unusual transactions as required by our professional standards.



Client service team





Summary of required communications

Provided below is a summary of required communications between the audit team and those charged with governance.

Services and deliverables	Communicate when event occurs	Communicate on a timely basis, at least annually
Overview of the planned scope and timing of the audit		X
Auditor's responsibility under generally accepted auditing standards, including discussion of the type of auditor's report we are issuing and if there are any events or conditions that cause us to conclude that there is substantial doubt about the entity's ability to continue as a going concern		X
Our views about the qualitative aspects of the entity's significant accounting practices, including:		
▸ Accounting policies		X
▸ Additional views		X
Uncorrected misstatements, related to accounts and disclosures, considered by management to be immaterial		X
Material corrected misstatements, related to accounts and disclosures		X
Significant deficiencies and material weaknesses in internal control	X	X
Our responsibility, any procedures performed and the results relating to other information in documents containing audited financial statements		X
Fraud and illegal acts	X	
Independence matters		X
Representations we are requesting from management		X
Changes to the terms of the audit with no reasonable justification for the change	X	
Significant findings and issues arising during the audit relating to related parties	X	
Significant findings or issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management	X	
Significant difficulties encountered during the audit	X	
Disagreements with management	X	
Management's consultations with other accountants	X	
Findings regarding external confirmations	X	
AICPA ethics ruling regarding third-party service providers		X
Other findings or issues regarding the oversight of the financial reporting process	X	

Appendix



Appendix A System review report



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

System Review Report

To the Partners of Ernst & Young LLP
and the National Peer Review Committee of the AICPA Peer Review Board:

We have reviewed the system of quality control for the accounting and auditing practice of Ernst & Young LLP (the firm) applicable to non-SEC issuers, in effect for the year ended June 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) I and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Ernst & Young LLP, applicable to non-SEC issuers, in effect for the year ended June 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Ernst & Young LLP has received a peer review rating of *pass*.

KPMG LLP

December 6, 2013

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

About EY's Assurance Services

Our assurance services help our clients meet their reporting requirements by providing an objective and independent examination of the financial statements that are provided to investors and other stakeholders. Throughout the audit process, our teams provide timely and constructive challenge to management on accounting and reporting matters and a robust and clear perspective to audit committees charged with oversight.

The quality of our audit starts with our 60,000 assurance professionals, who have the breadth of experience and on-going professional development that comes from auditing many of the world's leading companies.

For every client, we assemble the right multidisciplinary team with the sector knowledge and subject-matter expertise to address your specific issues. All teams use our Global Audit Methodology and latest audit tools to deliver consistent audits worldwide.

IV. A. 9a.

Electric System and Water and Sewer System Reserve Fund Quarterly Report



Building Community

AGENDA ITEM SUMMARY

July 25, 2016

SUBJECT:	ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE FUND QUARTERLY REPORT
-----------------	---

Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
-----------------	--	--	---

Issue: Electric System and Water and Sewer System Reserve Fund Quarterly Report as of June 30, 2016. This report is provided for transparency into JEA’s reserve fund accounts and various cash balances. Staff is continuing to analyze JEA’s cash and reserve positions, balancing the cost of carrying cash against the importance of liquidity to meet JEA’s day-to-day operations, bond resolution requirements and credit ratings. Staff plans to report on this analysis at a future Finance and Audit Committee meeting.

Significance: Low. JEA’s liquidity position is an important balance between operating security and flexibility, financial metrics, and carrying cost of cash.

Effect: JEA operational needs, bond resolution requirements, and credit ratings.

Cost or Benefit: JEA’s reserves are an important component of operating security and flexibility, a critical credit ratings factor.

Recommended Board action: No action required; provided for information only.

For additional information, contact: Joe Orfano, Treasurer, 665-4541

Submitted by: PEM/MHD/JEO/BHG

MISSION



Energizing our community through high-value energy and water solutions.

VISION



JEA is a premier service provider, valued asset and vital partner in advancing our community.

VALUES



- Safety
- Service
- Growth?
- Accountability
- Integrity

Commitments to Action

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



INTER-OFFICE MEMORANDUM

July 25, 2016

SUBJECT: **ELECTRIC SYSTEM AND WATER AND SEWER SYSTEM RESERVE
FUND QUARTERLY REPORT**

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
Tom Petway
Ed Burr
Husein Cumber

BACKGROUND:

At the May 7, 2012 Finance and Audit Committee meeting, JEA staff presented schedules reflecting historical and projected activity in JEA's Electric System and Water and Sewer System unrestricted and restricted fund balances. Many of these reserves are required under the respective System's bond resolutions or under Board approved policies such as Pricing Policy or Debt Management Policy. JEA staff also stated that these schedules would be provided to the JEA Board on a quarterly basis beginning in August 2012.

DISCUSSION:

Attached are the reserve fund schedules referenced above for the period ending June 30, 2016.

RECOMMENDATION:

No action required; provided for information only.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/BHG

Electric System and Water & Sewer System Reserve and Fund Balances (1)

For the Fiscal Quarter Ending June 30, 2016

(In Thousands of Dollars)

Electric System	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Fiscal Year</u>	<u>Detail</u>
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>Page #</u>
Unrestricted					
Operations/Revenue Fund	\$ 46,588	\$ 43,178	\$ 46,624	\$ 51,534	
Debt Management Strategy Reserve	-	-	-	-	3
Self Insurance Reserve Fund					
• Property	10,000	10,000	10,000	10,000	4
• Employee health insurance	15,914	10,749	10,937	9,827	5
Rate Stabilization					
• Fuel	108,289	105,457	150,742	180,303	6
• DSM/conservation	3,891	3,570	2,886	3,159	7
• Environmental	10,023	16,639	23,430	29,909	8
• Debt Management	42,126	42,126	42,126	42,126	9
• Non-Fuel Purchased Power	-	12,000	38,000	34,401	10
Environmental	18,662	18,662	18,662	18,556	11
Customer Deposits	44,882	42,688	42,389	41,757	12
Total Unrestricted	300,375	305,069	385,796	421,572	
Unrestricted Days of Cash on Hand	129	123	182	204	
Restricted					
Debt Service Funds (Sinking Funds)	101,305	120,458	134,927	137,332	13
Debt Service Reserve Funds	64,841	64,841	64,595	60,582	14
Renewal and Replacement Funds/OCO (2)	140,486	146,910	145,711	135,800	15
Construction Funds	5,184	42	-	-	16
Total Restricted	311,816	332,251	345,233	333,714	
Total Electric System	\$ 612,191	\$ 637,320	\$ 731,029	\$ 755,286	
<hr/>					
Water and Sewer System					
Unrestricted					
Operations/Revenue Fund	\$ 5,886	\$ 9,227	\$ 22,588	\$ 21,587	
Debt Management Strategy Reserve	304	304	-	-	17
Rate Stabilization					
• Debt Management	20,290	20,291	20,290	20,290	18
• Environmental				1,456	19
Customer Deposit	13,860	12,787	13,255	13,785	20
Total Unrestricted	40,340	42,609	56,133	57,118	
Unrestricted Days of Cash on Hand	110	118	149	147	
Restricted					
Debt Service Funds (Sinking Funds)	80,317	75,019	67,720	66,209	21
Debt Service Reserve Funds	119,915	116,829	108,849	108,086	22
Renewal and Replacement Funds					
• R&R/OCO (3)	78,689	59,295	37,337	66,169	23
• Capacity Fees/State Revolving Loans	60,360	76,887	90,912	97,808	24
• Environmental	(9,857)	5,299	19,245	-	25
Construction Funds	2,305	326	664	-	26
Total Restricted	331,729	333,655	324,727	338,272	
Total Water & Sewer System	\$ 372,069	\$ 376,264	\$ 380,860	\$ 395,390	

(1) This report does not include Scherer, SJRPP, DES or funds held on behalf of the City of Jacksonville.

(2) Balance includes \$47,000 of Electric System Renewal and Replacement Reserve for MADS calculation.

(3) Balance includes \$20,000 of Water & Sewer System Renewal and Replacement Reserve for MADS calculation.

Funds Established Per the Bond Resolutions

Fund/Account Description	Electric System	Water and Sewer System
Revenue Fund	Net Revenues (i.e. Revenues minus Cost of Operation and Maintenance), pledged to bondholders, balance available for any lawful purpose after other required payments under the bond resolution have been made.	Pledged to bondholders; balance available for any lawful purpose after other required payments under the bond resolution have been made, however, revenues representing impact fees may only be used to finance costs of expanding the system or on the debt service on bonds issued for such expansion purposes.
Rate Stabilization Fund	Not pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; able to transfer to any other fund or account established under the resolution or use to redeem Bonds.
Subordinated Rate Stabilization Fund	Pledged to bondholders; available for any lawful purpose.	Pledged to bondholders; available for any lawful purpose.
Debt Service Account	Pledged to bondholders; used to pay debt service on bonds.	Pledged to bondholders; used to pay debt service on bonds.
Debt Service Reserve Account	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.	Pledged to bondholders; used to pay debt service on bonds in the event revenues were insufficient to make such payments.
Renewal and Replacement Fund	Not pledged to bondholders but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions) .	Pledged to bondholders; but required amounts deposited into this Fund pursuant to the bond resolution are limited as to what they can be spent on (e.g. capital expenditures and, bond redemptions).
Construction Fund	Pledged to bondholders; applied to the payment of costs of the system.	Pledged to bondholders; applied to the payment of costs of the system.
Subordinated Construction Fund	Pledged to bondholders; applied to the payment of costs of the system	Pledged to bondholders; applied to the payment of costs of the system
Construction Fund - Construction Reserve Account	Pledged to bondholders; applied to fund downgraded reserve fund sureties.	Pledged to bondholders; applied to fund downgraded debt service reserve fund sureties.
General Reserve Fund	Not pledged to bondholders; available for any lawful purpose.	n/a

Regardless of whether the Funds/Accounts are designated as pledged, in the event that monies in the Debt Service Account are insufficient to pay debt service on the bonds, pursuant to the respective bond resolutions, amounts in the various Funds/Accounts are required to be transferred to the respective Debt Service Accounts and used to pay debt service.

Electric System Debt Management Reserve

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

	Actual as of 06/30/2016		Full Year			Projection		
	Current	Year -to-Date	2016	2016	Prior Year	2017	2018	2019
	Quarter		Forecast	Budget	Actual			
<i>(In Thousands)</i>								
Opening Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -
Additions:								
Contributions				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel								
Withdrawals			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 12,257	\$ 12,257	\$ 12,257	\$ -	\$ -	\$ -	\$ 12,257	\$ 7,354	\$ 12,257
Additions:									
Contributions	-	-	-	-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Withdrawals	-	-	12,257	-	-	-	-	4,086	12,257
Sub-total	\$ -	\$ -	\$ 12,257	\$ -	\$ -	-	-	-	-
Ending balance	\$ 12,257	\$ 12,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,903	\$ 12,257

Observations:

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF - Debt Management for that year.
- A portion of this reserve was used to pay on interest rate swap terminations in connection with a refunding of variable rate debt in February 2013, and the remainder was used in Sept 2013 for a defeasance.

Electric System Self Insurance - Property

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Budget Appropriation

Metric: Budgeted Deposit = \$10 million

Definitions and Goals: JEA's self-insurance fund is for catastrophic damage to JEA's electric lines (transmission and distribution) caused by the perils of hurricanes, tornadoes, and ice storms. This fund was established in October, 1992, as an alternative to JEA's procurement of commercial property insurance.

<i>(In Thousands)</i>	Actual as of 06/30/2016		Full Year			Projection		
	Current	Year -to-Date	2016	2016	Prior Year	2017	2018	2019
	Quarter	Year -to-Date	Forecast	Budget	Actual	<u>2017</u>	<u>2018</u>	<u>2019</u>
Opening Balance	\$ 10,000	\$ 10,000	\$ 10,000	N/A	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Additions:								
Reserve Contribution				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel								
Reserve Withdrawal				N/A				
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 10,000	\$ 10,000	\$ 10,000	N/A	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

	Historical					Statistical			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	Low	Median	Mean	High
Opening Balance	\$ 3,500	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 3,500	\$ 10,000	\$ 8,700	\$ 10,000
Additions:									
Reserve Contribution	6,500					6,500	6,500	6,500	6,500
Sub-total	\$ 6,500	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Reserve Withdrawal						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000

Electric System Self Insurance - Employee Health Insurance

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Florida Statute for self insured government plans

Metric: An actuary calculates amount annually

Definitions and Goals: This reserve fund is a requirement under Florida Statute 112.08 that requires self insured government plans to have enough money in a reserve fund to cover the Incurred But Not Reimbursed (IBNR) claims and a 60 day surplus of claims. The IBNR claims are claims that would still need to be paid if the company went back to a fully insured plan or dropped coverage all together. An actuary calculates this amount annually.

<i>(In Thousands)</i>	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	<u>2017</u>	<u>2018</u>	<u>2019</u>
Opening Balance	\$ 12,526	\$ 10,937	\$ 10,937	N/A	\$ 10,749	\$ 9,827	\$ 9,597	\$ 9,349
Additions:								
Employee Contributions	1,382	4,084	8,168	N/A	5,447	9,021	9,743	10,522
Retiree & Other Contributions	1,691	4,228	8,456		5,141	10,732	11,591	12,518
Employer Contributions	4,968	19,296	17,717		22,220	16,688	18,023	19,465
• Fuel	\$ 8,041	\$ 27,608	\$ 34,341	\$ -	\$ 32,808	\$ 36,441	\$ 39,356	\$ 42,505
Deductions:								
Payments for Claims	7,942	24,819	28,851	N/A	30,408	29,543	31,906	34,459
Actuary & Other Payments	549	1,650	6,600		2,212	7,128	7,698	8,314
Sub-total	\$ 8,491	\$ 26,469	\$ 35,451	\$ -	\$ 32,620	\$ 36,671	\$ 39,605	\$ 42,773
Ending Balance	\$ 12,076	\$ 12,076	\$ 9,827	N/A	\$ 10,937	\$ 9,597	\$ 9,349	\$ 9,080

<i>(In Thousands)</i>	Historical					Statistical			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	Low	Median	Mean	High
Opening Balance	\$ 8,227	\$ 12,505	\$ 15,440	\$ 15,914	\$ 10,749	\$ 8,227	\$ 12,505	\$ 12,567	\$ 15,914
Additions:									
Employee Contributions	5,926	6,147	5,893	4,573	5,447	4,573	5,893	5,597	6,147
Retiree & Other Contributions	4,725	6,910	5,701	5,188	5,141	4,725	5,188	5,533	6,910
Employer Contributions	20,484	21,155	20,629	14,252	22,220	14,252	20,629	19,748	22,220
Sub-total	\$ 31,135	\$ 34,212	\$ 32,223	\$ 24,013	\$ 32,808				
Deductions:									
Payments for Claims	24,699	29,220	29,354	27,157	30,408	24,699	29,220	28,168	30,408
Actuary & Other Payments	2,158	2,057	2,395	2,021	2,212	2,021	2,158	2,169	2,395
Sub-total	\$ 26,857	\$ 31,277	\$ 31,749	\$ 29,178	\$ 32,620				
Ending balance	\$ 12,505	\$ 15,440	\$ 15,914	\$ 10,749	\$ 10,937	\$ 10,749	\$ 12,505	\$ 13,109	\$ 15,914

Observations:

- Self Insurance for Employee Health Insurance began in July 2009.
 - Projections are using the 8% rate of increase based on information obtained from the Actuarial Memorandum and Report.
- Calendar year data is presented above in fiscal year format.

Electric System Rate Stabilization - Fuel Management

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Targeted 15% of total annual projected energy costs

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Established pursuant to the section VII and Section IX of the Pricing Policy, the Fuel Reserve target is 15% of the greater of (a) the maximum 12-month historical fuel cost or (b) the projected 12-month fuel cost. Withdrawals from the Rate Stabilization Fund for fuel stabilization are limited to the following purposes: (a) to reduce the variable fuel rate charge to the customers for a determined period of time; (b) to reduce the excess of the actual fuel and purchased power expense for the fiscal year over the variable fuel rate revenues; (c) to be rebated back to the customers as a credit against the electric bill; and/or (d) to reimburse the costs associated with any energy risk management activities.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
<i>(In Thousands)</i>								
Opening Balance	\$ 149,726	\$ 150,742	\$ 150,742	N/A	\$ 105,457	\$ 180,303	\$ 218,008	\$ 218,008
Additions:								
Contributions	19,100	74,690	86,167	25,255	95,224	37,705		
Sub-total	\$ 19,100	\$ 74,690	\$ 86,167	\$ 25,255	\$ 95,224	\$ 37,705	\$ -	\$ -
• Fuel								
Withdrawals								
Customer Fuel Rebate Credit		56,606	56,606	-	49,939			
Sub-total	\$ -	\$ 56,606	\$ 56,606	\$ -	\$ 49,939	\$ -	\$ -	\$ -
Ending Balance	\$ 168,826	\$ 168,826	\$ 180,303	N/A	\$ 150,742	\$ 218,008	\$ 218,008	\$ 218,008

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 55,935	\$ 24,990	\$ 92,362	\$ 108,289	\$ 105,457	\$ 24,990	\$ 92,362	\$ 77,407	\$ 108,289
Additions:									
Contributions	53,465	76,763	52,523	22,496	95,224	22,496	53,465	60,094	95,224
Sub-total	\$ 53,465	\$ 76,763	\$ 52,523	\$ 22,496	\$ 95,224	-	-	-	-
Deductions:									
Withdrawals	84,410	9,391				9,391	46,901	46,901	84,410
Customer Fuel Rebate Credit			36,596	25,328	49,939	25,328	36,596	37,288	49,939
Sub-total	\$ 84,410	\$ 9,391	\$ 36,596	\$ 25,328	\$ 49,939	-	-	-	-
Ending balance	\$ 24,990	\$ 92,362	\$ 108,289	\$ 105,457	\$ 150,742	\$ 24,990	\$ 105,457	\$ 96,368	\$ 150,742

Observations:

- Actual and historical numbers reflect fuel recovery contributions and withdrawals on a gross basis. Forecast and projected numbers reflected on a net basis. The fuel recovery charge ended 12/31/11.

Electric System Rate Stabilization - Demand Side Management (DSM)

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Pursuant to section VII of the Pricing Policy, \$0.50 per 1,000 kWh plus \$0.01 per kWh residential conservation charge for consumption greater than 2,750 kWh monthly. These revenue sources are to fund demand side management and conservation programs.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
<i>(In Thousands)</i>								
Opening Balance	\$ 2,943	\$ 2,886	\$ 2,886	N/A	\$ 3,570	\$ 3,159	\$ 8,648	\$ 8,648
Additions:								
Contributions	1,668	4,835	6,856	6,942	7,059	7,564	6,844	6,844
Other								
Sub-total	\$ 1,668	\$ 4,835	\$ 6,856	\$ 6,942	\$ 7,059	\$ 7,564	\$ 6,844	\$ 6,844
• Fuel								
Withdrawals	1,536	4,646	6,583	7,674	7,743	2,075	6,844	6,844
Sub-total	\$ 1,536	\$ 4,646	\$ 6,583	\$ 7,674	\$ 7,743	\$ 2,075	\$ 6,844	\$ 6,844
Ending Balance	\$ 3,075	\$ 3,075	\$ 3,159	N/A	\$ 2,886	\$ 8,648	\$ 8,648	\$ 8,648

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 10,813	\$ 10,703	\$ 6,912	\$ 3,891	\$ 3,570	\$ 3,570	\$ 6,912	\$ 7,178	\$ 10,813
Additions:									
Contributions	7,978	6,657	6,683	6,929	7,059	6,657	6,929	7,061	7,978
Transfer from Rev Fd						-	-	-	-
Sub-total	\$ 7,978	\$ 6,657	\$ 6,683	\$ 6,929	\$ 7,059				
Deductions:									
Withdrawals	8,088	10,448	9,704	7,250	7,743	7,250	8,088	8,647	10,448
Sub-total	\$ 8,088	\$ 10,448	\$ 9,704	\$ 7,250	\$ 7,743				
Ending balance	\$ 10,703	\$ 6,912	\$ 3,891	\$ 3,570	\$ 2,886	\$ 2,886	\$ 3,891	\$ 5,592	\$ 10,703

Observations:

- Rate Stabilization Fund for Demand Side Management began in April 2009.

Electric System Rate Stabilization - Environmental

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: \$0.62 per 1,000 kWh

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to this fund began in fiscal year 2010 for amounts representing the Electric System Environmental Charge (\$0.62 per 1000 kWh). Withdrawals from this reserve will represent payments for regulatory initiatives such as the premium cost of renewable energy generation which is considered available for JEA's capacity plans.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
<i>(In Thousands)</i>								
Opening Balance	\$ 26,752	\$ 23,430	\$ 23,430	N/A	\$ 16,639	\$ 29,909	\$ 35,774	\$ 40,654
Additions:								
Contributions	1,975	5,429	7,562	7,320	7,586	7,942	4,880	3,660
Sub-total	\$ 1,975	\$ 5,429	\$ 7,562	\$ 7,320	\$ 7,586	\$ 7,942	\$ 4,880	\$ 3,660
• Fuel								
Withdrawals	340	472	1,083	2,442	795	2,077		
Sub-total	\$ 340	\$ 472	\$ 1,083	\$ 2,442	\$ 795	\$ 2,077	\$ -	\$ -
Ending Balance	\$ 28,387	\$ 28,387	\$ 29,909	N/A	\$ 23,430	\$ 35,774	\$ 40,654	\$ 44,314

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 2,467	\$ 4,232	\$ 5,343	\$ 10,023	\$ 16,639	\$ 2,467	\$ 5,343	\$ 7,741	\$ 16,639
Additions:									
Contributions	6,583	2,436	5,650	7,395	7,586	2,436	6,583	5,930	7,586
Sub-total	\$ 6,583	\$ 2,436	\$ 5,650	\$ 7,395	\$ 7,586	-	-	-	-
Deductions:									
Withdrawals	4,818	1,325	970	779	795	779	970	1,737	4,818
Sub-total	\$ 4,818	\$ 1,325	\$ 970	\$ 779	\$ 795	-	-	-	-
Ending balance	\$ 4,232	\$ 5,343	\$ 10,023	\$ 16,639	\$ 23,430	\$ 4,232	\$ 10,023	\$ 11,933	\$ 23,430

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

Electric System Rate Stabilization - Debt Management

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
	<i>(In Thousands)</i>							
Opening Balance	\$ 42,126	\$ 42,126	\$ 42,126	N/A	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126
Additions:								
Contributions				N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel								
Withdrawals					-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 42,126	\$ 42,126	\$ 42,126	N/A	\$ 42,126	\$ 42,126	\$ 42,126	\$ 42,126

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 19,213	\$ 35,930	\$ 41,611	\$ 42,126	\$ 42,126	\$ 19,213	\$ 41,611	\$ 36,201	\$ 42,126
Additions:									
Contributions	16,717	5,681	6,581			5,681	6,581	9,660	16,717
Sub-total	\$ 16,717	\$ 5,681	\$ 6,581	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals	-	-	6,066			-	-	2,022	6,066
Sub-total	\$ -	\$ -	\$ 6,066	\$ -	\$ -	-	-	-	-
Ending balance	\$ 35,930	\$ 41,611	\$ 42,126	\$ 42,126	\$ 42,126	\$ 35,930	\$ 42,126	\$ 40,784	\$ 42,126

Observations:

- Rate Stabilization Fund for Debt Management began in May 2009.

Electric System Rate Stabilization - Non-Fuel Purchased Power

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt

Definitions and Goals: The Electric System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits to the Rate Stabilization Fund for Non-Fuel Purchased Power Stabilization during the fiscal year are made with the approval of the CEO or CFO, provided such deposits are not in excess of JEA's total operating budget for the current fiscal year. Withdrawals from the Rate Stabilization Fund for Non-Fuel Purchased Power are to reimburse the costs associated with any non-fuel purchased power activities. Withdrawals can be made as necessary during the fiscal year and requires the approval of the CEO or the CFO.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ 37,486	\$ 38,000	\$ 38,000	N/A	\$ 12,000	\$ 34,401	\$ 25,169	\$ 13,424
Additions:								
Contributions				-	26,000			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 26,000	\$ -	\$ -	\$ -
• Fuel								
Withdrawals	1,543	2,057	3,599	-	-	9,232	11,745	13,422
Sub-total	\$ 1,543	\$ 2,057	\$ 3,599	\$ -	\$ -	\$ 9,232	\$ 11,745	\$ 13,422
Ending Balance	\$ 35,943	\$ 35,943	\$ 34,401	N/A	\$ 38,000	\$ 25,169	\$ 13,424	\$ 2

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ 2,400	\$ 12,000
Additions:									
Contributions				12,000	26,000	12,000	19,000	19,000	26,000
Sub-total	\$ -	\$ -	\$ -	\$ 12,000	\$ 26,000	-	-	-	-
Deductions:									
Withdrawals						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ -	\$ -	\$ -	\$ 12,000	\$ 38,000	\$ -	\$ -	\$ 10,000	\$ 38,000

Observations:

- The Non-Fuel Purchased Power Rate Stabilization Fund began in FY 2014.

Electric System Environmental Reserve

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Pricing Policy

Metric: Target equals the balance in the environmental liability account

Definitions and Goals: This reserve represents the initial amounts collected from the Electric System Environmental Charge and will be deposited until the balance in this reserve equals the balance in the environmental liability account. Withdrawals from this account will represent payments for these liabilities.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
<i>(In Thousands)</i>								
Opening Balance	\$ 18,662	\$ 18,662	\$ 18,662	N/A	\$ 18,662	\$ 18,556	\$ 18,556	\$ 18,556
Additions:								
Contributions			-	N/A	-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel Withdrawals	106	106	106	N/A	-			
Sub-total	\$ 106	\$ 106	\$ 106	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 18,556	\$ 18,556	\$ 18,556	N/A	\$ 18,662	\$ 18,556	\$ 18,556	\$ 18,556

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 16,946	\$ 20,899	\$ 18,359	\$ 18,662	\$ 18,662	\$ 16,946	\$ 18,662	\$ 18,706	\$ 20,899
Additions:									
Contributions	3,953		970			970	2,462	2,462	3,953
Sub-total	\$ 3,953	\$ -	\$ 970	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals		2,540	667			667	1,604	1,604	2,540
Sub-total	\$ -	\$ 2,540	\$ 667	\$ -	\$ -	-	-	-	-
Ending balance	\$ 20,899	\$ 18,359	\$ 18,662	\$ 18,662	\$ 18,662	\$ 18,359	\$ 18,662	\$ 19,049	\$ 20,899

Observations:

- The Environmental Reserve began in FY 2008.

Electric System Customer Deposits

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

Definitions and Goals: Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
<i>(In Thousands)</i>								
Opening Balance	\$ 41,393	\$ 42,389	\$ 42,389	N/A	\$ 42,688	\$ 41,757	\$ 41,757	\$ 41,757
Additions:								
Net Customer Activity	364		-	N/A	-			
Loan Repayment to ES Revenue Fund					-			
Sub-total	\$ 364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel								
Net Customer Activity		632	632		299			
Loan to ES Revenue Fund				N/A	-			
Sub-total	\$ -	\$ 632	\$ 632	\$ -	\$ 299	\$ -	\$ -	\$ -
Ending Balance	\$ 41,757	\$ 41,757	\$ 41,757	N/A	\$ 42,389	\$ 41,757	\$ 41,757	\$ 41,757

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 38,801	\$ 42,767	\$ 43,454	\$ 44,882	\$ 42,688	\$ 38,801	\$ 42,767	\$ 42,518	\$ 44,882
Additions:									
Net Customer Activity	5,011	905	1,430			905	1,430	2,449	5,011
Loan Repayment to ES Revenue Fund	16,000					16,000	16,000	16,000	16,000
Sub-total	\$ 21,011	\$ 905	\$ 1,430	\$ -	\$ -	-	-	-	-
Deductions:									
Net Customer Activity	1,045	218	2	2,194	299	2	299	752	2,194
Loan to ES Revenue Fund	16,000					16,000	16,000	16,000	16,000
Sub-total	\$ 17,045	\$ 218	\$ 2	\$ 2,194	\$ 299				
Ending balance	\$ 42,767	\$ 43,454	\$ 44,882	\$ 42,688	\$ 42,389	\$ 42,389	\$ 42,767	\$ 43,236	\$ 44,882

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits starting in Fiscal Year 2014.

Electric System Debt Service Sinking Fund

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

Definitions and Goals: JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ 87,864	\$ 134,927	\$ 134,927	N/A	\$ 120,458	\$ 137,332	\$ 129,641	\$ 132,022
Additions:								
Revenue Fund Deposits	44,676	132,958	178,297		181,006	183,251	189,153	186,306
Bond funded interest					-			
Sub-total	\$ 44,676	\$ 132,958	\$ 178,297	\$ -	\$ 181,006	\$ 183,251	\$ 189,153	\$ 186,306
• Fuel								
Principal and Int Payments	40,334	175,679	175,892	N/A	166,537	190,942	186,772	186,908
Sub-total	\$ 40,334	\$ 175,679	\$ 175,892	\$ -	\$ 166,537	\$ 190,942	\$ 186,772	\$ 186,908
Ending Balance	\$ 92,206	\$ 92,206	\$ 137,332	N/A	\$ 134,927	\$ 129,641	\$ 132,022	\$ 131,420

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 86,769	\$ 125,988	\$ 107,754	\$ 101,305	\$ 120,458	\$ 86,769	\$ 107,754	\$ 108,455	\$ 125,988
Additions:									
Revenue Fund Deposits	187,629	159,724	159,072	167,340	181,006	159,072	167,340	170,954	187,629
Bond funded interest	1,726					1,726	1,726	1,726	1,726
Sub-total	\$ 189,355	\$ 159,724	\$ 159,072	\$ 167,340	\$ 181,006	-	-	-	-
Deductions:									
Principal and Int Payments	150,136	177,958	165,521	148,187	166,537	148,187	165,521	161,668	177,958
Sub-total	\$ 150,136	\$ 177,958	\$ 165,521	\$ 148,187	\$ 166,537	-	-	-	-
Ending balance	\$ 125,988	\$ 107,754	\$ 101,305	\$ 120,458	\$ 134,927	\$ 101,305	\$ 120,458	\$ 118,086	\$ 134,927

Observations:

- September 30th ending balances are used to pay the October 1st interest and principal payments.
- This report does not include any Scherer debt service sinking funds.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on October 1st of the following fiscal year).

Electric System Debt Service Reserve Account

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution

Metric: Maximum interest payable on outstanding senior Electric System bonds as required by the Bond Resolutions

Definitions and Goals: This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

	Actual as of 06/30/2016		Full Year Budget Amounts			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
(In Thousands)								
Opening Balance	\$ 60,582	\$ 64,595	\$ 64,595	N/A	\$ 64,841	\$ 60,582	\$ 60,582	\$ 60,582
Additions:								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel Release to Revenue Fund		4,013	4,013	N/A	246			
Sub-total	\$ -	\$ 4,013	\$ 4,013	\$ -	\$ 246	\$ -	\$ -	\$ -
Ending Balance	\$ 60,582	\$ 60,582	\$ 60,582	N/A	\$ 64,595	\$ 60,582	\$ 60,582	\$ 60,582

	Historical Actuals					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 72,226	\$ 72,226	\$ 72,226	\$ 64,841	\$ 64,841	\$ 64,841	\$ 72,226	\$ 69,272	\$ 72,226
Additions:									
Proceeds from Bonds			-	-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Defeasance			7,385		246	246	3,816	3,816	7,385
Sub-total	\$ -	\$ -	\$ 7,385	\$ -	\$ 246	-	-	-	-
Ending balance	\$ 72,226	\$ 72,226	\$ 64,841	\$ 64,841	\$ 64,595	64,595	64,841	67,746	72,226

Observations:

- This report does not include any Scherer debt service reserves.
- In FY 2007, the debt service reserve requirement was satisfied 100% by the use of debt service reserve surety policies. In accordance with the bond resolution, beginning in FY 2008, cash/investments replaced the downgraded sureties due to their downgrade by the rating agencies. Sureties of \$67.6 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.
- The debt service reserve account balance is currently in excess of the the debt service reserve requirement under the bond resolution by \$3.0 million. The excess will be used, if needed, to (1) fund an increase in the reserve requirement caused by a future issuance of new money bonds and/or variable to fixed refunding bonds, (2) help satisfy cash reserve targets instituted by the rating agencies, and/or (3) redeem bonds, in accordance with applicable tax laws.

Electric Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Electric System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Electric System bond resolution and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit and may be allocated for use between capacity or non-capacity related expenditures based on the most beneficial economic and tax related financing structure incorporating the use of internal and bond funding.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ 164,792	\$ 145,711	\$ 145,711	N/A	\$ 146,910	\$ 135,800	\$ 170,757	\$ 167,414
Additions:								
R&R/OCO Contribution	40,791	115,063	146,712		110,351	179,093	170,461	153,116
Loans betw Capital Fds				-	-			
Other	480	3,198	4,198	-	970	18,590		
Sub-total	\$ 41,271	\$ 118,261	\$ 150,910	\$ -	\$ 111,321	\$ 197,683	\$ 170,461	\$ 153,116
• Fuel								
Capital Expenditures	53,665	111,572	160,819		112,483	162,726	173,804	141,906
Transfers betw Capital Fds		2	2	-	37			
R&R/OCO Contribution								
Transfer to Scherer				-	-			
Sub-total	\$ 53,665	\$ 111,574	\$ 160,821	\$ -	\$ 112,520	\$ 162,726	\$ 173,804	\$ 141,906
Ending Balance	\$ 152,398	\$ 152,398	\$ 135,800	N/A	\$ 145,711	\$ 170,757	\$ 167,414	\$ 178,624

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 48,626	\$ 73,727	\$ 105,235	\$ 140,486	\$ 146,910	\$ 48,626	\$ 105,235	\$ 102,997	\$ 146,910
Additions:									
R&R/OCO Contribution	156,406	142,822	124,630	85,639	110,351	85,639	124,630	123,970	156,406
Loans betw Capital Fds	-	-	-	-	-	-	-	-	-
Other	2,876	943	2,423	4,014	970	943	2,423	2,245	4,014
Sub-total	\$ 159,282	\$ 143,765	\$ 127,053	\$ 89,653	\$ 111,321				
Deductions:									
Capital Expenditures	115,181	112,257	91,802	82,889	112,483	82,889	112,257	102,922	115,181
Bond Buy Back	-	-	-	-	-	-	-	-	-
Transfer to Scherer	19,000								
Loans betw Capital Fds				340	37				
Other									
Sub-total	\$ 134,181	\$ 112,257	\$ 91,802	\$ 83,229	\$ 112,520				
Ending balance	\$ 73,727	\$ 105,235	\$ 140,486	\$ 146,910	\$ 145,711	\$ 73,727	\$ 140,486	\$ 122,414	\$ 146,910

Observations:

- Other includes the Oracle Financing and Sale of Property.
- Includes \$47 million for Maximum Annual Debt Service calculation.

Electric Construction / Bond Fund

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution

Metric: Target = Capital expenditures per year minus internal funding available

Definitions and Goals: JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Electric System. The senior construction fund is limited to the costs of additions, extension and improvements relating to non-generation capital expenditures. The subordinated construction fund is used for capital projects relating to all categories of capital expenditures but primarily targeted to fund generation capital expenditures.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ -	\$ 4	\$ 4	N/A	\$ 42	\$ -	\$ -	\$ -
Additions:								
Bond Proceeds					-			
Line of Credit					-			
Transfers b/w Capital Fds	-				-			
Other		2	2		37			
• Fuel	\$ -	\$ 2	\$ 2	\$ -	\$ 37	\$ -	\$ -	\$ -
Deductions:								
Capital Expenditures		6	6	4	75	-	-	-
Bond Funded Interest					-			
Transfers b/w Capital Fds					-			
Other					-			
Sub-total	\$ -	\$ 6	\$ 6	\$ 4	\$ 75	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	N/A	\$ 4	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 36,981	\$ 63,915	\$ 40,034	\$ 5,184	\$ 42	\$ -	\$ 21,083	\$ 24,359	\$ 63,915
Additions:									
Bond Proceeds	91,545		1,550			1,550	46,548	46,548	91,545
Line of Credit						-	-	-	-
Transfers b/w Capital Fds				3,091		3,091	3,091	3,091	3,091
Other	562		34	340	37	34	189	243	562
Sub-total	\$ 92,107	\$ -	\$ 1,584	\$ 3,431	\$ 37				
Deductions:									
Capital Expenditures	63,371	23,385	35,253	4,821	75	75	23,385	25,381	63,371
Bond Funded Interest	1,802					1,802	1,802	1,802	1,802
Line of Credit									
Transfers b/w Capital Fds			35	3,091		35	1,563	1,563	3,091
Other		496	1,146	661		496	661	768	1,146
Sub-total	\$ 65,173	\$ 23,881	\$ 36,434	\$ 8,573	\$ 75				
Ending balance	\$ 63,915	\$ 40,034	\$ 5,184	\$ 42	\$ 4	\$ 4	\$ 5,184	\$ 21,836	\$ 63,915

Observations:

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017 - 2019 projection period.

Water and Sewer Debt Management Reserve

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Debt Management Policy

Metric: One-half percent of the par amount of outstanding variable debt (adjusted for variable to fixed rate long term swaps). Capped at 3% of the par amount of outstanding variable debt.

Definitions and Goals: For the period FY 04 through FY 09, an annual budgeted reserve contribution for variable rate debt was made. The calculation was based upon one half percent of the par amount of outstanding variable rate debt (adjusted for variable rate to fixed rate long term swaps). The budget reserve was capped at three percent of the par amount of the outstanding variable rate debt. The reserve can be used for any lawful purpose including debt service, debt repayment, and capital outlay and must be approved in writing by the CEO.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
<i>(In Thousands)</i>								
Opening Balance	\$ -	\$ -	\$ -	N/A	\$ 304	\$ -	\$ -	\$ -
Additions:								
Contributions					-			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel Withdrawals					304			
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ 304	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -	\$ -

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 6,458	\$ 6,458	\$ 6,458	\$ 304	\$ 304	\$ 304	\$ 6,458	\$ 3,996	\$ 6,458
Additions:									
Contributions						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -				
Deductions:									
Withdrawals			6,154		304	304	3,229	3,229	6,154
Sub-total	\$ -	\$ -	\$ 6,154	\$ -	\$ 304				
Ending balance	\$ 6,458	\$ 6,458	\$ 304	\$ 304	\$ -	\$ -	\$ 304	\$ 2,705	\$ 6,458

Observations:

- This reserve fund discontinued contributions in FY 2009 due to adoption of new policy. Reserve activity reflected in RSF - Debt Management for that year.
- \$6 million was used in Sept 2013 for a defeasance.

Water and Sewer Rate Stabilization Debt Management

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Metric: Difference in actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on unhedged variable rate debt.

Definitions and Goals: The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which deposits or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Funds provide a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as fuel, debt management and regulatory requirements or initiatives. Deposits are made to this Rate Stabilization Fund for the purpose of managing JEA's debt portfolio. Deposits to this reserve reflect the difference in the actual interest rates for interest expense on the unhedged variable rate debt as compared to the budgeted assumptions for interest expense on the unhedged variable rate debt. Additionally, deposits can be made from excess debt service budget over the actual debt service expense for any fiscal year. However, the total amounts deposited (in addition to actual debt service costs for the fiscal year) cannot exceed the total amount of the budgeted debt service for any fiscal year. At a minimum, 50% of the calculated reserve contribution, if any, will be recorded and deposited each fiscal year. Debt and Investment Committee will review and record at their option an additional contribution amount, up to the full value of the calculated reserve contribution (the remaining 50%). The reserve contributions will be calculated on a system by system basis; however, based on the calculation, any mandatory deposit will exclude the District Energy System. The reserve contributions shall cease in the event the reserve balance exceeds the cap of five percent of the par amount of the total outstanding variable rate debt of all systems. Withdrawals from the Rate Stabilization Fund for Debt Management Strategy can be made for expenses related to market disruption in the capital markets, disruption in availability of credit or unanticipated credit expenses, or to fund variable interest costs in excess of budget.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
<i>(In Thousands)</i>								
Opening Balance	\$ 20,290	\$ 20,290	\$ 20,290	N/A	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290
Additions:								
Contributions	-	-	-	N/A	-	-	-	-
Financial Statement Rounding								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel Withdrawals								
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 20,290	\$ 20,290	\$ 20,290	N/A	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 9,514	\$ 17,560	\$ 20,290	\$ 20,290	\$ 20,290	\$ 9,514	\$ 20,290	\$ 17,589	\$ 20,290
Additions:									
Contributions	8,046	2,730				-	-	-	-
Sub-total	\$ 8,046	\$ 2,730	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals						-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ 17,560	\$ 20,290	\$ 20,290	\$ 20,290	\$ 20,290	\$ 17,560	\$ 20,290	\$ 19,744	\$ 20,290

Observations:

- Contributions began in June 2009.

Water & Sewer System Rate Stabilization - Environmental

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution and Pricing Policy

Definitions and Goals: The Water & Sewer System Bond Resolution authorizes the establishment of a Rate Stabilization Fund in which contributions or withdrawals shall be made as set forth in the current annual budget or an amount otherwise determined by an authorized officer of JEA. The Rate Stabilization Fund provides a means to minimize the year-to-year impact to customer charges and support financial metrics by providing consistent revenue collection for expenditures impacted by external factors such as debt management and regulatory requirements or initiatives.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
<i>(In Thousands)</i>								
Opening Balance	\$ 4,104	\$ -	\$ -	N/A	\$ -	\$ 1,456	\$ (3,650)	\$ 500
Additions:								
Contributions	3,871	10,056	13,619		-	12,155	12,253	12,362
Sub-total	\$ 3,871	\$ 10,056	\$ 13,619	\$ -	\$ -	\$ 12,155	\$ 12,253	\$ 12,362
• Fuel								
Withdrawals	3,470	5,551	12,163		-	17,261	8,103	11,681
Sub-total	\$ 3,470	\$ 5,551	\$ 12,163	\$ -	\$ -	\$ 17,261	\$ 8,103	\$ 11,681
Ending Balance	\$ 4,505	\$ 4,505	\$ 1,456	N/A	\$ -	\$ (3,650)	\$ 500	\$ 1,181

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions:									
Contributions	-	-	-	-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Deductions:									
Withdrawals	-	-	-	-	-	-	-	-	-
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Observations:

- Rate Stabilization Fund for Environmental began in June 2010.

Water and Sewer System Customer Deposits

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Management Directive 302 Credit and Collections and Internal Procedure CR40400 MBC302

Metric: Internal procedure CR40400 MBC302 Credit and Collections

Definitions and Goals: Pursuant to internal procedure CR40400 MBC302 Credit and Collections, JEA accesses customers a deposit that may be used to offset any future unpaid amounts during the course of providing utility service to a customer.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ 13,979	\$ 13,255	\$ 13,255	N/A	\$ 12,787	\$ 13,785	\$ 13,785	\$ 13,785
Additions:								
Allocated from Electric Loan Repayment		530	530	N/A	468			
Sub-total	\$ -	\$ 530	\$ 530	\$ -	\$ 468	\$ -	\$ -	\$ -
• Fuel								
Allocated from Electric Loan to W&S Operations	194		-	N/A	-			
Sub-total	\$ 194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 13,785	\$ 13,785	\$ 13,785	N/A	\$ 13,255	\$ 13,785	\$ 13,785	\$ 13,785

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 8,517	\$ 9,727	\$ 12,627	\$ 13,860	\$ 12,787	\$ 8,517	\$ 12,627	\$ 11,504	\$ 13,860
Additions:									
Allocated from Electric Loan Repayment	1,210	2,900	1,233		468	468	851	851	1,233
Sub-total	\$ 1,210	\$ 3,900	\$ 1,233	\$ -	\$ 468	-	-	-	-
Deductions:									
Allocated from Electric Loan to W&S Operations		1,000		1,073		1,073	1,073	1,073	1,073
Sub-total	\$ -	\$ 1,000	\$ -	\$ 1,073	\$ -	-	-	-	-
Ending balance	\$ 9,727	\$ 12,627	\$ 13,860	\$ 12,787	\$ 13,255	\$ 9,727	\$ 12,787	\$ 12,451	\$ 13,860

Observations:

- JEA is in the process of implementing a prepaid meter program which could reduce customer deposits at some future date.

Water and Sewer Debt Service Sinking Fund

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution

Metric: Accrued interest and principal currently payable on fixed and variable rate bonds pursuant to the Bond Resolutions

Definitions and Goals: JEA is required monthly to fund from revenues an amount equal to the aggregate of the Debt Service Requirement for senior and subordinated bonds for such month into this account. On or before such interest payment date, JEA shall pay out of this account to the paying agents the amount required for the interest and principal due on such date.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ 48,130	\$ 67,720	\$ 67,720	N/A	\$ 75,019	\$ 66,209	\$ 83,076	\$ 82,930
Additions:								
Revenue fund deposits	24,419	72,572	99,481		102,789	120,883	121,878	122,454
Sub-total	\$ 24,419	\$ 72,572	\$ 99,481	\$ -	\$ 102,789	\$ 120,883	\$ 121,878	\$ 122,454
• Fuel								
Principal and interest payments	31,362	99,105	100,992	N/A	110,088	104,016	122,024	120,638
Sub-total	\$ 31,362	\$ 99,105	\$ 100,992	\$ -	\$ 110,088	\$ 104,016	\$ 122,024	\$ 120,638
Ending Balance	\$ 41,187	\$ 41,187	\$ 66,209	N/A	\$ 67,720	\$ 83,076	\$ 82,930	\$ 84,746

(In Thousands)	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 71,496	\$ 80,936	\$ 81,675	\$ 80,317	\$ 75,019	\$ -	\$ 77,668	\$ 64,907	\$ 81,675
Additions:									
Revenue fund deposits	120,846	125,160	119,535	117,444	102,789	102,789	119,535	117,155	125,160
Bond funded interest						-	-	-	-
Sub-total	\$ 120,846	\$ 125,160	\$ 119,535	\$ 117,444	\$ 102,789	-	-	-	-
Deductions:									
Principal and interest payments	111,406	124,421	120,893	122,742	110,088	110,088	120,893	117,910	124,421
Sub-total	\$ 111,406	\$ 124,421	\$ 120,893	\$ 122,742	\$ 110,088	-	-	-	-
Ending balance	\$ 80,936	\$ 81,675	\$ 80,317	\$ 75,019	\$ 67,720	\$ 67,720	\$ 80,317	\$ 77,133	\$ 81,675

Observations:

- September 30th ending balances are used to pay Oct 1st interest and principal payments.
- Timing differences occur due to the accrual of debt service during one fiscal year and the payment in the following fiscal year (primarily fixed rate principal and interest on Oct 1st of the following fiscal year).

Water and Sewer Debt Service Reserve Account

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution

Metric: 125% of average annual debt service on outstanding senior fixed and variable rate bonds plus subordinated fixed rate bonds as required by the Bond Resolutions

Definitions and Goals: This reserve will be funded, maintained and held for the benefit of bondholders as specified in the Supplemental Resolution authorizing the sale of the bonds to pay principal and/or interest on the bonds should revenues from operations not be sufficient for such purpose in accordance with the appropriate bond resolution. It is JEA's current practice to fund this reserve account with cash from the sale of bonds; however, revenues may be utilized to fund this reserve if necessary.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
(In Thousands)								
Opening Balance	\$ 108,086	\$ 108,849	\$ 108,849	N/A	\$ 116,829	\$ 108,086	\$ 108,086	\$ 108,086
Additions:								
Construction reserve fund/bond issues			-	N/A	-			
Revenue fund			-	N/A	-			
Rounding			-					
Sub-total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Fuel								
Revenue fund		763	763		7,980			
Sub-total	\$ -	\$ 763	\$ 763	\$ -	\$ 7,980	\$ -	\$ -	\$ -
Ending Balance	\$ 108,086	\$ 108,086	\$ 108,086	N/A	\$ 108,849	\$ 108,086	\$ 108,086	\$ 108,086

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 91,239	\$ 102,214	\$ 119,131	\$ 119,915	\$ 116,829	\$ 91,239	\$ 116,829	\$ 109,866	\$ 119,915
Additions:									
Construction reserve fund/bond issues	10,975	10,917	784			784	10,917	7,559	10,975
Revenue fund	-	6,000	3,821			-	3,821	3,274	6,000
Sub-total	\$ 10,975	\$ 16,917	\$ 4,605	\$ -	\$ -	-	-	-	-
Deductions:									
Revenue fund			3,821	3,086	7,980	3,086	3,821	4,962	7,980
Sub-total	\$ -	\$ -	\$ 3,821	\$ 3,086	\$ 7,980	-	-	-	-
Ending balance	\$ 102,214	\$ 119,131	\$ 119,915	\$ 116,829	\$ 108,849	\$ 102,214	\$ 116,829	\$ 113,388	\$ 119,915

Observations:

- In 2008, debt service reserve sureties downgraded and JEA began replacing those downgraded sureties with cash/investments as required by the bond resolutions. Sureties of \$149.8 million are still outstanding but are not eligible to be utilized as debt service reserve deposits per the Bond Resolutions.

Water and Sewer Renewal and Replacement (R&R) / Operating Capital Outlay (OCO)

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution, Article 21 of the City of Jacksonville Charter and Pricing Policy

Metric: Renewal and Replacement required to deposit from the revenue fund annually an amount equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues per JEA's Water and Sewer System bond resolutions. Operating Capital Outlay - by 2013 the goal is to fund all non-capacity capital expenditures.

Definitions and Goals: Pursuant to the Water and Sewer System bond resolutions and Article 21 of the City of Jacksonville Charter, JEA is required to deposit from the revenue fund annually an amount for Renewal and Replacement of system assets. According to the bond resolutions the amount is equal to the greater of 10% of the prior year defined annual net revenues or 5% of the prior year defined gross revenues. The funds shall be used for the purposes of paying the cost of extensions, enlargements or additions to, or the replacement of capital assets of the Electric System. In addition, as a portion of the base rate, JEA will recover from current revenue a formula driven amount for capital expenditures which is referred to as Operating Capital Outlay. This amount is calculated separately from the R&R deposit. In accordance with the Pricing Policy, by 2013, the objective is to fund an amount equal to all non-capacity capital expenditures with current year internally generated funds.

	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
(In Thousands)								
Opening Balance	\$ 72,037	\$ 37,337	\$ 37,337	N/A	\$ 59,295	\$ 66,169	\$ 20,908	\$ (1,961)
Additions:								
R&R/OCO Contribution	41,930	103,765	133,604	-	62,793	110,668	112,989	115,131
Loans betw Capital Fds				-	22			
Other	3,338	27,730	29,237		653	8,600	8,600	8,600
Sub-total	\$ 45,268	\$ 131,495	\$ 162,841	\$ -	\$ 63,468	\$ 119,268	\$ 121,589	\$ 123,731
• Fuel								
Capital Expenditures	35,224	86,688	133,910	-	85,426	164,529	144,458	143,908
Transfer to Capacity Fund	35	98	99	-	-			
Transfer to Construction Fund								
R&R/OCO Contribution				-	-	-		
Sub-total	\$ 35,259	\$ 86,786	\$ 134,009	\$ -	\$ 85,426	\$ 164,529	\$ 144,458	\$ 143,908
Ending Balance	\$ 82,046	\$ 82,046	\$ 66,169	N/A	\$ 37,337	\$ 20,908	\$ (1,961)	\$ (22,138)

	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 11,539	\$ 28,840	\$ 64,260	\$ 78,689	\$ 59,295	\$ 11,539	\$ 59,295	\$ 48,525	\$ 78,689
Additions:									
R&R/OCO Contribution	49,946	76,157	91,245	48,373	62,793	48,373	62,793	65,703	91,245
Loans betw Capital Fds	-	-	-	-	22	-	-	6	22
Other (incl septic tank)	1,067	5,771	1,539	1,614	653	653	1,539	2,129	5,771
Sub-total	\$ 51,013	\$ 81,928	\$ 92,784	\$ 49,987	\$ 63,468				
Deductions:									
Capital Expenditures	33,712	46,508	68,355	67,488	85,426	33,712	67,488	60,298	85,426
Loan Repayment	-	-	-	-	-	-	-	-	-
Transfer to Constr. Fund	-	-	10,000	1,893	-	-	947	2,973	10,000
Other (incl septic tank)	-	-	-	-	-	-	-	-	-
Sub-total	\$ 33,712	\$ 46,508	\$ 78,355	\$ 69,381	\$ 85,426				
Ending balance	\$ 28,840	\$ 64,260	\$ 78,689	\$ 59,295	\$ 37,337	\$ 28,840	\$ 59,295	\$ 53,684	\$ 78,689

Observations:

- Other includes the Septic Tank Phase-out project, Sale of Property, and the transfer of RSF - Environmental in FY 2016 - 2019
- Includes \$20 million for Maximum Annual Debt Service calculation.
- \$57 million is projected to be withdrawn from this capital balance in FY 2016-2017 to support the capital program with lower Net Revenues as planned with the June 2012 approved reduction in the October 1, 2012 rate increase.

Water and Sewer Capacity Fees / State Revolving Fund Loans

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Florida Statute and Rate Tariff

Metric: Tariff rate

Definitions and Goals: Capacity fees are charged to customers as a one- time fee for a new connection to the Water System and a one- time fee for a new connection to the Sewer System. Capacity charges may be used and applied for the purpose of paying costs of expansion of the Water and Sewer System or paying or providing for the payment of debt that was issued for the same purpose. In addition, the Water and Sewer System has received funds from the State Revolving Fund (SRF) program for the construction of water and wastewater treatment facilities. SRF loans are subordinated to all Water and Sewer System Revenue Bonds and Water and Sewer System Subordinated Revenue Bonds.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ 98,777	\$ 90,912	\$ 90,912	N/A	\$ 76,887	\$ 97,808	\$ 64,272	\$ 44,348
Additions:								
Capacity Fees	6,174	16,286	20,182	-	19,579	19,036	19,226	19,418
State Revolving Fd Loan				-	-			
Transfer from R&R/OCO Fund	35	98	248	-	246	650	650	650
Other				-	-			
• Fuel	\$ 6,209	\$ 16,384	\$ 20,430	\$ -	\$ 19,825	\$ 19,686	\$ 19,876	\$ 20,068
Deductions:								
Capital Expenditures	1,799	4,109	13,534	-	5,805	53,222	39,800	30,034
Other				-	-			
Sub-total	\$ 1,799	\$ 4,109	\$ 13,534	\$ -	\$ 5,805	\$ 53,222	\$ 39,800	\$ 30,034
Ending Balance	\$ 103,187	\$ 103,187	\$ 97,808	N/A	\$ 90,907	\$ 64,272	\$ 44,348	\$ 34,382

(In Thousands)	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 21,463	\$ 41,025	\$ 45,454	\$ 60,360	\$ 76,887	\$ 21,463	\$ 45,454	\$ 49,038	\$ 76,887
Additions:									
Capacity Fees	10,311	10,820	17,394	18,298	19,579	10,311	17,394	15,280	19,579
State Revolving Fd Loan	14,667	3,798	-	-	-	-	1,899	4,616	14,667
Loan Repayments	-	-	-	-	246	-	-	49	246
Other	-	-	12	-	5	-	-	3	12
Sub-total	\$ 24,978	\$ 14,618	\$ 17,406	\$ 18,298	\$ 19,830				
Deductions:									
Capital Expenditures	5,268	7,096	2,270	1,758	5,805	1,758	5,268	4,439	7,096
Loans betw Capital Fds	-	-	-	-	-	-	-	-	-
Other	148	3,093	230	13	-	13	189	871	3,093
Sub-total	\$ 5,416	\$ 10,189	\$ 2,500	\$ 1,771	\$ 5,805				
Ending balance	\$ 41,025	\$ 45,454	\$ 60,360	\$ 76,887	\$ 90,912	\$ 41,025	\$ 60,360	\$ 62,928	\$ 90,912

Observations:

Water and Sewer Environmental

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Pricing Policy

Metric: Unit tariff rates times consumption

Definitions and Goals: The Environmental Charge will be applied to all water, sewer, irrigation and non bulk user reclaimed consumption. The environmental charge revenue will be collected from customers to partially offset current and future environmental and regulatory needs as specified in the Pricing Policy for specific environmental and regulatory programs.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ 246	\$ 19,245	\$ 19,245	N/A	\$ 5,299	\$ -	\$ -	\$ -
Additions:								
Environmental Contributions	3,471	5,547	11,056	-	22,056	18,458	8,753	12,331
Loans betw Capital Fds				-	-			
Other				-	-			
Sub-total	\$ 3,471	\$ 5,547	\$ 11,056	\$ -	\$ 22,056	\$ 18,458	\$ 8,753	\$ 12,331
• Fuel								
Capital Expenditures	2,742	4,508	10,693	-	7,318	17,808	8,103	11,681
Septic Tank Phase Out		64	363	-	203	650	650	650
Other	-	19,245	19,245	-	589			
Sub-total	\$ 2,742	\$ 23,817	\$ 30,301	\$ -	\$ 8,110	\$ 18,458	\$ 8,753	\$ 12,331
Ending Balance	\$ 975	\$ 975	\$ -	N/A	\$ 19,245	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 5,920	\$ 9,795	\$ (8,158)	\$ (9,857)	\$ 5,299	\$ (9,857)	\$ 5,299	\$ 600	\$ 9,795
Additions:									
Environmental Contributions	14,577	21,747	21,193	21,018	22,056	14,577	21,193	20,118	22,056
Loans betw Capital Fds	-	-	-			-	-	-	-
Other						-	-	-	-
Sub-total	\$ 14,577	\$ 21,747	\$ 21,193	\$ 21,018	\$ 22,056				
Deductions:									
Capital Expenditures	10,702	39,700	22,892	5,862	7,318	5,862	10,702	17,295	39,700
Septic Tank Phase Out					203	203	203	203	203
Other					589	589	589	589	589
Sub-total	\$ 10,702	\$ 39,700	\$ 22,892	\$ 5,862	\$ 8,110				
Ending balance	\$ 9,795	\$ (8,158)	\$ (9,857)	\$ 5,299	\$ 19,245	\$ (9,857)	\$ 5,299	\$ 3,265	\$ 19,245

Observations:

Water and Sewer Construction / Bond Fund

For the Fiscal Quarter Ending June 30, 2016

Reserve/Fund Authorization: Bond Resolution

Metric: Capital expenditures per year minus internal funding available

Definitions and Goals: JEA maintains a senior and subordinated construction fund of which bonds proceeds are deposited and used for the payment of the costs of additions, extensions and improvements to the Water and Sewer System.

(In Thousands)	Actual as of 06/30/2016		Full Year			Projection		
	Current Quarter	Year -to-Date	2016 Forecast	2016 Budget	Prior Year Actual	2017	2018	2019
Opening Balance	\$ 681	\$ 664	\$ 664	N/A	\$ 326	\$ -	\$ -	\$ -
Additions:								
Bond Proceeds			-	-	-			
Line of Credit			-	-	-			
Transfer from R&R/OCO Fund								
Other		17	17	-	344			
• Fuel	\$ -	\$ 17	\$ 17	\$ -	\$ 344	\$ -	\$ -	\$ -
Deductions:								
Capital Expenditures					6			
Bond Proceeds					-			
Other			681	-	-			
Sub-total	\$ -	\$ -	\$ 681	\$ -	\$ 6	\$ -	\$ -	\$ -
Ending Balance	\$ 681	\$ 681	\$ -	N/A	\$ 664	\$ -	\$ -	\$ -

(In Thousands)	Historical					Statistical			
	2011	2012	2013	2014	2015	Low	Median	Mean	High
Opening Balance	\$ 18,708	\$ 29,622	\$ 7,419	\$ 2,305	\$ 326	\$ 326	\$ 7,419	\$ 11,676	\$ 29,622
Additions:									
Bond Proceeds	45,662	-	486	-	-	-	243	11,537	45,662
Line of Credit	-	-	-	-	-	-	-	-	-
Loans/trnsf btw CapFds	-	-	10,000	1,893	-	-	947	2,973	10,000
Other	-	-	3	476	344	-	3	165	476
Sub-total	\$ 45,662	\$ -	\$ 10,489	\$ 2,369	\$ 344				
Deductions:									
Capital Expenditures	34,172	20,243	14,855	3,784	6	6	14,855	14,612	34,172
Bond Proceeds	-	-	411	48	-	-	24	115	411
Line of Credit	-	-	-	-	-	-	-	-	-
Loans/trnsf btw CapFds	-	-	337	516	-	-	169	213	516
Other	576	1,960	-	-	-	-	288	634	1,960
Sub-total	\$ 34,748	\$ 22,203	\$ 15,603	\$ 4,348	\$ 6				
Ending balance	\$ 29,622	\$ 7,419	\$ 2,305	\$ 326	\$ 664	\$ 326	\$ 2,305	\$ 8,067	\$ 29,622

Observations:

- JEA's philosophy has been to borrow bond funds on a "just-in-time" basis. Staff has used line of credit borrowings and loans between capital funds to decrease borrowing costs.
- No new debt issues for the FY 2017-2019 projection.

IV. A. 9b.

JEA Investment Policy Revisions



AGENDA ITEM SUMMARY

July 12, 2016

SUBJECT:	JEA INVESTMENT POLICY REVISIONS
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Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: JEA staff reviews the Investment Policy on a periodic basis in order to maintain consistency with Florida Statutes and to consider current industry practices and the JEA operating environment. The goal of the Policy is to ensure the overall investment objectives of safety of capital, sufficient liquidity, and maximization of portfolio yield. Based on its most recent review, staff is proposing several changes to the Policy.

Significance: Revisions are being made to change the lists of Authorized Investments for the Electric System and the District Energy System so that the language in the Investment Policy is consistent with updates to the Florida Statutes. In addition, the Policy will include new language to formally state that the authority to approve, amend or revise the Policy rests with the JEA Board. Also, U.S. dollar-denominated commercial paper issued by the Canadian government or Canadian provinces would be included as eligible commercial paper investments.

Effect: The revisions would affect investment income and the composition of the investment portfolio.

Cost or Benefit: Improved portfolio diversification and day-to-day operations, providing for the opportunity to improve the investment portfolio yield.

Recommended Board action: Staff recommends that the Finance and Audit Committee and the Board approve the attached revisions of the Investment Policy.

For additional information, contact: Joe Orfano, 665-4541

Submitted by: PEM/ MHD/JEO/ TPD

MISSION 	VISION 	VALUES 
<p>Energizing our community through high-value energy and water solutions.</p>	<p>JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	<ul style="list-style-type: none"> • Safety • Service • Growth? • Accountability • Integrity

Commitments to Action

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



INTER-OFFICE MEMORANDUM

July 12, 2016

SUBJECT: JEA INVESTMENT POLICY REVISIONS

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
Tom Petway
Ed Burr
Husein Cumber

BACKGROUND:

Section 218.415 of the Florida Statutes requires that investment activity by a unit of local government be consistent with a written policy adopted by the governing body of such unit of local government. In September 1995, the JEA Board approved an Investment Policy that satisfied this statutory requirement. Since that time, the Florida legislature has amended various sections of Section 218.415. In September 2000, October 2004 and August 2008, the JEA Investment Policy was amended to take into account revisions to the statute, as well as to incorporate current industry practices. The most recent revisions to the Policy were approved by the JEA Board at the December 20, 2011 Board meeting.

DISCUSSION:

JEA staff reviews the Investment Policy on a periodic basis in order to maintain consistency with Florida Statutes and to consider current industry practices and the JEA operating environment. The goal of the Policy is to ensure the overall investment objectives of safety of capital, sufficient liquidity, and maximization of portfolio yield. Based on its most recent review, staff is proposing several changes to the Policy.

Staff is requesting revisions to the lists of Authorized Investments in the Electric System and the District Energy System (DES) so that the language in the lists is consistent with updated language in Florida Statute 218.415 (16)(a). The revisions would allow the Electric System and DES to invest in intergovernmental pools such as the money market fund managed by Public Financial Management, Inc. (PFM). The JEA Board has the authority to revise the Authorized Investments for the Electric System and DES. In contrast, the Authorized Investments for the Water & Sewer System, the Bulk Power Supply System and St. Johns River Power Park (SJRPP) (1st and 2nd Resolutions) are specifically listed in the Bond Resolutions of those systems and can only be changed with bondholder approval. Therefore, staff is not requesting similar changes to the Policy for those Systems. The revised Policy would continue to meet or exceed all of the requirements set forth in Section 218.415 of the Florida Statutes. In addition, staff is requesting that U.S. dollar-denominated commercial paper issued by the Government of Canada, or the governments of Canadian provinces, be included as eligible commercial paper investments. A new section 20.0, Investment Policy Approval, is being added to formally state that the authority to approve, amend, or revise the Investment Policy rests with the JEA Board. Table 1, Investment Limitations, would be updated to include the changes in the Policy, to set the limit for investments in intergovernmental pools at 5% of the total investment portfolio, and to increase the percentage limitation for bank deposits

to 30% from 25% on March 31st and September 30th. This increase in the limit for bank deposits will facilitate the payment of debt service on April 1st and October 1st each year.

RECOMMENDATION:

Staff recommends that the Finance and Audit Committee and the Board approve the attached revisions of the Investment Policy.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JEO/TPD

IV. A. 9. b.

JEA Investment Policy Revisions

The following Investment Policy includes revisions approved at the August 8, 2016
JEA Finance & Audit Committee Meeting

**JEA
TREASURY SERVICES
INVESTMENT POLICY
AS OF AUGUST 16, 2016**

Revisions incorporated per the August 8, 2016 Finance & Audit Committee. This version is being submitted to the Board for approval.

1.0 SCOPE

The statement of investment policy and guidelines applies to funds under control of JEA in excess of those required to meet short-term expenses.

This investment policy applies to financial assets including funds related to the issuance of debt by JEA, including the Electric System, the Water and Sewer System, St. Johns River Power Park (SJPPP), the Bulk Power Supply System, the District Energy System (DES), and any other entity created and approved by JEA's Board. Furthermore, this investment policy applies to customer deposit monies held by JEA. This policy shall not apply to investments of the SJPPP Employees' Retirement Plan or investments of the Other Post-Employment Benefits (OPEB) Trust, which are covered by separate investment policies or authorizing resolutions.

2.0 INVESTMENT OBJECTIVES

JEA's investment portfolio shall be managed with the primary objective of safety of capital. The investment strategy will provide sufficient liquidity to meet anticipated cash flow requirements.

JEA will strive to obtain the highest possible yields consistent with safety of capital, liquidity of the portfolio and prudent investment principles.

Investments are made with the intention of holding the securities to maturity. However, investments may be sold from time to time to meet cash flow requirements, for the purpose of restructuring the average duration of the portfolio and taking advantage of market opportunities to record capital gains.

3.0 PERFORMANCE MEASUREMENT

JEA seeks to optimize the return on investment within the constraints of safety and liquidity. The investment portfolio shall be designed to attain a market yield consistent with the investment risk, maturity and liquidity constraints as discussed in this policy. A benchmark index will be used to evaluate the performance of the portfolio and the index will be periodically reviewed by the Chief Financial Officer to determine its appropriateness and to recommend changes as needed.

4.0 PRUDENCE AND ETHICAL STANDARDS

The standard of prudence to be applied by JEA shall be the “Prudent Person” rule, which states: “Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.” The “Prudent Person” rule shall be applied in the context of managing the overall portfolio.

Employees of JEA involved in the investment process shall not transact personal business activity that could or could appear to conflict with State Statutes, City Ordinances, JEA Management Directives, proper execution of the investment program or which could impair their ability to make impartial investment decisions.

5.0 AUTHORIZED INVESTMENTS

Refer to Exhibits I through VI for a complete listing of the “Authorized Investments”. Exhibit I includes the Authorized Investments for the Electric System and Exhibit VI lists the Authorized Investments for DES. The bond resolutions for the Electric System and for DES allow any investment that is permitted by Florida law. Further, the Florida statutes provide that authorized investments include those that have been authorized by a resolution of the entity, e.g. a Board resolution. Thus, the JEA Board can amend the list of Authorized Investments for the Electric System and for DES. The Authorized Investments for the other JEA systems or entities are specifically listed in their respective bond resolutions and thus can only be changed by a change in the resolution.

Money market funds are specifically included in the list of Authorized Investments for the Electric System and DES. However, the term “money market funds” is not specifically noted in the list of Authorized Investments for the SJRPP Second Bond Resolution, the Bulk Power Supply System or the Water and Sewer System. The listings for those systems include as Authorized Investments the shares of an investment company organized under the Investment Company Act of 1940, as amended. Money market funds which are organized and registered under the Investment Company Act of 1940, as amended, fall under this definition and are thus included as eligible investments.

In the case of the SJRPP First Bond Resolution, the list of Investment Securities includes investments in direct obligations of or obligations guaranteed by the United States of America. Section 660.415 of the Florida Statutes states that in the absence of an express provision to the contrary, when a governing instrument (e.g. a bond resolution) permits investments in United States Government obligations, trust companies, trust departments, trustees and fiduciaries may invest in shares of an investment company registered under the Investment Company Act of 1940 if the portfolio of such investment company is limited to United States Government obligations and repurchase agreements fully collateralized by United States Government obligations. Thus the funds held by the SJRPP Trustee in the Debt Service Account and the Debt Service Reserve Account in the

Debt Service Fund may be invested in money market mutual funds which invest solely in United States Government obligations or repurchase agreements fully collateralized by United States Government obligations.

For all JEA systems, only money market funds that are rated AAA by Standard and Poor's or Aaa by Moody's Investors Service are permitted.

JEA does not speculate on the future movement of interest rates and is not permitted to utilize reverse repurchase agreements or other forms of debt leverage in the management of its investment portfolio. Floating rate notes, inflation-indexed notes, and other adjustable rate securities are permitted types of securities. Inverse floaters, however, are prohibited.

JEA is permitted to use interest rate swap agreements for asset/liability management. For its assets, JEA utilizes interest rate swaps in a 100% asset matched strategy with JEA's revolving fund balances. JEA is also permitted to engage in the practice of securities lending, whereby a fee is paid to JEA in exchange for lending securities that are fully collateralized by securities listed as "Authorized Investments". JEA's investment professionals have developed sufficient understanding of the investment vehicles listed above and have the expertise to manage them.

6.0 MATURITY AND LIQUIDITY REQUIREMENTS

The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities will be matched with known cash needs and anticipated cash flow requirements.

Additionally, maturity limitations for funds related to the issuance of debt are outlined in the Bond Resolution relating to those bond issues.

7.0 PORTFOLIO COMPOSITION

The investment portfolio may be structured to have limits on certain types of securities, issuers, and maturities. Refer to Table 1 for specific limitations.

Investments in commercial paper, certificates of deposit or bankers acceptances shall have the following restrictions: Nine months maximum maturity, \$12,500,000 limit per issuer, and limited to 25% of the entire portfolio (including money market and repurchase agreements). Exceeding the 25% limit is permitted when including investments for the debt service sinking funds and escrows relating to the economic defeasance of debt. In addition, commercial paper must be rated in the highest whole rating category (i.e. A-1 by Standard and Poor's, P-1 by Moody's Investors Service or F1 by Fitch) by at least 2 nationally recognized rating agencies and be issued by a Fortune 500 company, a Fortune Global 500 company with significant operations in the U.S. (in U.S. dollar-denominated securities), or the governments of Canada or Canadian provinces (in U.S. dollar-

denominated securities). The ratings outlook for the commercial paper must be positive or stable at the time of the investment.

8.0 RISK AND DIVERSIFICATION

Assets held shall be diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these instruments are bought and sold. Diversification strategies shall be reviewed and revised periodically as necessary by the appropriate management staff. A diversity of treasury and agency issues shall be maintained to avoid a concentration in any one issue or maturity. Refer to Table 1 for detailed investment limitations. Such limitations will be periodically reviewed by the Chief Financial Officer to determine their appropriateness and to recommend changes as needed.

9.0 AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

JEA shall only execute US Treasury and Agency investment transactions and repurchase agreements with primary securities dealers as designated by the Federal Reserve Bank of New York and commercial banks within JEA's geographical service area who are member banks of the Federal Reserve System and have capital stock, surplus and undivided earnings aggregating at least \$25,000,000 and have a rating on short-term bank deposits of at least P-1 by Moody's Investors Service. Commercial paper transactions, CD's and BA's can be executed with primary securities dealers and firms considered to be "Direct Issuers". Municipal securities transactions can be executed with primary securities dealers or municipal securities firms having a significant presence in Florida or firms owning a specific JEA bond issue and only on a delivery versus payment basis. Investment Agreements can be purchased directly from the issuing insurance company or financial institution. Money market mutual funds can be purchased from commercial banks meeting the requirements discussed above, from primary dealers, through JEA Trustees as discussed in Section 5.0, or directly from the money market mutual fund. All other investments can only be purchased from primary dealers.

10.0 THIRD-PARTY CUSTODIAL AGREEMENTS

All securities purchased by, and all collateral obtained by, JEA under this section shall be properly designated as an asset of JEA and held in safekeeping by a third party custodial bank or other third party custodial institution, except as noted below.

All securities purchased and sold by JEA under this section shall be executed using the "delivery versus payment procedure." Collateral requirements for Repurchase Agreements and Securities Lending Agreements will be contained in the Master Repurchase Agreement/Custodial Undertaking and Securities Lending Agreement, respectively, executed between JEA and the broker/dealer or bank.

The safekeeping institution shall issue a safekeeping receipt to JEA listing the specific instrument, par value, rate, maturity and any other pertinent information. In the case of

securities purchased or sold, the “confirmation” received from the dealer or safekeeping institution should be attached to the internally generated trade ticket. In the case of repurchase agreements, collateral safekeeping receipts should be compared on a daily basis to ensure compliance with collateral requirements and investment limitations.

No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized staff member of JEA.

An exception to third party custody of assets would be the safekeeping of collateral for repurchase agreements entered into between JEA and its primary bank for the purpose of conducting day to day cash management functions. Collateral will be held by that bank but not in JEA’s name. The bank will issue a safekeeping receipt indicating the collateral pledged to JEA.

11.0 MASTER REPURCHASE AGREEMENT

JEA shall require all institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement that is signed by both parties. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

Repurchase Agreements can only be entered into with authorized investment institutions and dealers as defined in Section 9.0 of this policy. In addition, all repurchase agreements must adhere to the provisions as defined in Section 5.0 of this policy relating to authorized investments and Section 10.0 of this policy regarding third-party custodial agreements. Collateral requirements must adhere to those outlined in the appropriate bond resolution. Tri Party Repurchase Agreements are preferred to “conventional” (delivery of collateral versus wire transfer of the amount invested) Repurchase Agreements due to significant cost savings derived from safekeeping the collateral at the same custodian utilized by the dealer. Due to the costs associated with transferring Repurchase Agreements on a daily basis, the interest rate paid to JEA will be compared on a daily basis to the market (using Bloomberg or a similar source) and when appropriate, the Repurchase Agreement will be re-executed with a different institution based on the rate comparison.

12.0 BID REQUIREMENT

Staff shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate.

Competitive bids or offerings shall be obtained from at least three dealers on all sales or purchases except in situations where:

- a. the security involved is a “new issue” and/or can be purchased “at the auction”;

- b. the security involved has a fixed, “posted scale” rate;
- c. the security involved is available through direct issue, private placement (e.g., General Electric Commercial Paper, Chevron Commercial Paper, , etc.);
- d. the security involved is of particular special interest to JEA (e.g. Florida General Obligation bonds or other municipal bonds) and dealer competition could have an adverse impact with respect to the price and/or availability of the security to JEA;
- e. a dealer or institution brings to JEA an unsolicited swap proposal deemed advantageous to JEA.

Although direct investments in equity securities are not authorized investments, such securities are received by JEA from time to time as payment for customer liabilities in lieu of the receipt of cash. Competitive bids are not required on the sale of such securities in order that the sale may take place in an expeditious manner.

The requirement for competitive bids does not apply to JEA purchases of JEA bonds in the secondary market, or to investments in money market mutual funds, the State of Florida Local Government Surplus Funds Trust Fund (the “State Pool”), or intergovernmental investment pools. Money market funds shall be rated AAA by Standard and Poor’s or Aaa by Moody’s Investors Service and will be selected on the basis of a fund’s yield, ranking versus peers, expenses, portfolio composition, assets under management, etc. Investments in money market mutual funds or in the State Pool or an intergovernmental pool will be reviewed on a periodic basis for appropriateness.

13.0 INTERNAL CONTROLS

The Chief Financial Officer and/or the Treasurer will maintain a system of internal controls, which will be documented in writing and made part of operational procedures in Treasury Services. The internal controls will be reviewed by independent auditors as part of any financial audit periodically required of JEA.

The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of JEA.

14.0 REPORTING

Treasury Services shall generate monthly reports for management purposes. The reports shall include securities in the portfolio by class or type, book value, and yield earned during the period. Market values are reported quarterly in JEA’s financial statements. Treasury Services shall provide other such reports and information as deemed reasonable, upon request, from other internal and external sources.

15.0 CONTINUING EDUCATION

JEA staff responsible for making investment decisions must annually complete 8 hours of continuing education in subjects of study related to investment practices and products. This requirement can be met through a variety of methods including, but not limited to, seminars, conferences, college courses, and CPA continuing education.

16.0 AUDITS

Certified public accountants conducting audits of JEA pursuant to section 218.39, Florida Statutes, shall report, as part of the audit, whether or not JEA has complied with this section 218.415, Florida Statutes.

17.0 SALE OF SECURITIES

When the invested funds are needed in whole or in part for the purposes originally intended or for more optimal investments, JEA may sell such investments at the “market” and place the proceeds in the proper account or fund.

18.0 AUTHORIZATIONS

JEA investment accounts may be opened or continued at registered broker/dealers or banks. The Managing Director and Chief Executive Officer (CEO), or his designee, is authorized to open such accounts and to 1) purchase and sell authorized investments and to 2) sell securities received as payment for customer liabilities in lieu of the receipt of cash. A detailed listing of individuals in authorized positions and their specific authorities and signatures will be maintained in an “Authorization for the Opening and Continuing of Certain Investment Accounts and Signatories Therefor.”

19.0 PRIORITY OF DOCUMENTS

This JEA Investment Policy shall be the governing document when conflicting or otherwise inconsistent with the JEA Procurement Code.

20.0 INVESTMENT POLICY APPROVAL

The authority to approve, modify, or amend this Investment Policy rests with the JEA Finance and Audit Committee and the JEA Board. The JEA Chief Financial Officer or Treasurer may submit recommendations for changes to the Investment Policy as deemed necessary.

EXHIBIT 1
JEA ELECTRIC SYSTEM AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poor's and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of long-term indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;
- (iv) discount notes or other short-term debt issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase are rated in the highest rating category by two nationally recognized rating agencies;
- (v) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (vi) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vii) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA;
- (viii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (ix) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (x) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provided at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;
- (xi) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's Rating Group or their respective successors or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's Ratings Group or "F-1" by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of

ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;

- (xii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xiii) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor's Rating Group and or Aaa if rated by Moody's Investors Service; and
- (xiv) the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.

EXHIBIT II
SJRPP AUTHORIZED INVESTMENTS – FIRST BOND RESOLUTION

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) direct obligations of or obligations guaranteed by the United States of America;
- (ii) obligations issued by any of the following agencies or their successors: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Banks; Federal Land Banks; Export-Import Bank of the United States; Tennessee Valley Authority; Government National Mortgage Association; Federal Farm Credit Banks; Farmers Home Administration; Federal National Mortgage Association; a Federal agency to the extent that such obligations are backed by the full faith and credit of the United States of America (other than as provided in clause (i) hereof);
- (iii) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge or annual contribution under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (iv) direct and general obligations of or obligations guaranteed by the State of Florida, to the payment of the principal of and interest on which the full faith and credit of the State is pledged;
- (v) deposits in interest bearing time deposits or certificates of deposit fully secured by obligations described in clause (i) through (iv) hereof to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;
- (vi) debt obligations having a maximum maturity of one year of any corporation or bank which are rated by Moody's Investors Service, Inc. and Standard & Poor's Corporation or their successors in the highest rating category used by one such rating agency and in one of the two highest rating categories used by the other rating agency for comparable types of debt obligations; and
- (vii) investment agreements with any government bond dealer reporting to the Federal Reserve Bank of New York, or any Member bank of the Federal Reserve System having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 which agreements are secured by obligations described in sub-paragraphs (i) through (vi) of this paragraph having a market value of at least 103 percent of the amount of such agreement.

EXHIBIT III
SJRPP AUTHORIZED INVESTMENTS – SECOND BOND RESOLUTION

“Authorized Investments” shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA’s funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s Investors Service, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of “AAA” or “Aaa” by Standard & Poor’s or Moody’s Investors Service, as the case may be;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (iv) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (v) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (i) and (ii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vi) certificates of deposit, whether negotiable or non-negotiable, and banker’s acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; provided, that at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association’s deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody’s Investors Service or

Standard & Poor's or (Y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (vii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's, or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (i) and (ii) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;
- (ix) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by Standard & Poor's and "Aa2" or above if rated by Moody's Investors Service;
- (x) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and
- (xi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized

rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off.

EXHIBIT IV
RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM
AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's and "Aaa" by Moody's Investors Service, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of "AAA" or "Aaa" by Standard & Poor's or Moody's Investors Service, as the case may be;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (iv) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (v) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (i) and (ii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vi) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; *provided*, that at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies,

- (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody's Investors Service or Standard & Poor's or (Y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;
- (vii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's, or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
 - (viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (i) and (ii) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;
 - (ix) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by Standard & Poor's and "Aa" or above if rated by Moody's Investors Service;
 - (x) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and
 - (xi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating

agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Any such agreement or contract may provide that, with the approval of JEA, the insurance company or other financial institution may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution.

EXHIBIT V
JEA WATER AND SEWER AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poors Ratings Group and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated AAA and Aaa by Standard and Poor's and Moody's Investors Service, respectively, or if only rated by one, then shall have a rating of AAA or Aaa, as the case may be;
- (iv) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (v) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA
- (vii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (viii) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (ix) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provide at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating(giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (x) commercial paper that, at the date of investment, is rated “P-1” by Moody's Investors Service and “A-1” by Standard & Poor's Rating Group or their respective successors or if not so rated by both such rating agencies, then rated “P-1” by Moody’s Investors Service or “A-1” by Standard & Poor’s Ratings Group or “F-1” by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (xi) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xii) shares of an investment company organized under the Investment Company Act of 1940, as amended, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AA or above if rated by Standard & Poor’s Rating Group and Aa2 or above if rated by Moody’s Investors Service; and
- (xiii) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian.

EXHIBIT VI
JEA DISTRICT ENERGY SYSTEM AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poor's Ratings Group and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of long-term indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;
- (iv) discount notes or other short-term debt issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase are rated in the highest rating category by two nationally recognized rating agencies;
- (v) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (vi) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vii) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA;
- (viii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (ix) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (x) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provide at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating(giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (xi) commercial paper that, at the date of investment, is rated “P-1” by Moody's Investors Service and “A-1” by Standard & Poor's or their respective successors or if not so rated by both such rating agencies, then rated “P-1” by Moody’s Investors Service or “A-1” by Standard & Poor’s or “F-1” by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (xii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xiii) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor’s and Aaa if rated by Moody’s Investors Service; and
- (xiv) the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.

Table 1 – JEA Investment Limitations

Option	Allowable Range (% of total investments and/or \$ amount)	Comments
Bank NOW Account	Up to 25%, except for 3/31 and 9/30 at which time the limit is 30%	Federal or state insured financial institutions designated as Qualified Public Depositories by the State of Florida
Triparty Repo	Up to 15% with any one dealer; up to 25% in aggregate	102% collateral for Elec., Water, SJRPP 2 nd Resolution; 103% for SJRPP 1 st Resolution. Collateral can include Treasuries and/or Agencies and is held by a 3 rd party custodian. Dealers rated AA by two rating agencies.
U.S. Treasuries or Treasury-only Money Market Funds	Up to 100%	Fund must be rated AAA or Aaa and registered with SEC.
U.S. Agencies (Fannie Mae, Federal Home Loan Bank, Freddie Mac, etc.)	Less than 35% in any one issuer and up to 75% in aggregate, including repo collateral	Electric/DES: No ratings requirement for long-term debt; A-1/P-1 or better for short-term debt; SJRPP 1 st Resolution: no ratings requirements; Other Systems: AAA rated All Systems: Not backed by mortgage loans.
Commercial Paper	Up to 25% of portfolio; maximum of \$12.5 million in any one issuer	Must be in Fortune 500/Global 500, or governments of Canada or Canadian provinces (U.S. dollar-denominated); rated at least A-1/P-1 with stable or positive outlook
Municipal Bonds	Up to 30% non-JEA debt; 50% including JEA debt	Non-JEA debt must be rated AA by two rating agencies for Elec., Water, and 2 nd Power Park Resolution; Fla. GOs for original Power Park Resolution
Government Agency Money Market Mutual Funds	Up to 10% in any one fund; up to 25% in aggregate	AAA or Aaa rating required. Registered with SEC.
Intergovernmental Investment Pool	Up to 5%	Authorized by Florida statutes

JEA
TREASURY SERVICES
INVESTMENT POLICY
AS OF ~~DECEMBER 20~~AUGUST 16, 2011 2016

1.0 SCOPE

The statement of investment policy and guidelines applies to funds under control of JEA in excess of those required to meet short-term expenses.

This investment policy applies to financial assets including funds related to the issuance of debt by JEA, including the Electric System, the Water and Sewer System, St. Johns River Power Park (SJRPP), the Bulk Power Supply System, the District Energy System (DES), and any other entity created and approved by JEA's Board. Furthermore, this investment policy applies to customer deposit monies held by JEA. This policy shall not apply to investments of the SJRPP Employees' Retirement Plan or investments of the Other Post-Employment Benefits (OPEB) Trust, which are covered by separate investment policies or authorizing resolutions.

2.0 INVESTMENT OBJECTIVES

JEA's investment portfolio shall be managed with the primary objective of safety of capital. The investment strategy will provide sufficient liquidity to meet anticipated cash flow requirements.

JEA will strive to obtain the highest possible yields consistent with safety of capital, liquidity of the portfolio and prudent investment principles.

Investments are made with the intention of holding the securities to maturity. However, investments may be sold from time to time to meet cash flow requirements, for the purpose of restructuring the average duration of the portfolio and taking advantage of market opportunities to record capital gains.

3.0 PERFORMANCE MEASUREMENT

JEA seeks to optimize the return on investment within the constraints of safety and liquidity. The investment portfolio shall be designed to attain a market yield consistent with the investment risk, maturity and liquidity constraints as discussed in this policy. A benchmark index will be used to evaluate the performance of the portfolio and the index will be periodically reviewed by the Chief Financial Officer to determine its appropriateness and to recommend changes as needed.

4.0 PRUDENCE AND ETHICAL STANDARDS

The standard of prudence to be applied by JEA shall be the “Prudent Person” rule, which states: “Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.” The “Prudent Person” rule shall be applied in the context of managing the overall portfolio.

Employees of JEA involved in the investment process shall not transact personal business activity that could or could appear to conflict with State Statutes, City Ordinances, JEA Management Directives, proper execution of the investment program or which could impair their ability to make impartial investment decisions.

5.0 AUTHORIZED INVESTMENTS

Refer to Exhibits I through VI for a complete listing of the “Authorized Investments”. Exhibit I includes the Authorized Investments for the Electric System and Exhibit VI lists the Authorized Investments for DES. The bond resolutions for the Electric System and for DES allow any investment that is permitted by Florida law. Further, the Florida statutes provide that authorized investments include those that have been authorized by a resolution of the entity, e.g. a Board resolution. Thus, the JEA Board can amend the list of Authorized Investments for the Electric System and for DES. The Authorized Investments for the other JEA systems or entities are specifically listed in their respective bond resolutions and thus can only be changed by a change in the resolution.

Money market funds are specifically included in the list of Authorized Investments for the Electric System and DES. However, the term “money market funds” is not specifically noted in the list of Authorized Investments for the SJRPP Second Bond Resolution, the Bulk Power Supply System or the Water and Sewer System. The listings for those systems include as Authorized Investments the shares of an investment company organized under the Investment Company Act of 1940, as amended. Money market funds which are organized and registered under the Investment Company Act of 1940, as amended, fall under this definition and are thus included as eligible investments.

In the case of the SJRPP First Bond Resolution, the list of Investment Securities includes investments in direct obligations of or obligations guaranteed by the United States of America. Section 660.415 of the Florida Statutes states that in the absence of an express provision to the contrary, when a governing instrument (e.g. a bond resolution) permits investments in United States Government obligations, trust companies, trust departments, trustees and fiduciaries may invest in shares of an investment company registered under the Investment Company Act of 1940 if the portfolio of such investment company is limited to United States Government obligations and repurchase agreements fully collateralized by United States Government obligations. Thus the funds held by the SJRPP Trustee in the Debt Service Account and the Debt Service Reserve Account in the

Debt Service Fund may be invested in money market mutual funds which invest solely in United States Government obligations or repurchase agreements fully collateralized by United States Government obligations.

For all JEA systems, only money market funds that are rated AAA by Standard and Poor's or Aaa by Moody's Investors Service are permitted.

JEA does not speculate on the future movement of interest rates and is not permitted to utilize reverse repurchase agreements or other forms of debt leverage in the management of its investment portfolio. Floating rate notes, inflation-indexed notes, and other adjustable rate securities are permitted types of securities. Inverse floaters, however, are prohibited.

JEA is permitted to use interest rate swap agreements for asset/liability management. For its assets, JEA utilizes interest rate swaps in a 100% asset matched strategy with JEA's revolving fund balances. JEA is also permitted to engage in the practice of securities lending, whereby a fee is paid to JEA in exchange for lending securities that are fully collateralized by securities listed as "Authorized Investments". JEA's investment professionals have developed sufficient understanding of the investment vehicles listed above and have the expertise to manage them.

6.0 MATURITY AND LIQUIDITY REQUIREMENTS

The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities will be matched with known cash needs and anticipated cash flow requirements.

Additionally, maturity limitations for funds related to the issuance of debt are outlined in the Bond Resolution relating to those bond issues.

7.0 PORTFOLIO COMPOSITION

The investment portfolio may be structured to have limits on certain types of securities, issuers, and maturities. Refer to Table 1 for specific limitations.

Investments in commercial paper, certificates of deposit or bankers acceptances shall have the following restrictions: Nine months maximum maturity, \$12,500,000 limit per issuer, and limited to 25% of the entire portfolio (including money market and repurchase agreements). Exceeding the 25% limit is permitted when including investments for the debt service sinking funds and escrows relating to the economic defeasance of debt. In addition, commercial paper must be rated in the highest whole rating category (i.e. A-1 by Standard and Poor's, P-1 by Moody's Investors Service or F1 by Fitch) by at least 2 nationally recognized rating agencies and be issued by a Fortune 500 company, ~~or a~~ Fortune Global 500 company with significant operations in the U.S. (in U.S. dollar-denominated securities), (e.g. Nestle, Royal Dutch Shell, etc.) or the governments of

[Canada or Canadian provinces \(in U.S. dollar-denominated securities\)](#). The ratings outlook for the commercial paper must be positive or stable at the time of the investment.

8.0 RISK AND DIVERSIFICATION

Assets held shall be diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these instruments are bought and sold. Diversification strategies shall be reviewed and revised periodically as necessary by the appropriate management staff. A diversity of treasury and agency issues shall be maintained to avoid a concentration in any one issue or maturity. Refer to Table 1 for detailed investment limitations. Such limitations will be periodically reviewed by the Chief Financial Officer to determine their appropriateness and to recommend changes as needed.

9.0 AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

JEA shall only execute US Treasury and Agency investment transactions and repurchase agreements with primary securities dealers as designated by the Federal Reserve Bank of New York and commercial banks within JEA's geographical service area who are member banks of the Federal Reserve System and have capital stock, surplus and undivided earnings aggregating at least \$25,000,000 and have a rating on short-term bank deposits of at least P-1 by Moody's Investors Service. Commercial paper transactions, CD's and BA's can be executed with primary securities dealers and firms considered to be "Direct Issuers". Municipal securities transactions can be executed with primary securities dealers or municipal securities firms having a significant presence in Florida or firms owning a specific JEA bond issue and only on a delivery versus payment basis. Investment Agreements can be purchased directly from the issuing insurance company or financial institution. Money market mutual funds can be purchased from commercial banks meeting the requirements discussed above, from primary dealers, through JEA Trustees as discussed in Section 5.0, or directly from the money market mutual fund. All other investments can only be purchased from primary dealers.

10.0 THIRD-PARTY CUSTODIAL AGREEMENTS

All securities purchased by, and all collateral obtained by, JEA under this section shall be properly designated as an asset of JEA and held in safekeeping by a third party custodial bank or other third party custodial institution, except as noted below.

All securities purchased and sold by JEA under this section shall be executed using the "delivery versus payment procedure." Collateral requirements for Repurchase Agreements and Securities Lending Agreements will be contained in the Master Repurchase Agreement/Custodial Undertaking and Securities Lending Agreement, respectively, executed between JEA and the broker/dealer or bank.

The safekeeping institution shall issue a safekeeping receipt to JEA listing the specific instrument, par value, rate, maturity and any other pertinent information. In the case of

securities purchased or sold, the “confirmation” received from the dealer or safekeeping institution should be attached to the internally generated trade ticket. In the case of repurchase agreements, collateral safekeeping receipts should be compared on a daily basis to ensure compliance with collateral requirements and investment limitations.

No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized staff member of JEA.

An exception to third party custody of assets would be the safekeeping of collateral for repurchase agreements entered into between JEA and its primary bank for the purpose of conducting day to day cash management functions. Collateral will be held by that bank but not in JEA’s name. The bank will issue a safekeeping receipt indicating the collateral pledged to JEA.

11.0 MASTER REPURCHASE AGREEMENT

JEA shall require all institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement that is signed by both parties. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

Repurchase Agreements can only be entered into with authorized investment institutions and dealers as defined in Section 9.0 of this policy. In addition, all repurchase agreements must adhere to the provisions as defined in Section 5.0 of this policy relating to authorized investments and Section 10.0 of this policy regarding third-party custodial agreements. Collateral requirements must adhere to those outlined in the appropriate bond resolution. Tri Party Repurchase Agreements are preferred to “conventional” (delivery of collateral versus wire transfer of the amount invested) Repurchase Agreements due to significant cost savings derived from safekeeping the collateral at the same custodian utilized by the dealer. Due to the costs associated with transferring Repurchase Agreements on a daily basis, the interest rate paid to JEA will be compared on a daily basis to the market (using Bloomberg or a similar source) and when appropriate, the Repurchase Agreement will be re-executed with a different institution based on the rate comparison.

12.0 BID REQUIREMENT

Staff shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate.

Competitive bids or offerings shall be obtained from at least three dealers on all sales or purchases except in situations where:

- a. the security involved is a “new issue” and/or can be purchased “at the auction”;

- b. the security involved has a fixed, “posted scale” rate;
- c. the security involved is available through direct issue, private placement (e.g., General Electric Commercial Paper, Chevron Commercial Paper, , etc.);
- d. the security involved is of particular special interest to JEA (e.g. Florida General Obligation bonds or other municipal bonds) and dealer competition could have an adverse impact with respect to the price and/or availability of the security to JEA;
- e. a dealer or institution brings to JEA an unsolicited swap proposal deemed advantageous to JEA.

Although direct investments in equity securities are not authorized investments, such securities are received by JEA from time to time as payment for customer liabilities in lieu of the receipt of cash. Competitive bids are not required on the sale of such securities in order that the sale may take place in an expeditious manner.

The requirement for competitive bids does not apply to JEA purchases of JEA bonds in the secondary market, or to investments in money market mutual funds, ~~or the State of Florida Local Government Surplus Funds Trust Fund (the “State Pool”),~~ or intergovernmental investment pools. Money market funds shall be rated AAA by Standard and Poor’s or Aaa by Moody’s Investors Service and will be selected on the basis of a fund’s yield, ranking versus peers, expenses, portfolio composition, assets under management, etc. Investments in money market mutual funds or in the State Pool or an intergovernmental pool will be reviewed on a periodic basis for appropriateness.

13.0 INTERNAL CONTROLS

The Chief Financial Officer and/or the ~~Director of Treasury Services~~Treasurer will maintain a system of internal controls, which will be documented in writing and made part of operational procedures in Treasury Services. The internal controls will be reviewed by independent auditors as part of any financial audit periodically required of JEA.

The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of JEA.

14.0 REPORTING

Treasury Services shall generate monthly reports for management purposes. The reports shall include securities in the portfolio by class or type, book value, and yield earned during the period. Market values are reported quarterly in JEA’s financial statements. Treasury Services shall provide other such reports and information as deemed reasonable, upon request, from other internal and external sources.

15.0 CONTINUING EDUCATION

JEA staff responsible for making investment decisions must annually complete 8 hours of continuing education in subjects of study related to investment practices and products. This requirement can be met through a variety of methods including, but not limited to, seminars, conferences, college courses, and CPA continuing education.

16.0 AUDITS

Certified public accountants conducting audits of JEA pursuant to section 218.39, Florida Statutes, shall report, as part of the audit, whether or not JEA has complied with this section 218.415, Florida Statutes.

17.0 SALE OF SECURITIES

When the invested funds are needed in whole or in part for the purposes originally intended or for more optimal investments, JEA may sell such investments at the “market” and place the proceeds in the proper account or fund.

18.0 AUTHORIZATIONS

JEA investment accounts may be opened or continued at registered broker/dealers or banks. The Managing Director and Chief Executive Officer (CEO), or his designee, is authorized to open such accounts and to 1) purchase and sell authorized investments and to 2) sell securities received as payment for customer liabilities in lieu of the receipt of cash. A detailed listing of individuals in authorized positions and their specific authorities and signatures will be maintained in an “Authorization for the Opening and Continuing of Certain Investment Accounts and Signatories Therefor.”

19.0 PRIORITY OF DOCUMENTS

This JEA Investment Policy shall be the governing document when conflicting or otherwise inconsistent with the JEA [Purchasing Procurement](#) Code.

20.0 INVESTMENT POLICY APPROVAL

The authority to approve, modify, or amend this Investment Policy rests with the JEA Finance and Audit Committee and the JEA Board. The JEA Chief Financial Officer or Treasurer may submit recommendations for changes to the Investment Policy as deemed necessary.

EXHIBIT 1
JEA ELECTRIC SYSTEM AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poor's and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of long-term indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;
- (iv) discount notes or other short-term debt issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase are rated in the highest rating category by two nationally recognized rating agencies;
- (v) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (vi) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vii) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA;
- (viii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (ix) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (x) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provided at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;
- (xi) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's Rating Group or their respective successors or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's Ratings Group or "F-1" by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of

ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;

- (xii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xiii) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor's Rating Group and or Aaa if rated by Moody's Investors Service; and
- (xiv) ~~interests in~~ the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01,~~other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian.~~

EXHIBIT II
SJRPP AUTHORIZED INVESTMENTS – FIRST BOND RESOLUTION

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) direct obligations of or obligations guaranteed by the United States of America;
- (ii) obligations issued by any of the following agencies or their successors: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Banks; Federal Land Banks; Export-Import Bank of the United States; Tennessee Valley Authority; Government National Mortgage Association; Federal Farm Credit Banks; Farmers Home Administration; Federal National Mortgage Association; a Federal agency to the extent that such obligations are backed by the full faith and credit of the United States of America (other than as provided in clause (i) hereof);
- (iii) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge or annual contribution under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (iv) direct and general obligations of or obligations guaranteed by the State of Florida, to the payment of the principal of and interest on which the full faith and credit of the State is pledged;
- (v) deposits in interest bearing time deposits or certificates of deposit fully secured by obligations described in clause (i) through (iv) hereof to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;
- (vi) debt obligations having a maximum maturity of one year of any corporation or bank which are rated by Moody's Investors Service, Inc. and Standard & Poor's Corporation or their successors in the highest rating category used by one such rating agency and in one of the two highest rating categories used by the other rating agency for comparable types of debt obligations; and
- (vii) investment agreements with any government bond dealer reporting to the Federal Reserve Bank of New York, or any Member bank of the Federal Reserve System having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 which agreements are secured by obligations described in sub-paragraphs (i) through (vi) of this paragraph having a market value of at least 103 percent of the amount of such agreement.

EXHIBIT III
SJRPP AUTHORIZED INVESTMENTS – SECOND BOND RESOLUTION

“Authorized Investments” shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA’s funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s Investors Service, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of “AAA” or “Aaa” by Standard & Poor’s or Moody’s Investors Service, as the case may be;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (iv) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (v) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (i) and (ii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vi) certificates of deposit, whether negotiable or non-negotiable, and banker’s acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; provided, that at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association’s deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody’s Investors Service or

Standard & Poor's or (Y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (vii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's, or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (i) and (ii) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;
- (ix) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by Standard & Poor's and "Aa2" or above if rated by Moody's Investors Service;
- (x) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and
- (xi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized

rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off.

EXHIBIT IV
RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM
AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's and "Aaa" by Moody's Investors Service, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of "AAA" or "Aaa" by Standard & Poor's or Moody's Investors Service, as the case may be;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (iv) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (v) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (i) and (ii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vi) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; *provided*, that at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies,

- (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody's Investors Service or Standard & Poor's or (Y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;
- (vii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's, or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
 - (viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (i) and (ii) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;
 - (ix) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by Standard & Poor's and "Aa" or above if rated by Moody's Investors Service;
 - (x) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and
 - (xi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating

agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Any such agreement or contract may provide that, with the approval of JEA, the insurance company or other financial institution may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution.

EXHIBIT V
JEA WATER AND SEWER AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poors Ratings Group and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated AAA and Aaa by Standard and Poor's and Moody's Investors Service, respectively, or if only rated by one, then shall have a rating of AAA or Aaa, as the case may be;
- (iv) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (v) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA
- (vii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (viii) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (ix) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provide at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating(giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (x) commercial paper that, at the date of investment, is rated “P-1” by Moody's Investors Service and “A-1” by Standard & Poor's Rating Group or their respective successors or if not so rated by both such rating agencies, then rated “P-1” by Moody’s Investors Service or “A-1” by Standard & Poor’s Ratings Group or “F-1” by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (xi) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xii) shares of an investment company organized under the Investment Company Act of 1940, as amended, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AA or above if rated by Standard & Poor’s Rating Group and Aa2 or above if rated by Moody’s Investors Service; and
- (xiii) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian.

EXHIBIT VI
JEA DISTRICT ENERGY SYSTEM AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poor's Ratings Group and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of long-term indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;
- (iv) discount notes or other short-term debt issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase are rated in the highest rating category by two nationally recognized rating agencies;
- (v) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (vi) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vii) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA;
- (viii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (ix) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (x) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provide at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating(giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (xi) commercial paper that, at the date of investment, is rated “P-1” by Moody's Investors Service and “A-1” by Standard & Poor's or their respective successors or if not so rated by both such rating agencies, then rated “P-1” by Moody’s Investors Service or “A-1” by Standard & Poor’s or “F-1” by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (xii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xiii) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor’s and Aaa if rated by Moody’s Investors Service; and
- (xiv) ~~interests in~~ the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01,~~other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian.~~

Table 1 – JEA Investment Limitations

Option	Allowable Range (% of total investments and/or \$ amount)	Comments
Bank NOW Account	Up to 25%, except for 3/31 and 9/30 at which time the limit is 30%	Federal or state insured financial institutions designated as Qualified Public Depositories by the State of Florida
Triparty Repo	Up to 15% with any one dealer; up to 25% in aggregate	102% collateral for Elec., Water, SJRPP 2 nd Resolution; 103% for SJRPP 1 st Resolution. Collateral can include Treasuries and/or Agencies and is held by a 3 rd party custodian. Dealers rated AA by two rating agencies.
U.S. Treasuries or Treasury-only Money Market Funds	Up to 100%	Fund must be rated AAA or Aaa and registered with SEC.
U.S. Agencies (Fannie Mae, Federal Home Loan Bank, Freddie Mac, etc.)	Less than 35% in any one issuer and up to 75% in aggregate, including repo collateral	Electric/DES: No ratings requirement for long-term debt; A-1/P-1 or better for short-term debt; SJRPP 1 st Resolution: no ratings requirements; Other Systems: AAA rated All Systems: Not backed by mortgage loans.
Commercial Paper	Up to 25% of portfolio; maximum of \$12.5 million in any one issuer	Must be in Fortune 500/Global 500, or governments of Canada or Canadian provinces (U.S. dollar-denominated) ; rated at least A-1/P-1 with stable or positive outlook
Municipal Bonds	Up to 30% non-JEA debt; 50% including JEA debt	Non-JEA debt must be rated AA by two rating agencies for Elec., Water, and 2 nd Power Park Resolution; Fla. GOs for original Power Park Resolution
Government Agency Money Market Mutual Funds	Up to 10% in any one fund; up to 25% in aggregate	AAA or Aaa rating required. Registered with SEC.
Intergovernmental Investment Pool	Up to 5%	Authorized by Florida statutes

IV. A. 9. b.

JEA Investment Policy Revisions

The following Investment Policy includes the original policy submitted to the Finance & Audit Committee prior to the August 8' 2016 Committee Meeting.

JEA
TREASURY SERVICES
INVESTMENT POLICY
AS OF ~~DECEMBER 20~~AUGUST 16, 2011 2016

This policy was provided in the original August 8, 2016 Finance & Audit Committee package

1.0 SCOPE

The statement of investment policy and guidelines applies to funds under control of JEA in excess of those required to meet short-term expenses.

This investment policy applies to financial assets including funds related to the issuance of debt by JEA, including the Electric System, the Water and Sewer System, St. Johns River Power Park (SJRPP), the Bulk Power Supply System, the District Energy System (DES), and any other entity created and approved by JEA's Board. Furthermore, this investment policy applies to customer deposit monies held by JEA. This policy shall not apply to investments of the SJRPP Employees' Retirement Plan or investments of the Other Post-Employment Benefits (OPEB) Trust, which are covered by separate investment policies or authorizing resolutions.

2.0 INVESTMENT OBJECTIVES

JEA's investment portfolio shall be managed with the primary objective of safety of capital. The investment strategy will provide sufficient liquidity to meet anticipated cash flow requirements.

JEA will strive to obtain the highest possible yields consistent with safety of capital, liquidity of the portfolio and prudent investment principles.

Investments are made with the intention of holding the securities to maturity. However, investments may be sold from time to time to meet cash flow requirements, for the purpose of restructuring the average duration of the portfolio and taking advantage of market opportunities to record capital gains.

3.0 PERFORMANCE MEASUREMENT

JEA seeks to optimize the return on investment within the constraints of safety and liquidity. The investment portfolio shall be designed to attain a market yield consistent with the investment risk, maturity and liquidity constraints as discussed in this policy. A benchmark index will be used to evaluate the performance of the portfolio and the index will be periodically reviewed by the Chief Financial Officer to determine its appropriateness and to recommend changes as needed.

4.0 PRUDENCE AND ETHICAL STANDARDS

The standard of prudence to be applied by JEA shall be the “Prudent Person” rule, which states: “Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.” The “Prudent Person” rule shall be applied in the context of managing the overall portfolio.

Employees of JEA involved in the investment process shall not transact personal business activity that could or could appear to conflict with State Statutes, City Ordinances, JEA Management Directives, proper execution of the investment program or which could impair their ability to make impartial investment decisions.

5.0 AUTHORIZED INVESTMENTS

Refer to Exhibits I through VI for a complete listing of the “Authorized Investments”. Exhibit I includes the Authorized Investments for the Electric System and Exhibit VI lists the Authorized Investments for DES. The bond resolutions for the Electric System and for DES allow any investment that is permitted by Florida law. Further, the Florida statutes provide that authorized investments include those that have been authorized by a resolution of the entity, e.g. a Board resolution. Thus, the JEA Board can amend the list of Authorized Investments for the Electric System and for DES. The Authorized Investments for the other JEA systems or entities are specifically listed in their respective bond resolutions and thus can only be changed by a change in the resolution.

Money market funds are specifically included in the list of Authorized Investments for the Electric System and DES. However, the term “money market funds” is not specifically noted in the list of Authorized Investments for the SJRPP Second Bond Resolution, the Bulk Power Supply System or the Water and Sewer System. The listings for those systems include as Authorized Investments the shares of an investment company organized under the Investment Company Act of 1940, as amended. Money market funds which are organized and registered under the Investment Company Act of 1940, as amended, fall under this definition and are thus included as eligible investments.

In the case of the SJRPP First Bond Resolution, the list of Investment Securities includes investments in direct obligations of or obligations guaranteed by the United States of America. Section 660.415 of the Florida Statutes states that in the absence of an express provision to the contrary, when a governing instrument (e.g. a bond resolution) permits investments in United States Government obligations, trust companies, trust departments, trustees and fiduciaries may invest in shares of an investment company registered under the Investment Company Act of 1940 if the portfolio of such investment company is limited to United States Government obligations and repurchase agreements fully collateralized by United States Government obligations. Thus the funds held by the SJRPP Trustee in the Debt Service Account and the Debt Service Reserve Account in the

Debt Service Fund may be invested in money market mutual funds which invest solely in United States Government obligations or repurchase agreements fully collateralized by United States Government obligations.

For all JEA systems, only money market funds that are rated AAA by Standard and Poor's or Aaa by Moody's Investors Service are permitted.

JEA does not speculate on the future movement of interest rates and is not permitted to utilize reverse repurchase agreements or other forms of debt leverage in the management of its investment portfolio. Floating rate notes, inflation-indexed notes, and other adjustable rate securities are permitted types of securities. Inverse floaters, however, are prohibited.

JEA is permitted to use interest rate swap agreements for asset/liability management. For its assets, JEA utilizes interest rate swaps in a 100% asset matched strategy with JEA's revolving fund balances. JEA is also permitted to engage in the practice of securities lending, whereby a fee is paid to JEA in exchange for lending securities that are fully collateralized by securities listed as "Authorized Investments". JEA's investment professionals have developed sufficient understanding of the investment vehicles listed above and have the expertise to manage them.

6.0 MATURITY AND LIQUIDITY REQUIREMENTS

The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, investment maturities will be matched with known cash needs and anticipated cash flow requirements.

Additionally, maturity limitations for funds related to the issuance of debt are outlined in the Bond Resolution relating to those bond issues.

7.0 PORTFOLIO COMPOSITION

The investment portfolio may be structured to have limits on certain types of securities, issuers, and maturities. Refer to Table 1 for specific limitations.

Investments in commercial paper, certificates of deposit or bankers acceptances shall have the following restrictions: Nine months maximum maturity, \$12,500,000 limit per issuer, and limited to 25% of the entire portfolio (including money market and repurchase agreements). Exceeding the 25% limit is permitted when including investments for the debt service sinking funds and escrows relating to the economic defeasance of debt. In addition, commercial paper must be rated in the highest whole rating category (i.e. A-1 by Standard and Poor's, P-1 by Moody's Investors Service or F1 by Fitch) by at least 2 nationally recognized rating agencies and be issued by a Fortune 500 company, ~~or a Fortune Global 500 company with significant operations in the U.S., (e.g. Nestle, Royal Dutch Shell, etc.)~~ or the governments of Canada or Canadian provinces (in U.S. dollar-

[denominated securities](#)). The ratings outlook for the commercial paper must be positive or stable at the time of the investment.

8.0 RISK AND DIVERSIFICATION

Assets held shall be diversified to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these instruments are bought and sold. Diversification strategies shall be reviewed and revised periodically as necessary by the appropriate management staff. A diversity of treasury and agency issues shall be maintained to avoid a concentration in any one issue or maturity. Refer to Table 1 for detailed investment limitations. Such limitations will be periodically reviewed by the Chief Financial Officer to determine their appropriateness and to recommend changes as needed.

9.0 AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

JEA shall only execute US Treasury and Agency investment transactions and repurchase agreements with primary securities dealers as designated by the Federal Reserve Bank of New York and commercial banks within JEA's geographical service area who are member banks of the Federal Reserve System and have capital stock, surplus and undivided earnings aggregating at least \$25,000,000 and have a rating on short-term bank deposits of at least P-1 by Moody's Investors Service. Commercial paper transactions, CD's and BA's can be executed with primary securities dealers and firms considered to be "Direct Issuers". Municipal securities transactions can be executed with primary securities dealers or municipal securities firms having a significant presence in Florida or firms owning a specific JEA bond issue and only on a delivery versus payment basis. Investment Agreements can be purchased directly from the issuing insurance company or financial institution. Money market mutual funds can be purchased from commercial banks meeting the requirements discussed above, from primary dealers, through JEA Trustees as discussed in Section 5.0, or directly from the money market mutual fund. All other investments can only be purchased from primary dealers.

10.0 THIRD-PARTY CUSTODIAL AGREEMENTS

All securities purchased by, and all collateral obtained by, JEA under this section shall be properly designated as an asset of JEA and held in safekeeping by a third party custodial bank or other third party custodial institution, except as noted below.

All securities purchased and sold by JEA under this section shall be executed using the "delivery versus payment procedure." Collateral requirements for Repurchase Agreements and Securities Lending Agreements will be contained in the Master Repurchase Agreement/Custodial Undertaking and Securities Lending Agreement, respectively, executed between JEA and the broker/dealer or bank.

The safekeeping institution shall issue a safekeeping receipt to JEA listing the specific instrument, par value, rate, maturity and any other pertinent information. In the case of

securities purchased or sold, the “confirmation” received from the dealer or safekeeping institution should be attached to the internally generated trade ticket. In the case of repurchase agreements, collateral safekeeping receipts should be compared on a daily basis to ensure compliance with collateral requirements and investment limitations.

No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized staff member of JEA.

An exception to third party custody of assets would be the safekeeping of collateral for repurchase agreements entered into between JEA and its primary bank for the purpose of conducting day to day cash management functions. Collateral will be held by that bank but not in JEA’s name. The bank will issue a safekeeping receipt indicating the collateral pledged to JEA.

11.0 MASTER REPURCHASE AGREEMENT

JEA shall require all institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement that is signed by both parties. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

Repurchase Agreements can only be entered into with authorized investment institutions and dealers as defined in Section 9.0 of this policy. In addition, all repurchase agreements must adhere to the provisions as defined in Section 5.0 of this policy relating to authorized investments and Section 10.0 of this policy regarding third-party custodial agreements. Collateral requirements must adhere to those outlined in the appropriate bond resolution. Tri Party Repurchase Agreements are preferred to “conventional” (delivery of collateral versus wire transfer of the amount invested) Repurchase Agreements due to significant cost savings derived from safekeeping the collateral at the same custodian utilized by the dealer. Due to the costs associated with transferring Repurchase Agreements on a daily basis, the interest rate paid to JEA will be compared on a daily basis to the market (using Bloomberg or a similar source) and when appropriate, the Repurchase Agreement will be re-executed with a different institution based on the rate comparison.

12.0 BID REQUIREMENT

Staff shall determine the approximate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate.

Competitive bids or offerings shall be obtained from at least three dealers on all sales or purchases except in situations where:

- a. the security involved is a “new issue” and/or can be purchased “at the auction”;

- b. the security involved has a fixed, “posted scale” rate;
- c. the security involved is available through direct issue, private placement (e.g., General Electric Commercial Paper, Chevron Commercial Paper, , etc.);
- d. the security involved is of particular special interest to JEA (e.g. Florida General Obligation bonds or other municipal bonds) and dealer competition could have an adverse impact with respect to the price and/or availability of the security to JEA;
- e. a dealer or institution brings to JEA an unsolicited swap proposal deemed advantageous to JEA.

Although direct investments in equity securities are not authorized investments, such securities are received by JEA from time to time as payment for customer liabilities in lieu of the receipt of cash. Competitive bids are not required on the sale of such securities in order that the sale may take place in an expeditious manner.

The requirement for competitive bids does not apply to JEA purchases of JEA bonds in the secondary market, or to investments in money market mutual funds, ~~or~~ the State of Florida Local Government Surplus Funds Trust Fund (the “State Pool”), or intergovernmental investment pools. Money market funds shall be rated AAA by Standard and Poor’s or Aaa by Moody’s Investors Service and will be selected on the basis of a fund’s yield, ranking versus peers, expenses, portfolio composition, assets under management, etc. Investments in money market mutual funds or in the State Pool or an intergovernmental pool will be reviewed on a periodic basis for appropriateness.

13.0 INTERNAL CONTROLS

The Chief Financial Officer and/or the ~~Director of Treasury Services~~Treasurer will maintain a system of internal controls, which will be documented in writing and made part of operational procedures in Treasury Services. The internal controls will be reviewed by independent auditors as part of any financial audit periodically required of JEA.

The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of JEA.

14.0 REPORTING

Treasury Services shall generate monthly reports for management purposes. The reports shall include securities in the portfolio by class or type, book value, and yield earned during the period. Market values are reported quarterly in JEA’s financial statements. Treasury Services shall provide other such reports and information as deemed reasonable, upon request, from other internal and external sources.

15.0 CONTINUING EDUCATION

JEA staff responsible for making investment decisions must annually complete 8 hours of continuing education in subjects of study related to investment practices and products. This requirement can be met through a variety of methods including, but not limited to, seminars, conferences, college courses, and CPA continuing education.

16.0 AUDITS

Certified public accountants conducting audits of JEA pursuant to section 218.39, Florida Statutes, shall report, as part of the audit, whether or not JEA has complied with this section 218.415, Florida Statutes.

17.0 SALE OF SECURITIES

When the invested funds are needed in whole or in part for the purposes originally intended or for more optimal investments, JEA may sell such investments at the “market” and place the proceeds in the proper account or fund.

18.0 AUTHORIZATIONS

JEA investment accounts may be opened or continued at registered broker/dealers or banks. The Managing Director and Chief Executive Officer (CEO), or his designee, is authorized to open such accounts and to 1) purchase and sell authorized investments and to 2) sell securities received as payment for customer liabilities in lieu of the receipt of cash. A detailed listing of individuals in authorized positions and their specific authorities and signatures will be maintained in an “Authorization for the Opening and Continuing of Certain Investment Accounts and Signatories Therefor.”

19.0 PRIORITY OF DOCUMENTS

This JEA Investment Policy shall be the governing document when conflicting or otherwise inconsistent with the JEA [Purchasing Procurement](#) Code.

20.0 INVESTMENT POLICY APPROVAL

The authority to approve, modify, or amend this Investment Policy rests with the JEA Finance and Audit Committee and the JEA Board. The JEA Chief Financial Officer or Treasurer may submit recommendations for changes to the Investment Policy as deemed necessary.

EXHIBIT 1
JEA ELECTRIC SYSTEM AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poor's and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of long-term indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;
- (iv) discount notes or other short-term debt issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase are rated in the highest rating category by two nationally recognized rating agencies;
- (v) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (vi) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vii) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA;
- (viii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (ix) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (x) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provided at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;
- (xi) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's Rating Group or their respective successors or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's Ratings Group or "F-1" by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of

ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;

- (xii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xiii) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor's Rating Group and or Aaa if rated by Moody's Investors Service; and
- (xiv) ~~interests in~~ the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01,~~other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian.~~

EXHIBIT II
SJRPP AUTHORIZED INVESTMENTS – FIRST BOND RESOLUTION

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) direct obligations of or obligations guaranteed by the United States of America;
- (ii) obligations issued by any of the following agencies or their successors: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Banks; Federal Land Banks; Export-Import Bank of the United States; Tennessee Valley Authority; Government National Mortgage Association; Federal Farm Credit Banks; Farmers Home Administration; Federal National Mortgage Association; a Federal agency to the extent that such obligations are backed by the full faith and credit of the United States of America (other than as provided in clause (i) hereof);
- (iii) public housing bonds issued by public housing authorities and fully secured as to the payment of both principal and interest by a pledge or annual contribution under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (iv) direct and general obligations of or obligations guaranteed by the State of Florida, to the payment of the principal of and interest on which the full faith and credit of the State is pledged;
- (v) deposits in interest bearing time deposits or certificates of deposit fully secured by obligations described in clause (i) through (iv) hereof to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;
- (vi) debt obligations having a maximum maturity of one year of any corporation or bank which are rated by Moody's Investors Service, Inc. and Standard & Poor's Corporation or their successors in the highest rating category used by one such rating agency and in one of the two highest rating categories used by the other rating agency for comparable types of debt obligations; and
- (vii) investment agreements with any government bond dealer reporting to the Federal Reserve Bank of New York, or any Member bank of the Federal Reserve System having capital stock, surplus and undivided earnings aggregating at least \$25,000,000 which agreements are secured by obligations described in sub-paragraphs (i) through (vi) of this paragraph having a market value of at least 103 percent of the amount of such agreement.

EXHIBIT III
SJRPP AUTHORIZED INVESTMENTS – SECOND BOND RESOLUTION

“Authorized Investments” shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA’s funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s Investors Service, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of “AAA” or “Aaa” by Standard & Poor’s or Moody’s Investors Service, as the case may be;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (iv) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (v) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (i) and (ii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vi) certificates of deposit, whether negotiable or non-negotiable, and banker’s acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; provided, that at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association’s deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody’s Investors Service or

Standard & Poor's or (Y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (vii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's, or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (i) and (ii) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;
- (ix) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by Standard & Poor's and "Aa2" or above if rated by Moody's Investors Service;
- (x) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and
- (xi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized

rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off.

EXHIBIT IV
RESTATED AND AMENDED BULK POWER SUPPLY SYSTEM
AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include each of the following securities, obligations and investments if and to the extent that at the time the same shall be legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (ii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated "AAA" by Standard & Poor's and "Aaa" by Moody's Investors Service, if rated by both rating agencies, and, if rated by one such rating agency, shall have a rating of "AAA" or "Aaa" by Standard & Poor's or Moody's Investors Service, as the case may be;
- (iii) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that at the time of their purchase hereunder such obligations are rated in either of the two highest whole rating categories by two nationally recognized rating agencies;
- (iv) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State is pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (v) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (i) and (ii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination of federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (vi) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000; *provided*, that at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest whole rating category by two nationally recognized rating agencies,

- (b) issued by a bank, trust company or nationally recognized association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating (giving effect to any refinement or graduation of ratings by a numerical or symbolic modifier or otherwise) by (X) Moody's Investors Service or Standard & Poor's or (Y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirements set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the Federal Deposit Insurance Corporation or secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;
- (vii) commercial paper that, at the date of investment, is rated "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's, or if not so rated by both such rating agencies, then rated "P-1" by Moody's Investors Service or "A-1" by Standard & Poor's or "F-1" by Fitch Ratings and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
 - (viii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve bank of New York, which agreement relates to the sale and repurchase of any one or more of the securities described in clauses (i) and (ii) above and which, in the judgment of JEA, conforms as to terms and conditions with then prevailing prudent standards in the financial markets;
 - (ix) shares of an investment company organized under the Investment Company Act of 1940, as amended (or successor provision of law), which invests in assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated "AA" or above if rated by Standard & Poor's and "Aa" or above if rated by Moody's Investors Service;
 - (x) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian; and
 - (xi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment of such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued or entered into by (i) an insurance company whose claims paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating

agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Any such agreement or contract may provide that, with the approval of JEA, the insurance company or other financial institution may have the right to assign its obligations under any such agreement or contract to any other insurance company or other financial institution.

EXHIBIT V
JEA WATER AND SEWER AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poors Ratings Group and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase hereunder are rated AAA and Aaa by Standard and Poor's and Moody's Investors Service, respectively, or if only rated by one, then shall have a rating of AAA or Aaa, as the case may be;
- (iv) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (v) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vi) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA
- (vii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (viii) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (ix) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provide at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating(giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (x) commercial paper that, at the date of investment, is rated “P-1” by Moody's Investors Service and “A-1” by Standard & Poor's Rating Group or their respective successors or if not so rated by both such rating agencies, then rated “P-1” by Moody’s Investors Service or “A-1” by Standard & Poor’s Ratings Group or “F-1” by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (xi) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xii) shares of an investment company organized under the Investment Company Act of 1940, as amended, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AA or above if rated by Standard & Poor’s Rating Group and Aa2 or above if rated by Moody’s Investors Service; and
- (xiii) interests in the State of Florida Local Government Surplus Funds Trust Fund or other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian.

EXHIBIT VI
JEA DISTRICT ENERGY SYSTEM AUTHORIZED INVESTMENTS

"Authorized Investments" shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of JEA's funds:

- (i) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the Federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;
- (ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above on deposit in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate and (d) which at the time of their purchase hereunder are rated AAA by Standard & Poor's Ratings Group and if rated by Moody's Investors Service, are rated Aaa by such agency;
- (iii) bonds, debentures, or other evidences of long-term indebtedness issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;
- (iv) discount notes or other short-term debt issued or guaranteed by an agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America which at the time of their purchase are rated in the highest rating category by two nationally recognized rating agencies;
- (v) New Housing Authority Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (vi) obligations of any state of the United States of America or any political subdivision thereof or an agency or instrumentality of any state or political subdivision, provided at the time of their purchase hereunder such obligations are rated in either of the two highest rating categories by two nationally recognized rating agencies;

- (vii) any agreements or contracts with insurance companies or other financial institutions, which agreements or contracts (a) shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, or (b) are issued and entered into by (i) an insurance company whose claim paying ability shall be rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies or (ii) an insurance company or other financial institution that has issued and outstanding senior unsecured indebtedness rated at the date of investment in such agreements or contracts in the highest whole rating category by two nationally recognized rating agencies, and whereby under each such agreement or contract the insurance company or other financial institution shall be absolutely and unconditionally obligated to repay the moneys invested by JEA and interest thereon, without any right of recoupment, counterclaim or set off. Right of assignment is permitted, if approved by JEA;
- (viii) direct and general obligations of the State of Florida for the payment of the principal of and interest on which the full faith and credit of said State are pledged, or any bonds or other obligations which as to principal and interest are unconditionally guaranteed by the State of Florida;
- (ix) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clause (i) and (iii) of this definition, provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000;
- (x) certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances issued by any bank, trust company or national banking association, in each case, having a combined capital, surplus and undivided profits of not less than \$100,000,000, provide at the time of their purchase hereunder such instruments are (a) rated not lower than the second highest rating category by two nationally recognized rating agencies, (b) issued by a bank, trust company or national banking association (1) which bank, trust company or national banking association's deposit obligations have been issued the highest possible rating(giving effect to any refinement or graduation of ratings by a numerical modifier or otherwise) by (x) Moody's Investors Service or (y) two nationally recognized rating agencies or (2) which bank, trust company or national banking association has issued and outstanding senior unsecured indebtedness rated not lower than the second highest whole rating category by two nationally recognized rating agencies; provided that, if after the purchase of any such certificates of deposit, the ratings thereon or with respect to the issuer thereof, as the case may be, shall fall below the requirement set forth in clause (a) or (b) hereof, JEA shall sell such certificates of deposit, or (c) fully insured by the FDIC or secured, to the extent not insured by the FDIC, by such securities as described in clause (i) of this definition which securities shall at all times have a market value at least equal to the principal amount of such certificates of deposit or banker's acceptances;

- (xi) commercial paper that, at the date of investment, is rated “P-1” by Moody's Investors Service and “A-1” by Standard & Poor's or their respective successors or if not so rated by both such rating agencies, then rated “P-1” by Moody’s Investors Service or “A-1” by Standard & Poor’s or “F-1” by Fitch Investors Service and rated with the highest possible rating (giving effect to any refinement or graduation of ratings with a numerical or symbolic modifier or otherwise) by one other nationally recognized rating agency;
- (xii) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement relates to the sale and repurchase of any of the securities described in clauses (i) and (iii) above and which, in the judgement of JEA, conforms as to terms and conditions with the then prevailing prudent standards in the financial markets;
- (xiii) shares of an investment company organized under the Investment Company Act of 1940, as amended, including money market mutual funds, which invests its assets exclusively in obligations of the type described in the other clauses of this definition which shares shall be rated AAA if rated by Standard & Poor’s and Aaa if rated by Moody’s Investors Service; and
- (xiv) ~~interests in~~ the State of Florida Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01,~~other similar common trust fund for which such state, or a constitutional or statutory officer or agency thereof, shall be the custodian.~~

Table 1 – JEA Investment Limitations

Option	Allowable Range (% of total investments and/or \$ amount)	Comments
Bank NOW Account	Up to 25%, except for 3/31 and 9/30 at which time the limit is 30%	Federal or state insured financial institutions designated as Qualified Public Depositories by the State of Florida
Triparty Repo	Up to 15% with any one dealer; up to 25% in aggregate	102% collateral for Elec., Water, SJRPP 2 nd Resolution; 103% for SJRPP 1 st Resolution. Collateral can include Treasuries and/or Agencies and is held by a 3 rd party custodian. Dealers rated AA by two rating agencies.
U.S. Treasuries or Treasury-only Money Market Funds	Up to 100%	Fund must be rated AAA or Aaa and registered with SEC.
U.S. Agencies (Fannie Mae, Federal Home Loan Bank, Freddie Mac, etc.)	Less than 35% in any one issuer and up to 75% in aggregate, including repo collateral	Electric/DES: No ratings requirement for long-term debt; A-1/P-1 or better for short-term debt; SJRPP 1 st Resolution: no ratings requirements; Other Systems: AAA rated All Systems: Not backed by mortgage loans.
Commercial Paper	Up to 25% of portfolio; maximum of \$12.5 million in any one issuer	Must be in Fortune 500/Global 500, or governments of Canada or Canadian provinces (U.S. dollar-denominated) ; rated at least A-1/P-1 with stable or positive outlook
Municipal Bonds	Up to 30% non-JEA debt; 50% including JEA debt	Non-JEA debt must be rated AA by two rating agencies for Elec., Water, and 2 nd Power Park Resolution; Fla. GOs for original Power Park Resolution
Government Agency Money Market Mutual Funds	Up to 10% in any one fund; up to 25% in aggregate	AAA or Aaa rating required. Registered with SEC.
Intergovernmental Investment Pool	Up to 5%	Authorized by Florida statutes

IV. A. 10.

JEA Energy Market Risk Management Policy Report



AGENDA ITEM SUMMARY

August 8, 2016

SUBJECT:	JEA ENERGY MARKET RISK MANAGEMENT POLICY REPORT
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Purpose:	<input checked="" type="checkbox"/> Information Only	<input type="checkbox"/> Action Required	<input type="checkbox"/> Advice/Direction
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Issue: The JEA Board approved the Energy Market Risk Management (EMRM) Policy in March 2014. The Policy was developed to codify the risk, governance, limits, and criteria associated with managing energy market exposure, and to comply with requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The reporting section of the Policy requires that the Electric VP & GM report quarterly on JEA's financial and physical fuel and power transactions. The report includes physical transactions greater than one year and all financial transactions. The report also includes graphs showing JEA's historical dispatch costs, along with historical and forward power and natural gas market prices.

Significance: High. The Policy governs JEA's wholesale energy market risk management and allows JEA to execute certain physical and financial transactions. The attached report is provided to the Board Finance and Audit Committee and satisfies the requirements of the reporting section of the EMRM Policy.

Effect: Financial and physical transactions allow the JEA Fuels group to manage the risks inherent in the wholesale fuel and energy markets. The attached Finance and Audit Committee report summarizes JEA's current positions.

Cost or Benefit: The costs of financial transactions are reflected in comparison to market indices. The benefits include establishment of a stable fuel price for the future.

Recommended Board action: None required. The report is required by the EMRM Policy and is provided as information.

For additional information, contact: Steve McInall, 665-4309

Submitted by: PEM/ MJB/ SGM

MISSION	VISION	VALUES
<p>Energizing our community through high-value energy and water solutions.</p>	<p>JEA is a premier service provider, valued asset and vital partner in advancing our community.</p>	<ul style="list-style-type: none"> • Safety • Service • Growth¹ • Accountability • Integrity

Commitments to Action

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

Physical Fuel and Purchase Power Positions as of 7/1/16

Table 1: JEA Generation Fleet Summary

Units	Primary Fuel Type	Contract Schedule
Northside 1 and 2	Petcoke, Coal	Quarterly; 1 Quarter in Advance
Northside 3	Natural Gas, Residual Oil	Market and Hedged; Stored Residual Oil
SJRPP 1 and 2	Coal	Contract Through 2017 and Partial 2018
Scherer 4	Coal	Contract through 2017
Brandy Branch	Natural Gas, Diesel	Market and Hedged /As Needed
Kennedy CT7 and 8	Natural Gas, Diesel	Market and Hedged /As Needed
Greenland CT1 and 2	Natural Gas	Market and Hedged

Table 2: Physical Positions

Plant	Energy Fixed Price (MWH)	Energy Fixed Price (%)	Expense Fixed Price (\$)	Expense Fixed Price (%)
Northside CFB				
FY16	513,700	47%	9,197,785	47%
FY17	-	0%	-	0%
FY18	-	0%	-	0%
SJRPP				
FY16	707,700	100%	24,204,400	100%
FY17	2,563,935	100%	90,647,600	100%
FY18	713,187	21%	25,358,991	26%
Scherer 4				
FY16	301,100	100%	8,239,000	100%
FY17	977,135	81%	31,358,349	94%
FY18	217,458	29%	16,920,087	76%
Renewable Purchase Power				
FY16	33,107	100%	2,450,454	100%
FY17	147,376	100%	11,119,839	100%
FY18	155,154	100%	13,037,612	100%
Other Purchase Power				
FY16	70,400	100%	2,323,200	100%
FY17	-	0%	-	0%
FY18	-	0%	-	0%

Table 3: Physical Counterparties (Contracts One Year or Greater)

Supplier/ Counterparty	Fuel Type	Contract Type	Generating Unit	Original Contract Volume	Remaining Contract Volume	Units	Original Contract Term	Remaining Contract Term
Coal Marketing Company	Coal	Index w/ Collar	SJRPP	1,500,000	455,000	Tons	1/1/14 - 12/31/16	7/1/16 - 12/31/16
Sunrise Coal	Coal	Fixed Price	SJRPP	250,000	80,700	Tons	1/1/15 - 12/31/16	7/1/16 - 12/31/16
Coal Marketing Company	Coal	Fixed Price	SJRPP	2,000,000	1,300,000	Tons	1/1/15 - 12/31/17	7/1/16 - 12/31/17
Coal Sales, LLC	Coal	Fixed Price	Scherer 4	452,300	77,196	Tons	1/1/14 - 12/31/16	7/1/16 - 12/31/16
Alpha- Eagle Butte	Coal	Fixed Price	Scherer 4	940,900	532,005	Tons	1/1/15 - 12/31/17	7/1/16 - 12/31/17
Arch Coal Sales Company, Inc	Coal	Fixed Price	Scherer 4	7,217	3,653	Tons	1/1/16 - 12/31/16	7/1/16 - 12/31/16
Coal Sales, LLC	Coal	Fixed Price	Scherer 4	250,000	227,441	Tons	1/1/16 - 12/31/17	7/1/16 - 12/31/17
BG	Natural Gas	Index w/Fixed Price Option	NG Fleet	445.6	109.6	Bcf (Billion Cubic Feet)	6/1/01 - 5/31/21	7/1/16 - 5/31/21

Figure 1A: FY 2016 Fuel Procurement

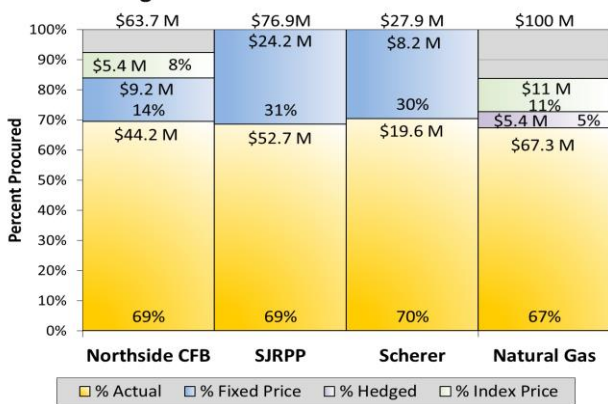


Figure 1B: FY 2017 Fuel Procurement

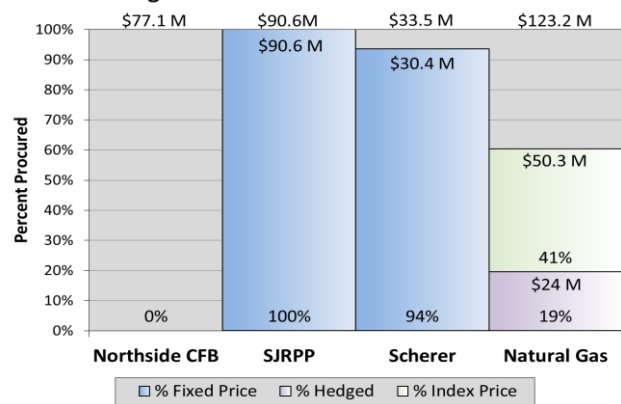
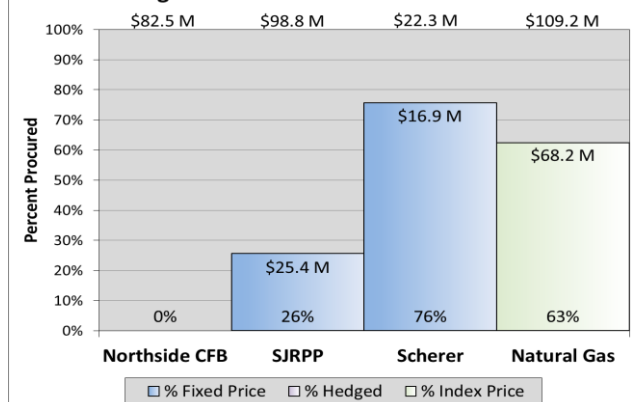


Figure 1C: FY 2018 Fuel Procurement



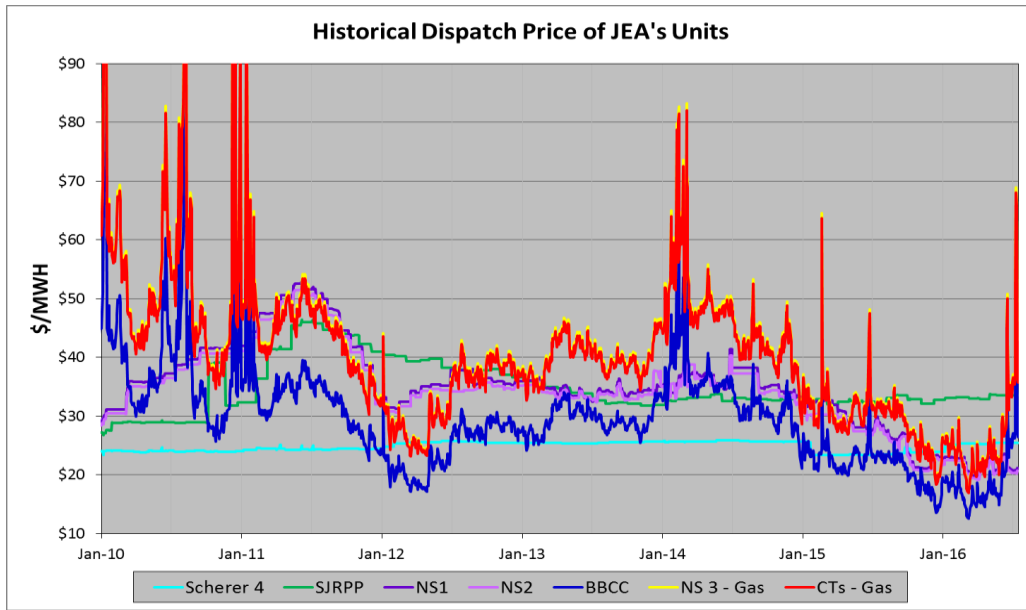


Figure 3: SOCO Power Market Review
Historical & Forward SOCO 7x24 Prices, (\$/MWh)

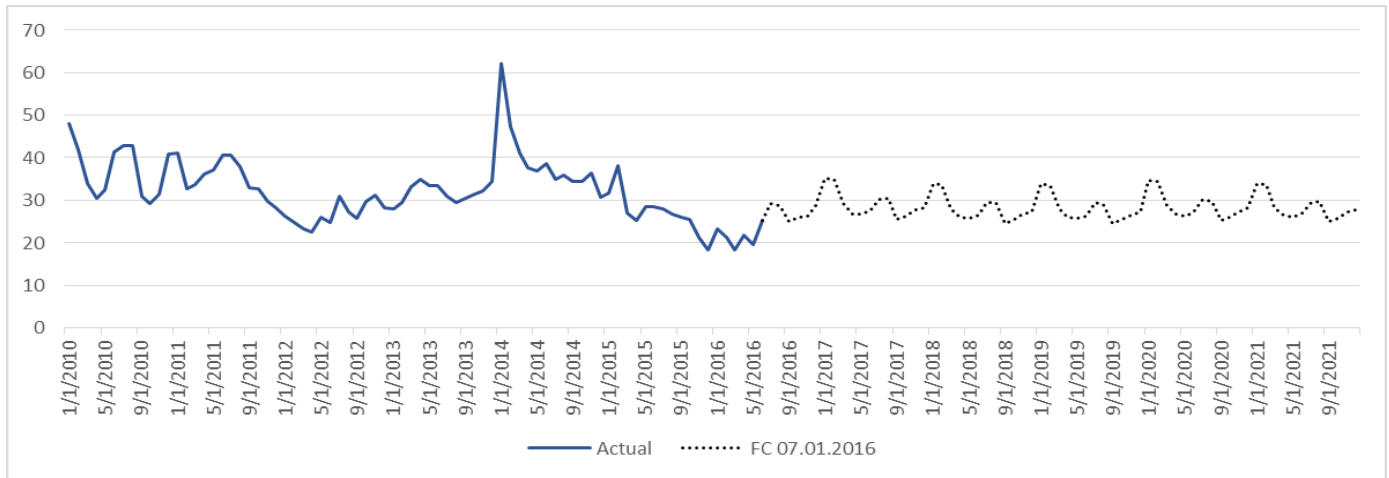


Figure 4: Natural Gas Market Review
Historical & Forward Henry Hub Prices, (\$/MMBtu)

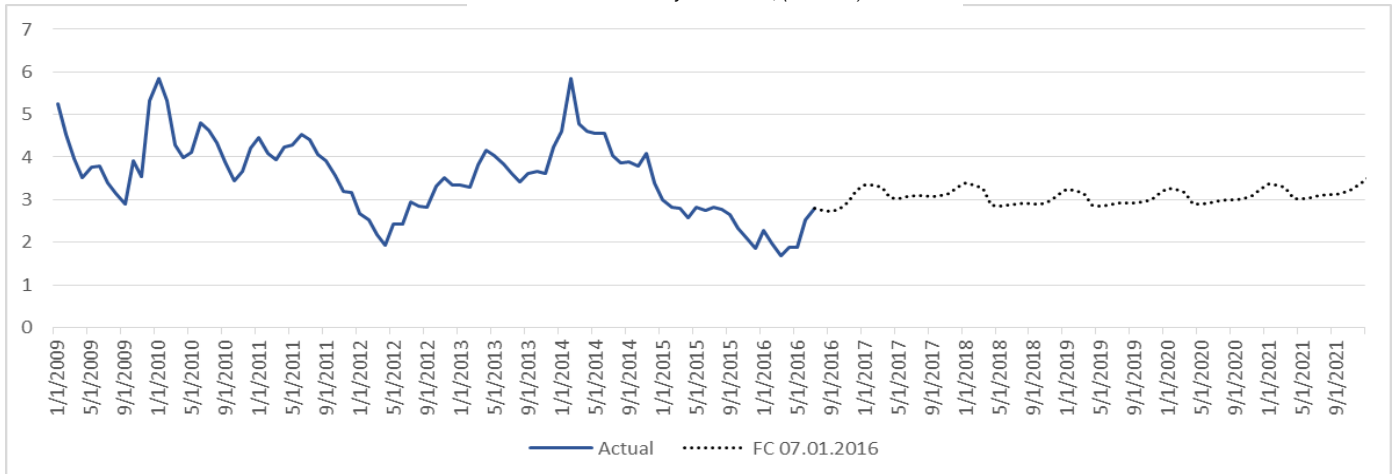


Table 4A: Financial Natural Gas Positions as of 7/1/2016

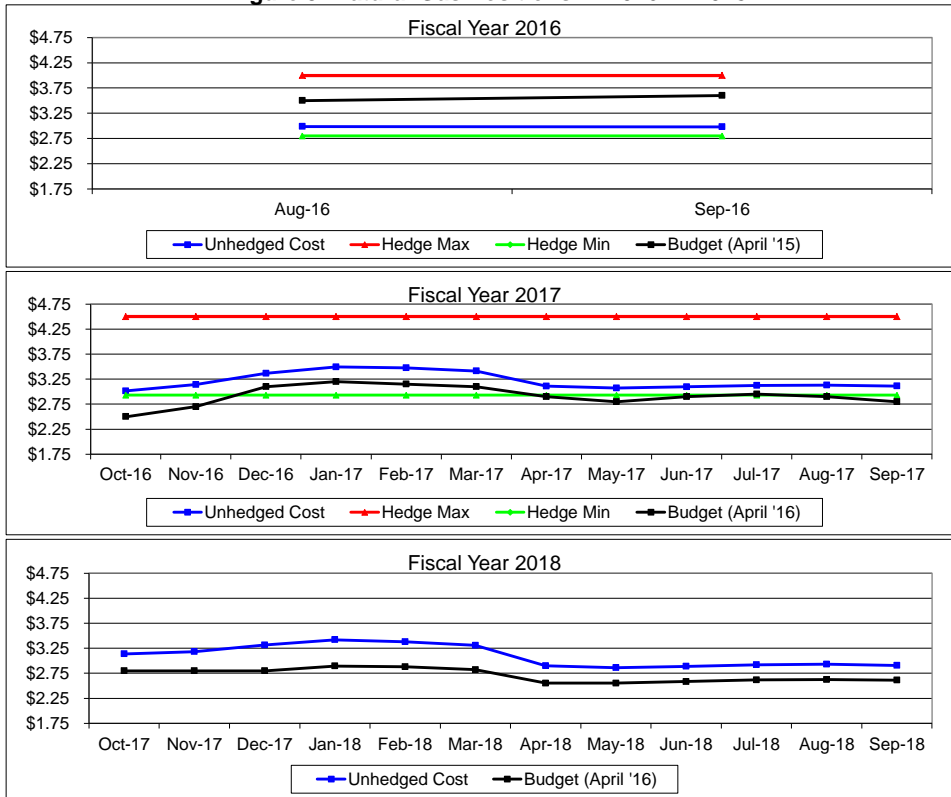
Month	Physical Volume	Hedged Volume	Percent Hedged	Unhedged Cost	Hedge Type	Hedge Price	Forecast at Time of Hedge	Mark-to-Market Value
Aug-16	3,847,000	600,000	15.6%	\$2.99	Collar	\$2.80 / \$4.00	\$3.86	\$41,580
Sep-16	4,016,600	600,000	14.9%	\$2.98	Collar	\$2.80 / \$4.00	\$3.84	\$73,020
FY16 Total	7,863,600	1,200,000	15.3%	\$2.98			\$3.85	\$114,600
Oct-16	3,803,600	600,000	15.8%	\$3.01	Collar	\$2.93 / \$4.50	\$3.87	\$123,960
Nov-16	3,209,600	600,000	18.7%	\$3.14	Collar	\$2.93 / \$4.50	\$3.98	\$98,130
Dec-16	3,365,100	600,000	17.8%	\$3.37	Collar	\$2.93 / \$4.50	\$4.20	\$43,320
Jan-17	3,298,300	600,000	18.2%	\$3.49	Collar	\$2.93 / \$4.50	\$4.39	\$10,770
Feb-17	2,807,400	600,000	21.4%	\$3.48	Collar	\$2.93 / \$4.50	\$4.38	\$7,920
Mar-17	2,779,400	600,000	21.6%	\$3.42	Collar	\$2.93 / \$4.50	\$4.32	\$23,400
Apr-17	1,984,600	600,000	30.2%	\$3.11	Collar	\$2.93 / \$4.50	\$4.11	\$120,060
May-17	2,508,600	600,000	23.9%	\$3.07	Collar	\$2.93 / \$4.50	\$4.11	\$132,180
Jun-17	2,733,700	600,000	21.9%	\$3.10	Collar	\$2.93 / \$4.50	\$4.15	\$126,570
Jul-17	3,076,900	600,000	19.5%	\$3.12	Collar	\$2.93 / \$4.50	\$4.19	\$120,780
Aug-17	3,056,900	600,000	19.6%	\$3.13	Collar	\$2.93 / \$4.50	\$4.20	\$121,530
Sep-17	2,624,200	600,000	22.9%	\$3.11	Collar	\$2.93 / \$4.50	\$4.19	\$130,290
FY17 Total	35,248,300	7,200,000	20.4%	\$3.21			\$4.17	\$1,058,910
Oct-17	2,841,200	-	0.0%	\$3.14	N/A	N/A	\$4.22	-
Nov-17	3,396,900	-	0.0%	\$3.18	N/A	N/A	\$4.32	-
Dec-17	2,742,700	-	0.0%	\$3.32	N/A	N/A	\$4.52	-
Jan-18	2,703,100	-	0.0%	\$3.42	N/A	N/A	\$4.70	-
Feb-18	2,398,800	-	0.0%	\$3.38	N/A	N/A	\$4.68	-
Mar-18	2,890,000	-	0.0%	\$3.31	N/A	N/A	\$4.61	-
Apr-18	1,997,200	-	0.0%	\$2.90	N/A	N/A	\$4.33	-
May-18	2,546,400	-	0.0%	\$2.86	N/A	N/A	\$4.33	-
Jun-18	2,749,600	-	0.0%	\$2.89	N/A	N/A	\$4.37	-
Jul-18	3,190,400	-	0.0%	\$2.92	N/A	N/A	\$4.41	-
Aug-18	3,104,100	-	0.0%	\$2.93	N/A	N/A	\$4.42	-
Sep-18	2,525,200	-	0.0%	\$2.91	N/A	N/A	\$4.42	-
FY18 Total	33,085,600	-	0.0%	\$3.10			\$4.44	-

Volume - mmBtu
Cost - \$/mmBtu

Table 4B: Counterparty Exposure

Supplier/Counterparty	Fuel Type	Contract Type	Hedged Volume	Mark-to-Market Value
Wells Fargo Bank, N.A.				
FY16	Natural Gas	Puts and Calls	1,200,000	\$114,600
FY17	Natural Gas	Puts and Calls	7,200,000	\$1,058,910
FY18	Natural Gas	Puts and Calls	---	---
Royal Bank of Canada				
FY16	Natural Gas	Swaps, Puts, Calls	---	---
FY17	Natural Gas	Swaps, Puts, Calls	---	---
FY18	Natural Gas	Swaps, Puts, Calls	---	---

Figure 5: Natural Gas Positions FY2016-FY2018



IV. A. 11.

Update on Procurement for External Auditor



AGENDA ITEM SUMMARY

July 26, 2016

SUBJECT:	UPDATE ON PROCUREMENT FOR EXTERNAL AUDITOR
-----------------	---

Purpose:	<input type="checkbox"/> Information Only	<input checked="" type="checkbox"/> Action Required	<input checked="" type="checkbox"/> Advice/Direction
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Issue: At its meeting on January 19, 2016, the Board approved a one-year extension of the contract with Ernst & Young (E&Y) for the period from July 1, 2016 through June 30, 2017. As part of the recommendation for approval of the contract extension, the Finance and Audit Committee stated that staff will evaluate and issue a Request for Proposal (RFP) for independent audit services the next fiscal year. At its meeting on May 17, 2016, the Board approved the recommendation of the Finance and Audit Committee for staff to prepare a RFP, evaluation matrix and timeline for its review and approval at the next scheduled committee meeting on August 8, 2016. Staff intends to use the Invitation of Negotiate solicitation process for the procurement.

Significance: The fiduciary responsibilities of JEA and the Board include the engagement of an external auditor.

Effect: Not having a nationally qualified firm in place could leave room for exposure in such a highly regulated environment. JEA is required under its bond resolutions to provide financial statements audited by a "nationally recognized" firm. In addition, JEA's large debt balances place particular importance on producing high-quality audits from a firm with which investors are comfortable.

Cost or Benefit: An update is provided to assist the Finance and Audit Committee in the selection of an audit firm that has the expertise and knowledge to provide the services to meet JEA's needs.

Recommended Board action: Staff requests the Finance and Audit Committee recommend to the full Board to: 1) approve the Invitation to Negotiate Document and timeline for procuring independent audit services beginning for fiscal year ending September 30, 2017; and 2) provide feedback and direction on adopting a partner's rotation policy related to independent audit services for JEA.

For additional information, contact: Janice Nelson

Submitted by: PEM/MHD/JRN

 MISSION Energizing our community through high-value energy and water solutions.	 VISION JEA is a premier service provider, valued asset and vital partner in advancing our community.	 VALUES <ul style="list-style-type: none"> • Safety • Service • Growth² • Accountability • Integrity
---	--	---

Commitments to Action

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

INTER-OFFICE MEMORANDUM

July 26, 2016

SUBJECT: UPDATE ON PROCUREMENT FOR EXTERNAL AUDITOR

FROM: Paul E. McElroy, Managing Director/CEO

TO: JEA Finance and Audit Committee

Kelly Flanagan, Chair
Tom Petway
Ed Burr
Husein Cumber

BACKGROUND:

At its meeting on January 19, 2016, the Board approved a one-year extension of the contract with Ernst & Young (E&Y). The duration of the contract extension will be from July 1, 2016 through June 30, 2017. As part of the recommendation for approval of the contract extension, the Finance and Audit Committee stated that staff will evaluate and issue a Request for Proposal (RFP) for independent audit services the next fiscal year. At its meeting on May 17, 2016, the Board approved the recommendation of the Finance and Audit Committee for staff to prepare a RFP, evaluation matrix and timeline for its review and approval at the next scheduled committee meeting on August 8, 2016.

DISCUSSION:

JEA intends to use the “Invitation to Negotiate” process as outlined in the Procurement Code to procure independent audit services. As a part of this process, the selection committee will select up to three (3) Respondents (the Short-list) with which to commence negotiations. The selection team may request that the Short-list provide additional information to clarify their response. After written clarifications, oral presentations, and any other negotiations deemed to be in JEA’s best interest, the Short-list will be given a deadline to submit their best and final offer (BAFO). The selection team will adjust and calculate the final rankings of the Short-list based on the BAFO submissions. The draft “Invitation to Negotiate” document, which includes the evaluation matrix and the timeline for procurement of independent audit services are included as Attachments I and II.

As a proxy for measuring acceptance for JEA’s investors, staff researched information about the audit firms used by other Large Public Power Council (LPPC) members. This information was used to gain familiarity with the current market of CPA firms that could meet the minimum qualifications in the solicitation process for independent audit services, and to determine interest of the firms, functioning as an initial pre-screening. Based on the results of the research, staff reached out to the Big Four firms, Baker Tilly and McGladrey (RSM). All of the firms expressed an interest in receiving the RFP. As a result, staff is recommending sending an RFP to the following firms:

Baker Tilly
Deloitte
Ernst & Young
KPMG
McGladrey (RSM)
PwC

The “Invitation to Negotiate” solicitation will be posted on JEA’s website and all qualified and interested firms may submit a proposal.

Below are follow-up items from the May 9, 2016 Finance & Audit Committee Meeting:

1. In addition to reaching out to four of JEA's investor analysts and four bank liquidity providers to obtain their views on the audit firms, staff spoke with three of JEA's rating agency analysts to obtain their views on the audit firms. The general feedback received was that they were comfortable with the middle-tier Top 25 firms with the understanding that the firms have experience in auditing municipal utilities.
2. Partner Rotation Policy - The "Partner Rotation Policy", mandated by the Sarbanes-Oxley Act, does not apply to non-public companies. Additionally, the American Institute of Certified Public Accountants (AICPA) and Government Auditing Standards (GAS) professional standards do not provide any guidance or requirements related to partner rotation for non-public companies. While partner rotation policies can assist Boards with ensuring independence of an auditor, there is a balance against audit quality when there is not continuity of knowledge from year to year. Staff polled the six audit firms to determine their firm's Partners Rotation Policy and included this information in Attachment III. Staff also polled LPPC members to determine their companies' Partner Rotation Policies and added this information to Attachment IV. Based on this additional information, staff recommends that the Finance & Audit Committee and the Board consider a partner rotation policy requiring either the Lead Partner or Concurring Review Partner to rotate at least every five years. This balances the benefits of continuity against the need to ensure auditor independence.
3. Staff polled LPPC members to determine fees paid for their year-end audit. The responses received are also included in Attachment IV. Given the significant differences in complexity of audits between LPPC members (number of utility systems, independent projects, regulatory accounting, etc.) it is difficult to compare fees between LPPC members.

RECOMMENDATION:

Staff requests the Finance and Audit Committee recommend to the full Board to:

- Approve the Invitation to Negotiate document and timeline for procuring independent audit services beginning for fiscal year ending September 30, 2017.
- Provide feedback and direction on adopting a partner's rotation policy related to independent audit services for JEA, such as the one suggested above.

Paul E. McElroy, Managing Director/CEO

PEM/MHD/JRN

IV. A. 11

Update on Procurement of External Auditor

Final Version

The following final documents include revisions per the August 8, 2016 Finance and Audit Committee.

Final Version
Revisions incorporated
per the August 8, 2016
Finance and Audit
Committee

**Invitation to Negotiate (ITN) to Acquire
Independent Audit Services
for**



Jacksonville, FL

ITN Number 110-16

Responses are due on Tuesday, October 4th 2016 by 12:00 pm

Direct delivery or mail to JEA Bid Office, Customer Center 1st Floor, Room 002

21 W. Church Street, Jacksonville, FL 32202

**JEA will publicly open all Responses received from qualified Respondents on Tuesday, October 4th 2016, at
2:00 p.m. in the JEA Bid Office, Customer Center 1st Floor, Room 002,
21 W. Church Street, Jacksonville, FL 32202**

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Solicitation

1. INVITATION TO NEGOTIATE

1.1. INVITATION

1.1.1. SCOPE OF WORK

JEA is seeking to procure independent audit services beginning for the fiscal year ending September 30, 2017.

JEA is currently organized into three enterprise funds:

- The Electric Enterprise Fund
- The Water and Sewer System
- District Energy System

The Electric Enterprise Fund is comprised of the JEA Electric System, the Bulk Power System, which consists of Scherer Unit 4, a coal fired, 846 megawatt generating Unit operated by Georgia Power Company and owned by JEA (23.64% ownership interest) and Florida Power & Light (FPL) (76.36% ownership interest) St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 megawatts each) and jointly owned by JEA (80% ownership Interest) and FPL (20% ownership interest). JEA is Florida's largest municipally owned electric utility and the eighth largest in the United States. JEA is also the 113th largest municipal water and sewer provider in the country. JEA currently serves over 450,000 electric customers; 334,000 water customers and 259,000 sewer customers in Jacksonville and parts of three adjacent counties. As of September 30, 2015, total operating revenues were approximately \$1.7 billion, total assets were \$8.3 billion and total long-term debt outstanding was \$5.0 billion.

The governing body of JEA consists of seven members appointed by the Mayor and confirmed by the City Council. JEA is not subject to regulation by the Florida Public Service Commission except for certain environmental, energy conservation, power plant and transmission line siting, territorial, and rate structure matters.

SJRPP Pension Plan (The "Plan") is a single employer contributory defined benefit plan covering employees of the St. Johns River Power Park System. The Plan provides for pension, death and disability benefits. Employees who are working for SJRPP, except temporary and contract employees, are eligible to participate. The Plan is subject to provisions of Chapter 112, Florida Statutes and the oversight of the Florida Division of Retirement.

The Plan is governed by a five-member pension board. As of September 30, 2015 the Plan reported net position of \$138,901,756 and had approximately 550 active and inactive members covered by the Plan. The Plan issue stand-alone audited financial statements.

These services are described in more detail in the enclosed "*Appendix A – Technical Specifications*".

1.1.2 QUESTIONS

All questions must be submitted in writing to the JEA Buyer listed below at least five (5) business days prior to the opening date. Questions received within five (5) business days prior to the opening date will not be answered.

For Procurement Related Questions:

Buyer: Nickolas Dambrose

E-mail: dambnc@jea.com

For Technical Questions:

Contact: Janice Nelson
E-mail: NelsJR@jea.com

1.1.2. OPENING OF RESPONSES

All Responses shall be publicly opened, read aloud and recorded at 2:00 PM on Tuesday, October 4th 2016, at the JEA Bid Office, 21 W. Church Street, Customer Center 1st Floor, Room 002, Jacksonville, FL 32202.

At the opening of Responses, a JEA Representative will publicly open and announce each Response that was received on time. Responses that have been properly withdrawn will not be opened. JEA has the right to waive any irregularities or informalities in the Responses.

1.1.3. INVITATION

You are invited to submit a Response to the ITN noted below:

JEA ITN Title: Independent Audit Services

JEA ITN Number: 110-16

To obtain more information about this ITN:

Download a copy of the ITN and any required forms at jea.com.

Response Due Time: 12:00 P.M. - ALL LATE RESPONSES WILL BE RETURNED UNOPENED

Response Due Date: Tuesday, October 4th 2016

All Responses must reference the JEA ITN title and number noted above. All Responses must be made on the appropriate forms as specified within this ITN, and placed in an envelope marked to identify this ITN and delivered or mailed to:

JEA Bid Office, Customer Center 1st Floor, Room 002, Jacksonville, FL 32202

The Respondent shall be solely responsible for delivery of its Response to the JEA Bid Office. **Please note, JEA employs a third party courier service to deliver its mail from the local U.S. Postal Service (USPS) which could cause a delay of Response delivery if mailed through the USPS.** Therefore, JEA recommends hand delivery directly to the JEA Bid Office. Reliance upon the USPS, the courier service employed by JEA, or public/private carriers is at the Respondent's risk.

Responses are due by the time and on the date listed above. ALL LATE RESPONSES FOR WHATEVER REASON WILL BE RETURNED UNOPENED.

1.2. SPECIAL INSTRUCTIONS

1.2.1. MINIMUM QUALIFICATIONS FOR SUBMISSION OF A RESPONSE

Respondent shall have the following Minimum Qualifications to be considered eligible to submit a Response to this ITN. A Respondent not the following criterion stated below will have their Responses rejected:

1. Respondent must be a nationally recognized CPA Firm as required by Bond Resolutions and Standby Bond Purchasing Agreements.
2. Respondent must be a CPA Firm currently licensed to practice Public Accounting in the State of Florida and in good standing to practice before the Securities and Exchange Commission.
3. The firms shall provide an affirmative statement that it is independent of the JEA as defined by generally accepted auditing standards.

Please note, any Respondent whose contract with JEA was terminated for default within the last two (2) years shall have their Response rejected.

1.3. EVALUATION METHODOLOGY

EVALUATION AND NEGOTIATION PROCESS (ITN)

JEA will make an Award of a Contract to the Respondent that is able to demonstrate that it can successfully meet the requirements of this ITN, and can provide the best value to JEA.

JEA intends to select up to two (2) to three (3) Respondents (the "Short-list") with which to commence negotiations. A selection committee (hereinafter referred to as the "Selection Committee"), will be appointed by the Chief Procurement Officer (the "CPO"), or his designee, to review and evaluate each Response submitted. The CPO's office will distribute a copy of each Response to each member of the Selection Committee, and the members of the Selection Committee will separately and independently evaluate and rank the Responses using the "Selection Criteria" as stated below in this ITN. JEA will use this ranking to develop a recommendation to the Finance & Audit Committee for a Short-list of companies in which to proceed with contract negotiations.

Prior to developing the Short-list, JEA may request that the Respondents provide additional information to clarify their Response. JEA will NOT allow Respondents to submit additional reference projects or change said reference projects that were initially submitted for the purposes of meeting the Minimum Qualifications stated in this ITN. However, JEA may request clarification of submitted documentation so that JEA may make an accurate assessment in developing the Short-list. JEA must be satisfied that the successful Respondent has the necessary technical expertise, experience, and resource capabilities to satisfactorily perform the Services described in this ITN.

JEA reserves the right to Award a Contract based on the Selection Committee's initial evaluation of the Responses if JEA deems the Responses demonstrate adequate competition, compliance, and responsiveness to this ITN. If JEA determines the previously stated criteria have not been met, JEA will finalize the Short-list and proceed with contract negotiations.

Once a Short-list is developed, the CPO, or his designee, will appoint a negotiating team (the "Negotiating Team"). The Negotiating Team may be comprised of the same individuals as were members of the Selection Committee. JEA reserves the right to negotiate concurrently or separately with the Short-list Respondents. JEA reserves the right to seek clarifications, to request Response revisions, and to request any additional information deemed necessary for proper evaluation of the Responses. JEA reserves the right to incorporate value added services or industry standard innovations recommended by a Respondent into the Contract's scope of work.

A Respondent that is included on the Short-list may be required, at the sole option of JEA, to make an oral presentation, provide additional written clarifications to its Response, or JEA may require site visits to Respondent's facilities. 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. The CPO or his designee will initiate and schedule a time and location for any presentations which may be required.

As a part of the negotiation process, JEA may contact the references provided by the Respondent for the purpose of independently verifying the information provided in the Response, and to assess the extent of success of the projects associated with those references. JEA also reserves the right to contact references not provided by Respondents. Respondents may be requested to provide additional references. The results of the reference checking may influence the final negotiation, ranking, and Award recommendation.

After written clarifications, oral presentations, site visits, and any other negotiations deemed by JEA to be in its best interest, the Short-list Respondents will be given a deadline to submit their best and final offer (the "Best and Final Offer" or "BAFO"). The negotiation process will stop upon submission of the BAFO. Respondents will not be allowed to make further adjustments to their BAFO or communicate further with JEA, except to respond to requests for clarification from the Negotiating Team.

The JEA Negotiating Team will adjust and calculate the final rankings of the Short-list based on the BAFO submissions. A description of which Selection Criteria will be re-evaluated based upon the BAFO will be explained in JEA's written request for the BAFOs. JEA does not anticipate reopening negotiations after receiving the BAFOs, but reserves the right to do so if it believes doing so will be in the best interests of JEA. In the event that JEA reopens negotiations, any final rankings will be revised accordingly.

Negotiations will not be open to the public, but will be recorded. All recordings of negotiations and any records, documents, and other materials presented at negotiation sessions are public records and can be released pursuant to a public records request after a notice of intended decision for this ITN is posted, or thirty (30) days after the opening of the Responses, whichever occurs earlier.

The Award recommendation of the Negotiating Team will be based upon the scoring of the BAFOs, and will be submitted to the Finance & Audit Committee for approval. Once approved, the Finance & Audit Committee will then present an Award to the JEA Board for final approval.

In its sole discretion, JEA reserves the right to withdraw this ITN either before or after receiving Responses, to reject any and all Responses either in whole or in part, with or without cause, or to waive any ITN requirement informalities, minor irregularities, and deficiencies in any Response, and to determine such action is in the best interest of JEA. Issuance of this ITN in no way constitutes a commitment by JEA to make an Award or enter into a Contract.

All Responses submitted to JEA are subject to the JEA's terms and conditions contained in this ITN and JEA's Procurement Code. Any and all additional terms and conditions submitted by Respondents are rejected and shall have no force.

ITN Schedule of Events

Action	Date
Issue ITN	August 17 th , 2016
Response Due Date	October 4 th , 2016
Review Minimum Qualifications – Disqualify companies that do not meet minimum qualifications	October 5 th 2016 – October 31 st 2016
Evaluate all Responses- develop Short-list.	October 5 th 2016 – October 31 st 2016 (to run parallel to the minimum qualifications)

Action	Date
	reference check)
Announce - Short-list	On or before November 1 st , 2016
Negotiation phase	November 1 st , 2016 – November 15 th , 2016
Issue to Short-list a list of observations and concerns to address in the Best and Final Offer	November 2 nd 2016 – November 4 th 2016
Short-listed Respondents prepare and submit Best and Final Offer	November 7 th 2016 – November 18 th 2016
Receive Best and Final Offers	November 22 nd , 2016
Evaluate and determine final ranking	November 29 th , 2016

** Note the timeframes and dates listed above are subject to change **

1.3.1. SELECTION CRITERIA

The following criteria will be used by JEA to evaluate and rank the qualified Responses to determine which Respondents are selected for the Short-list and to participate in the negotiation phase of the ITN process. Details on how each selection criterion is calculated can be found in the Evaluation Matrix.

1.3.1.1. QUOTATION OF RATES

Maximum score for criterion is: 10 Points

Respondent shall provide pricing for the Contract by completing the enclosed **Appendix B - Quotation of Rates**. The rates provided shall be all-inclusive and shall include all profit, taxes, benefits, travel, and all other overhead items.

Please note, the rates or lump sums quoted by Respondent on the Response Form must be firm prices, not estimates. ANY MODIFICATIONS, EXCEPTIONS, OR OBJECTIONS CONTAINED WITHIN THE RESPONSE FORM SHALL SUBJECT THE RESPONSE TO DISQUALIFICATION.

1.3.1.2. PROFESSIONAL STAFF EXPERIENCE

Maximum points for this criterion: 30 points

The firm shall identify the Partners (Engagement Lead Partner and Engagement Quality Review Partner) and Audit Manager to be assigned to this engagement. Resumes are limited to two (2) pages, 8 ½” by 11” single sided. Resumes provided greater than two (2) pages will not be evaluated.

The resumes should clearly indicate the qualifications and experience of the Partners and Audit Manager to be assigned to this engagement including:

1. The number of years of government audit experience, and
2. The number of years of municipal utility experience, and
3. The number of years of utility experience.

Also, identify all government and utility clients for which you will be engaged as auditor for the fiscal year ending September 30, 2016. More points will be awarded to firms who demonstrate greater experience with Municipal Utilities.

1.3.1.3. PAST PERFORMANCE/COMPANY EXPERIENCE

Maximum points for this criterion: 30 Points

Please provide the following information described below:

General Information:

The Response should state:

1. The firm's annual revenue, number of partners, and number of professional staff
2. The number of the firm's governmental audit staff including partners and professional staff
3. The address of the office location from which the work on this engagement is to be performed
(higher points will be awarded to companies with local offices)
4. The job titles of the professional staff to be employed in this engagement on a full-time basis, and
5. The job titles of the staff to be employed on a part-time basis.

External Quality Control Review:

The firm is required to submit a copy of the report on its most recent external quality control review. The review should include a letter of comments, and a statement as to whether the quality control review included a review of specific government engagements.

Disciplinary Action:

The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state, local, or federal regulatory bodies or professional organizations.

Project Similarity:

The Response should list the five most significant engagements performed in the last five years ending December 31, 2015 that are similar to the engagement described in this Invitation to Negotiate. This section should also describe reviews performed of official statements of debt offerings within the past two years ending December 31, 2015.

Partner Rotation Policy:

For informational purposes, please provide a copy of your internal Partner Rotation Policy. This portion of the Response is for informational purposes only and will not be scored.

Respondent may provide this information in its own format.

1.3.1.4. DESIGN APPROACH AND WORKPLAN

Maximum points for this criterion: 30 Points

The Response should describe a work plan, including an explanation of the audit methodology, the financial requirements, and all compliance aspects of the engagement. Identify the tasks to be performed to complete the annual audit and prepare a schedule showing the dates each task would be started and completed to meet the deadline for delivering the annual audit. The proposed overall schedule should include an on-site work schedule.

The Respondent should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from JEA. Delivery dates for milestones associated with the Design Approach and Workplan are detailed within Appendix A – Technical Specifications.

Respondent may provide this information in its own format.

1.3.1.5. TIE

Evaluation scores that ties shall be handled pursuant to JEA's Procurement Code.

1.3.2. NUMBER OF CONTRACTS TO BE AWARDED

JEA intends to Award One (1) Contract for the Work. JEA reserves the right to Award more than one Contract based on certain groupings of the Services, or JEA may exclude certain Services, if JEA determines that it is in its best interest to do so.

1.3.3 REQUIRED FORMS TO SUBMIT WITH RESPONSE

The forms listed below must be completed and submitted to JEA at the times indicated below. The Respondent can obtain the forms, other than the Response Form, the Response Workbook, and the Technical Specifications, by downloading them from JEA.com.

The following forms are required to be submitted at the Response Due Date and Time:

- Company's Response
- "Appendix B - Response Form" (including acknowledgements of all addenda)
- "Appendix B – Quotation of Rates"
- "Appendix B – Minimum Qualification Form"
- List of Subcontractors (if any)

If the above listed forms are not submitted with the Response by the Response Due Time on the Response Due Date, JEA may reject the Response.

The following documents are to be submitted prior to execution of Contract. A Response will not be rejected if these forms are not submitted at the Response Due Time and Date. However, failure to submit these documents at the time of Contract execution could result in Response rejection.

- Conflict of Interest Certificate Form
- Insurance Certificate
- W-9
- Evidence of active registration with the State of Florida Division of Corporations (www.sunbiz.org)
- Any additional technical submittals as required by the Technical Specifications.

1.4 GENERAL INSTRUCTIONS

1.4.1 SUBMITTING THE RESPONSE

The Respondent shall submit one (1) original hard copy of the Response, two (2) duplicate hard copies of the Response, and one (1) electronic copy of the Response submitted on a CD or a thumb drive. The Response Workbook must be saved in an Excel format.

JEA will not accept Responses via email.

1.4.2 ALTERNATE PROVISIONS AND CONDITIONS

Responses that contain provisions that are contrary to requirements found in this ITN, including, but not limited to, the Contract terms contained in Section 2 of this ITN, and any requirements found in the Technical Specifications attached as Appendix A to this ITN, are not permitted. If a Respondent has any questions or requests for changes to the requirements or terms and conditions of this ITN, such questions and requests shall be in writing and received by JEA at least five (5) business days prior before to the date set by JEA for the Opening of the Responses.

Including alternate provisions and conditions in a Response may result in the Response being deemed non-responsive to the ITN and disqualification of the Response will be disqualified (even if the highest evaluated). However, as this is an ITN, JEA reserves the right to negotiate the best terms and conditions if determined to be in the best interests of JEA.

In submitting a Response, a Respondent agrees to be bound by the Contract terms contained in Section 2 of this ITN. Respondents should assume that those terms will apply to the Contract, but JEA reserves the right to negotiate different terms and related price adjustments if JEA determines that it provides the Best Value to JEA.

1.3.3. ADDENDA

JEA may issue Addenda prior to the Response opening date to revise, in whole or in part, or clarify the intent or requirements of the ITN. The Respondent shall be responsible for ensuring it has received all Addenda prior to submitting its Response and shall acknowledge receipt of all Addenda by indicating where requested on the Response Form. JEA will post all Addenda when issued online at jea.com. The Respondent must obtain Addenda from the JEA website. All Addenda will become part of the ITN and any resulting Contract Documents. It is the responsibility of each Respondent to ensure it has received and incorporated all Addenda into its Response. Failure to acknowledge receipt of Addenda may be grounds for rejection of a Response.

1.7.3. CONTRACT EXECUTION AND START OF WORK

Within thirty (30) days from the date of Award, JEA will present the successful Respondent with the Contract Documents. Unless expressly waived by JEA, the successful Respondent shall execute a Contract for the Work or Services within ten (10) days after receiving the Contract from JEA. If the Respondent fails to execute the Contract or associated documents as required, or if it fails to act on a JEA-issued Purchase Order (PO), JEA may cancel the Award with no further liability to the Respondent, retain the bid security or bond (if applicable), and Award to the next-ranked company.

1.7.4. DEFINED TERMS

Words and terms defined in the Section entitled "Definitions" of this document are hereby incorporated by reference into the entire document.

1.7.5. EX PARTE COMMUNICATION

Ex Parte Communication is strictly prohibited. Ex Parte Communication is defined as any inappropriate communication concerning an ITN between a firm submitting a Response and a JEA representative during the time in which the ITN is being advertised through the time of Award. Examples of inappropriate communications include: private communications concerning the details of an ITN in which a Respondent becomes privy to information not available to the other Respondents. Social contact between Respondents and JEA representatives should be kept to an absolute minimum during the ITN process.

Failure to adhere to this policy will disqualify the noncompliant company's Response. Any questions or clarifications concerning an ITN must be sent in writing via email to the JEA Buyer at least five (5) business days prior to the opening date. If determined by JEA, that a question should be answered or an issue clarified, JEA will issue an addendum to all Respondents.

For more information on Ex Parte communications, see JEA Procurement Code, Article 1-110, which is available at jea.com.

1.7.6. SUNSHINE LAW

General

Article I, Section 24, Florida Constitution, guarantees every person access to all public records and Chapter 119, Florida Statutes, provide a broad definition of public records. JEA is a body politic and corporate and subject to these laws and related statutes ("Florida's Public Records Laws"). All responses to this Solicitation are public records and available for public inspection unless specifically exempt by law.

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

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

Redacted Submissions

If a Respondent believes that any portion of the documents, data or records submitted in response to this Solicitation are exempt from Florida's Public Records Law, Respondent must (1) clearly segregate and mark the specific sections of the document, data or records as "Confidential," (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of its response (the "Redacted Copy"). The cover of the Redacted Copy shall contain JEA's title and number for this Solicitation and Bidder's name, and shall be clearly titled "Redacted Copy." Respondent should only redact those portions of records that Respondent claims are specifically exempt from disclosure under Florida's Public Records Laws. If Respondent fails to submit a redacted copy of information it claims is confidential, JEA is authorized to produce all documents, data and other records submitted to JEA in answer to a public records request for such information.

In the event of a request for public records to which documents that are marked as confidential are responsive, JEA will provide the Redacted Copy to the requestor. If a requestor asserts a right to any redacted information, JEA will notify Respondent that such an assertion has been made. It is Respondent's responsibility to respond to the requestor to assert that the information in question is exempt from disclosure under applicable law. If JEA becomes subject to a demand for discovery or disclosure of Respondent's redacted information under legal process, JEA shall give Respondent prompt notice of the demand prior to releasing the information (unless otherwise prohibited by applicable law.) Respondent shall be responsible for defending its determination that the redacted portions of its response are not subject to disclosure.

By submitting a response to this Solicitation, Respondent agrees to protect, defend and indemnify JEA from and against all claims, demands, actions, suits, damages, liabilities, losses, settlements, costs and expenses (including but not limited to reasonable attorney fees and costs) arising from or relating to Respondent's determination that the redacted portions of its response to this Solicitation are not subject to disclosure.

1.7.7. JEA PUBLICATIONS

Applicable JEA publications are available at jea.com.

1.7.8. PROHIBITION AGAINST CONTINGENT FEES

The Respondent warrants that it has not employed or retained any company or person, other than a bona fide employee working for the Respondent, or an independent sales representative under contract with the Respondent, to solicit or secure a contract with JEA, and that it has not paid or agreed to pay any person, company, corporation, individual or Respondent, other than a bona fide employee working solely for the Respondent, or an independent

sale representative under contract with the Respondent, any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the Award or making of the Contract. For a breach or violation of these provisions occurs, JEA shall have the right to terminate the Contract without liability, and at its discretion, to deduct from the Contract Price, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration.

1.7.9. RESERVATIONS OF RIGHTS TO JEA

This ITN provides companies with information to enable them to submit a written offer to perform the Services described herein. The ITN is not a contractual offer or commitment by JEA to purchase products or services.

Responses shall be good for a period of ninety (90) days following the opening of the Responses.

JEA reserves the right to reject any or all Responses, or any part thereof, and/or to waive informalities if such action is in its best interest. JEA may reject any Responses that it deems incomplete, obscure or irregular including, but not limited to, Responses that omit a price on any one or more items for which prices are required, Responses that omit Unit Prices if Unit Prices are required, Responses for which JEA determines that the Response is unbalanced, Responses that offer equal items when the option to do so has not been stated, Responses that fail to include a Bid Bond, where one is required, and Responses from companies who have previously failed to satisfactorily complete JEA contracts of any nature or who have been scored by JEA as "Unacceptable" and as a result, are temporarily barred from bidding additional work.

JEA reserves the right to cancel, postpone, modify, reissue and amend this ITN at its discretion.

JEA reserves the right to cancel or change the date and time announced for opening of Responses at any time prior to the time announced for the opening of Responses. JEA may Award the Contract in whole or in part. In such cases whenever JEA exercises any of these reservations, JEA will make a commercially reasonable effort to notify, in writing, all parties to whom ITNs were issued. JEA may award multiple or split Contracts if it is deemed to be in JEA's best interest.

1.7.10. MODIFICATION OR WITHDRAWAL OF RESPONSES

The Respondent may modify or withdraw its Response at any time prior to the Response Due Date and Time by giving written notice to JEA's Chief Procurement Officer. JEA will not accept modifications submitted by telephone, telegraph, email, or facsimile, or those submitted after the Response Due Date and Time. The Respondent shall not modify or withdraw its Response from time of Response opening and for a period of ninety (90) days following the opening of Responses.

1.7.11. AVAILABILITY OF RESPONSES AFTER RESPONSE OPENING

In accordance with the Florida Public Records Law, Florida Statutes, Chapter 119, copies of all Responses are available for public inspection thirty (30) days after the opening of Responses or on the date of Award announcement, whichever is earlier. Respondents may review opened Responses once they are available for public inspection by contacting the designated Buyer or JEA's Public Records custodian whose contact information can be found at jea.com. JEA will post a summary of the Response results immediately after the Response opening.

1.7.12. PROTEST OF AWARD PROCESS

Respondents shall file any protests regarding this ITN in writing, in accordance with the JEA Procurement Code, as amended from time to time. The JEA Procurement Code is available online at jea.com.

1.7.13. CERTIFICATION AND REPRESENTATIONS OF THE RESPONDENT

By signing and submitting a Response, the Respondent certifies and represents as follows:

- A. That it has carefully examined all available records and conditions, including sites if applicable, and the requirements and specifications of this ITN prior to submitting its Response. The Respondent shall comply with all safety requirements described in the ITN and shall be prepared to show proof of insurance
- B. That every aspect of its submitted Response, including the Quotation of Rates and the detailed schedule for the execution of the Work, are based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of JEA. JEA assumes no responsibility for any understanding or representation made by any of its representatives during or prior to execution of the Contract unless such understandings or representations are expressly stated in the Contract and the Contract expressly provides that JEA assumes the responsibility.
- C. That the individual signing the Response Form is a duly authorized agent or officer of the firm. Responses submitted by a corporation must be executed in the corporate name by the President or Vice President. If an individual other than the President or Vice President signs the Response, satisfactory evidence of authority to sign may be requested by JEA. If the Response is submitted by a partnership, the Response must be signed by a partner whose title must appear under the signature. If an individual other than a partner signs the Response, satisfactory evidence of authority to sign may be requested by JEA. The corporation or partnership must be in active status at the Florida Division of Corporations at the time of contract execution.
- D. That the firm maintains an active status any and all licenses, permits, certifications, insurance, bonds and other credentials including not limited to contractor's license and occupational licenses necessary to perform the Work. The Respondent also certifies that, upon the prospect of any change in the status of applicable licenses, permits, certifications, insurances, bonds or other credentials, the Respondent shall immediately notify JEA of status change.
- E. That Respondent has read, understands these instructions and will comply with the Section titled Ethics.

1.7.14. ETHICS (ITN)

By signing the Response, the Respondent certifies its Response is made without any previous understanding, agreement or connection with any other person, firm, or corporation submitting a Response for the same Services other than as a Subcontractor or supplier, and that this Response is made without outside control, collusion, fraud, or other illegal or unethical actions. The Respondent shall comply with all JEA and City of Jacksonville ordinances, policies and procedures regarding business ethics.

The Respondent shall submit only one (1) Response in response to this ITN. If JEA has reasonable cause to believe the Respondent has submitted more than one (1) Response for the same Work, other than as a Subcontractor or subsupplier, JEA shall disqualify the Response and may pursue debarment actions.

The Respondent shall disclose the name(s) of any public officials who have any financial position, directly or indirectly, with this ITN by completing and submitting the Conflict of Interest Certificate Form available at jea.com. Failure to fully complete and submit the Conflict of Interest Certificate will disqualify the Response. If JEA has

reason to believe that collusion exists among the Respondents, JEA shall reject any and all Responses from the suspected Respondents and will proceed to debar Respondent from future JEA Awards in accordance with the JEA Procurement Code.

JEA is prohibited by its Charter from awarding contracts to JEA officers or employees, or in which a JEA officer or employee has a financial interest. JEA shall reject any and all Responses from JEA officers or employees, as well as, any and all Responses in which a JEA officer or employee has a financial interest.

In accordance with Florida Statutes Sec. 287.133, JEA shall reject Responses from any persons or affiliates convicted of a public entity crime as listed on the Convicted Vendor list maintained by the Florida Department of Management Services. JEA shall not make an Award to any officer, director, executive, partner, shareholder, employee, member, or agent active in management of the Respondent listed on the Convicted Vendor list for any transaction exceeding \$35,000 for a period of thirty-six (36) months from the date of being placed on the Convicted Vendor list.

If the Respondent violates any requirement of this clause, the Response may be rejected and JEA may debar offending companies and persons.

2. CONTRACT TERMS AND CONDITIONS

2.1. CONTRACT DOCUMENT AND TERMS AND CONDITIONS

Provided below are the Contract terms and conditions that will be incorporated by reference in the Contract Document executed by the Company and JEA. The Contract Document will incorporate by reference the terms contained in the Solicitation portion of this document provided in Section 1, the Contract Terms provided in Section 2; and the Technical Specifications provided in Section 3. An example of the Contract that the Company will be required to execute is available for review at jea.com.

2.2. DEFINITIONS

2.2.1. DEFINITIONS

Words and terms defined in this section shall have the same meaning throughout all parts of this Solicitation and Contract Documents. Where intended to convey the meaning consistent with that set forth in its definition, a defined word or term is marked by initial capitalization. The "Technical Specifications" portion of this Solicitation may define additional words and terms where necessary to clarify the Work. Unless otherwise stated in this Solicitation and/or Contract Documents, definitions set forth in the "Technical Specifications" shall apply only within the "Technical Specifications."

2.2.2. ACCEPTANCE

JEA's written notice by the Contract Administrator to the Company that all Work as specified in the Contract, or a portion of the Work as specified in a Task or Work Order, has been completed to JEA's satisfaction. Approval or recognition of the Company meeting a Milestone or interim step does not constitute Acceptance of that portion of Work. Acceptance does not in any way limit JEA's rights under the Contract or applicable laws, rules and regulations.

2.2.3. ADDENDUM/ADDENDA

A written change or changes to the Solicitation which is issued by JEA Procurement Services and is incorporated into the Solicitation as a modification, revision and/or further clarification of the intent of the Solicitation.

2.2.4. AWARD

The written approval of the JEA Awards Committee that the procurement process for the purchase of the Services was in accordance with the JEA Procurement Code and Florida Statutes. Once an Award is approved, JEA will either issue a Purchase Order or execute a Contract with the successful bidder or Respondent.

2.2.5. COMPANY

The legal person, firm, corporation or any other entity or business relationship with whom JEA has executed the Contract. Where the word "Company" is used it shall also include permitted assigns. Prime Contractor, Contractor, Vendor, Supplier and Company shall be considered synonymous for the purpose of the Contract.

2.2.6. COMPANY REPRESENTATIVE

The individual responsible for representing the Company in all activities concerning the fulfillment and administration of the Contract.

2.2.7. CONTRACT

An agreement between JEA and the Company, signed by both parties, which incorporates all the Contract Documents. The Contract shall not be altered without an Amendment to the Contract and executed by JEA and the Company, or a JEA issued Change Order.

2.2.8. CONTRACT ADMINISTRATOR

The individual assigned by JEA to have authority to administer the Contract, including the authority to negotiate all elements of the Contract with the Company, authorize Contract Amendments, terminate the Contract, seek remedies for nonperformance including termination, and otherwise act on behalf of JEA in all matters regarding the Contract. The Contract Administrator may authorize JEA Representative in writing to make minor changes to the Services with the intent of preventing disruption of the Services.

2.2.9. CONTRACT AMENDMENT

A written order issued after execution of the Contract to the Company signed by the Contract Administrator, or his designated representative, authorizing an addition, deletion, or revision of the Work, or an adjustment in the Contract Price or the Contract Time.

2.2.10. CONTRACT AMENDMENT

A written order issued after execution of the Contract to the Company signed by the Contract Administrator, or his designated representative, authorizing an addition, deletion, or revision of the Work, or an adjustment in the Contract Price or the Contract Time.

2.2.11. CONTRACT DOCUMENTS

Contract Documents, also referred to as the "Contract" means the executed Contract, all Solicitation documents and Bid Documents as further described in the Section of the Solicitation titled "Contract Documents", and any written Change Orders, amendments or Purchase Orders executed by JEA, and insurance and/or bonds as required by the Contract.

2.2.12. CONTRACT PRICE

The total amount payable to the Company during the initial Term of the Contract. However, this amount is not a guaranteed amount. Also referred to as the "Maximum Indebtedness" of JEA.

2.2.13. HOLIDAYS

The following days: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve Day, and Christmas Day.

2.2.14. INVITATION TO NEGOTIATE

An Invitation to Negotiate is a written or electronically posted solicitation for competitive sealed replies to select one or more vendors with which to commence negotiations for the procurement of commodities or contractual services. The term "Solicitation" shall be synonymous with the term Intent to Negotiate.

2.2.15. INVOICE

A document seeking payment to Company from JEA for all or a portion of the Work, in accordance with the Contract Documents, and including at a minimum the following items: the Company's name and address, a description of the product(s) or service(s) rendered, a valid JEA PO number, the amount payable, the Unit Price, the payee name and address, any associated JSEB forms and any other supporting documentation required by the Contract Documents.

2.2.16. JEA

JEA on its own behalf, and when the Services involves St. Johns River Power Park (SJRPP), as agent for Florida Power and Light Company (FPL). JEA and FPL are co-owners of SJRPP.

2.2.17. JEA REPRESENTATIVES

The Contract Administrator, Contract Inspector, Contract Administrator's Representative, JEA Engineer, Field Engineer, Project Manager, and other persons designated by the Contract Administrator as JEA Representatives acting in a capacity related to the Services or Contract under the authority of the Contract Administrator.

2.2.18. PERFORMANCE - ACCEPTABLE PERFORMANCE/PERFORMER

The Company averages more than 2.80 and less than 4.0 across all performance scorecard evaluation metrics, and does not receive a score of less than 2.0 on any metric.

2.2.19. PERFORMANCE - TOP PERFORMANCE/PERFORMER

The Company averages 4.0 or more across all scorecard evaluation metrics and does not receive a score of less than 4.0 on any one metric.

2.2.20. PERFORMANCE - UNACCEPTABLE PERFORMANCE/PERFORMER

The Company averages less than 2.80 across all scorecard evaluation metrics, or scores a 1.0 on any one metric regardless of average, or receives a score of 2.0 on the same metric on two sequential performance evaluations.

2.2.21. RESPONSE

The document describing a Respondent's qualifications to verify it complies with the requirements of this ITN.

2.2.22. RESPONDENT

A company that submits a Response to this ITN.

2.2.23. PURCHASE ORDER (PO)

A commercial document issued by JEA, authorizing work, indicating types, quantities, and agreed prices for products or services the Company will provide to JEA. Sending a PO to a Company constitutes a legal offer to buy products or services. The words "Purchase Order" are clearly marked across the top, a PO number is used for reference and invoicing purposes, includes an authorized JEA signature, and states the dollar amount of the lawfully appropriated funds.

2.2.24. SOLICITATION

The documents (which may be electronic) issued by JEA's Procurement Department to solicit Bids from Bidders that includes, but is not limited to, the Bid Documents, Bid Workbook, samples of documents, contractual terms and conditions, the Technical Specifications, and associated Addenda.

2.2.25. SUBCONTRACTOR

A provider of services performing Services under contract for the Company.

2.2.26. TASK/WORK ORDER

A document that describes the Work or describes a series of tasks that the Company will perform in accordance with the Contract Documents. A Task Order may be issued as an attachment to a Purchase Order, but the Task Order is neither a Purchase Order, nor a Notice to Proceed.

2.2.27. TERM

The period of time during which the Contract is in force or until the Contract's Maximum Indebtedness is reached, whichever occurs first.

2.2.28. UNIT PRICES

The charges to JEA for the performance of each respective unit of Services as defined in the Response.

2.2.29. WORK OR SCOPE OF SERVICES

Services includes as defined in the Contract Documents all actions, products, documentation, electronic programs, reports, testing, transport, administration, management, services, materials, tools, equipment, and responsibilities to be furnished or performed by the Company under the Contract, together with all other additional necessities that are not specifically recited in the Contract, but can be reasonably inferred as necessary to complete all obligations and fully satisfy the intent of the Contract.

2.3. CONTRACT DOCUMENTS

2.3.1. ORDER OF PRECEDENCE

The Contract shall consist of JEA's Contract and/or Purchase Order together with the Solicitation including, but not limited to, the executed Bid Documents, which shall be collectively referred to as the Contract Documents. This Contract is the complete agreement between the parties. Parol or extrinsic evidence will not be used to vary or contradict the express terms of this Contract. The Contract Documents are complementary; what is called for by one is binding as if called for by all. The Company shall inform JEA in writing of any conflict, error or discrepancy in the Contract Documents upon discovery. Should the Company proceed with the Services prior to written resolution of the error or conflict by JEA, all Services performed is at the sole risk of the Company. JEA will generally consider this precedence of the Contract Documents in resolving any conflict, error, or discrepancy:

- o Executed Contract Amendments

- o Exhibits to Contract Documents
- o Executed Contract Documents
- o Purchase Order(s)
- o Addenda to JEA Solicitation
- o Drawings associated with this Solicitation
- o Exhibits and Attachments to this Solicitation
- o Technical Specifications associated with this Solicitation
- o This Solicitation
- o Response Documents
- o References

The Company shall perform any Services that may reasonably be inferred from the Contract as being required whether or not it is specifically called for. Work, materials or equipment described in words that, so applied, have a well-known technical or trade meaning shall be taken as referring to such recognized standards.

2.4. PRICE AND PAYMENTS

2.4.1. PAYMENTS

2.4.1.1. PAYMENT METHOD - TIME AND MATERIALS

Company will invoice JEA for the service provided under the Contract on a monthly basis. Invoices will be supported by pertinent timesheets or other agreed system for documenting time worked by Company's supplemental staff. JEA reserves the right to reject part of an Invoice if it disputes a portion of that Invoice.

2.4.2. DISCOUNT PRICING

JEA offers any or all of the following option payment terms, one of which may be executed at the request of the Company by sending an email to the JEA Buyer listed in this Solicitation:

- o 1% 20, net 30
- o 2% 10, net 30
- o 3% 5, net 30

Company may request alternate payment terms for JEA's consideration, however, alternate payment terms are not effective until acceptance by JEA in writing. Please note, all payment dates are calculated from the date of the Invoice receipt by JEA's Accounts Payable.

2.4.3. INVOICING AND PAYMENT TERMS

The Company shall submit all Invoices in accordance with the payment method agreed upon in these Contract Documents. Invoices shall be submitted to the following address:

JEA Accounts Payable
P.O. Box 4910
Jacksonville, FL 32201-4910

JEA will pay the Company the amount requested within thirty (30) calendar days after receipt of an Invoice from the Company subject to the provisions stated below.

JEA may reject any Invoice within twenty (20) calendar days after receipt. JEA will return the Invoice to the Company stating the reasons for rejection. Upon receipt of an acceptable revised Invoice, JEA will pay the Company the revised amount within ten (10) days.

JEA may withhold payment if the Company is in violation of any conditions or terms of the Contract Documents.

In the case of early termination of the Contract, all payments made by JEA against the Contract Price prior to notice of termination shall be credited to the amount, if any, due the Company. If the parties determine that the sum of all previous payments and credits exceeds the sum due the Company, the Company shall refund the excess amount to JEA within ten (10) days of determination or written notice.

2.4.4. PRICE ADJUSTMENT

Contract prices for the Work will remain firm through the first three years of the Contract. Upon completion of the third year, the Company may request a Consumer Price Index (CPI) adjustment each year to the rates submitted in Appendix B – Quotation of Rates. Each annual request for a CPI increase must be made within thirty (30) days prior to the Anniversary Date of the Contract. If Company fails to submit a timely CPI adjustment request, the Company may be denied the adjustment for the upcoming Contract year.

When a timely CPI request is received, JEA will recognize the CPI price adjustment within thirty (30) days after the Anniversary Date. No retroactive price adjustments will be allowed.

Unless the Company and JEA make other agreements, the annual price adjustment for the Contract shall be in accordance with the Consumer Price Index for all urban consumers published monthly by the U.S. Department of Labor, Bureau of Labor Statistics. The index used will be the unadjusted percent change for the previous twelve (12) months of the Company's written CPI adjustment request is received by JEA.

In the event the applicable price index publication ceases, the Company and JEA shall mutually agree on a replacement index. If the Company and JEA fail to agree on a replacement index, the Contract shall terminate effective on the next Anniversary Date.

2.4.5. OFFSETS

In case the Company is in violation of any requirement of the Contract, JEA may withhold payments that may be due the Company, and may offset existing balances with any JEA incurred costs against funds due the Company under this and any other Company Contract with JEA, as a result of the violation, or other damages as allowed by the Contract Documents and applicable law.

2.4.6. JSEB - INVOICING AND PAYMENT

If the Company utilizes JSEB certified firms, regardless of whether these Contract Documents require or encourage the use of such firms, the Company shall Invoice for and report the use of JSEB certified firms according to the format and guidelines established by the City of Jacksonville.

2.4.7. COST SAVINGS PLAN

During the Term of this Contract, JEA and Company are encouraged to identify ways to reduce the total cost to JEA related to the Services provided by the Company ("Cost Savings Plan"). JEA and Company may negotiate Amendments to this Contract that support and allow such reductions in total costs including, but not limited to, the sharing of savings resulting from implementation of cost-reducing initiatives between JEA and Company. The decision to accept any cost savings plan shall be in the sole discretion of JEA, and JEA shall not be liable to Company for any cost that may be alleged to be related to a refusal to accept a Cost Savings Plan proposed by Company.

2.4.8. TAXES

JEA is authorized to self-accrue the Florida Sales and Use Tax and is exempt from Manufacturer's Federal Excise Tax when purchasing tangible personal property for its direct consumption.

2.5. WARRANTIES AND REPRESENTATIONS

2.5.1. WARRANTY (PROFESSIONAL SERVICES)

The Company represents and warrants that it has the full corporate right, power and authority to enter into the Contract and to perform the Services, and that the performance of its obligations and duties hereunder does not and will not violate any Contract to which the Company is a party or by which it is otherwise bound.

The Company represents and warrants that it will conduct its Services in a manner and with sufficient labor, materials and equipment necessary to affect a diligent pursuance of the Services.

The Company represents and warrants that it has the responsibility and capacity to train and supervise its employees and Subcontractors to ensure the Services complies with all requirements of the Contract Documents.

The Company represents and warrants that its employees and Subcontractors shall exercise the degree of skill and care required by customarily accepted good practices and procedures, and the Services will meet the functional and performance requirements defined in the Contract.

The Company warrants that all items provided under the Contract shall be in accordance with the requirements of this Contract and services shall be performed in a professional manner and with professional diligence and skill, consistent with the prevailing standards of the industry.

2.6. INSURANCE, INDEMNITY AND RISK OF LOSS

2.6.1. INSURANCE

INSURANCE REQUIREMENTS

Before starting the Work by JEA, and without further limiting its liability under the Contract, Company shall procure and maintain at its sole expense, insurance of the types and in the minimum amounts stated below:

Workers' Compensation

Florida Statutory coverage and Employer's Liability (including appropriate Federal Acts); Insurance Limits: Statutory Limits (Workers' Compensation) \$500,000 each accident (Employer's Liability).

Commercial General Liability

Premises-Operations, Products-Completed Operations, Contractual Liability, Independent Contractors, Insurance Limits: \$1,000,000 each occurrence, \$2,000,000 annual aggregate for bodily injury and property damage, combined single limit.

Automobile Liability

All autos-owned, hired, or non-owned; Insurance Limits: \$1,000,000 each occurrence, combined single limit.

Excess or Umbrella Liability

(This is additional coverage and limits above the following primary insurance: Employer's Liability, Commercial General Liability, and Automobile Liability); Insurance Limits: \$2,000,000 each occurrence and annual aggregate.

Professional Liability

Errors & Omissions; Insurance Limits: \$1,000,000 each claim and \$2,000,000 annual aggregate

Company's Commercial General Liability, Excess or Umbrella Liability, and Professional Liability policies shall be effective for two (2) years after Work is complete. The Indemnification provision provided herein is separate and is not limited by the type of insurance or insurance amounts stated above.

Company shall specify JEA and Florida Power and Light Company (FPL) as additional insureds for all coverage except Workers' Compensation, Employer's Liability, and Professional Liability. Such insurance shall be primary to any and all other insurance or self-insurance maintained by JEA. Company shall include a Waiver of Subrogation on all required insurance in favor of JEA, FPL, their board members, officers, employees, agents, successors and assigns.

Such insurance shall be written by a company or companies licensed to do business in the State of Florida and satisfactory to JEA. Prior to commencing any Work under this Contract, certificates evidencing the maintenance of the insurance shall be furnished to JEA for approval. Company's and its subcontractors' Certificates of Insurance shall be mailed to JEA (Attn. Procurement Services), Customer Care Center, 6th Floor, 21 West Church Street, Jacksonville, FL 32202-3139.

The insurance certificates shall provide that no material alteration or cancellation, including expiration and non-renewal, shall be effective until thirty (30) days after receipt of written notice by JEA.

Any subcontractors of Company shall procure and maintain the insurance required of Company hereunder during the life of the subcontracts. Subcontractors' insurance may be either by separate coverage or by endorsement under insurance provided by Company. Note: Any JSEB firms identified by Bidders for this Solicitation are considered "Subcontractors" under the direct supervision of the Prime or General Contractor (herein referred to as "Company"). Companies should show good faith efforts in providing assistance to JSEB firms in the securing of the Subcontractors' insurance requirements stated herein. Company shall submit subcontractors' certificates of insurance to JEA prior to allowing Subcontractors to perform Work on JEA's job sites.

2.6.2. INDEMNIFICATION FOR RELEASE OF JEA EMPLOYEE/CUSTOMER INFORMATION

Company indemnifies, defends and holds JEA harmless from any and all claims associated with the unwarranted disclosure of any JEA employee or JEA customer information that is in its possession either in paper or electronic format, including disclosure caused by theft, electronic system malfunction, negligence, or any other cause for the information to become public or otherwise used for malicious intents.

2.6.3. INDEMNIFICATION

For ten dollars (\$10.00) acknowledged to be included and paid for in the contract price and other good and valuable considerations, the Company shall hold harmless and indemnify JEA and Florida Power and Light Company (hereinafter referred to as FPL), against any claim, action, loss, damage, injury, liability, cost and expense of whatsoever kind or nature (including, but not by way of limitation, reasonable attorney's fees and court costs) arising out of injury (whether mental or corporeal) to persons, including death, or damage to property, arising out of or incidental to the negligence, recklessness or intentional wrongful misconduct of Company and any person or entity used by the Company in the performance of this Contract or Work performed thereunder. For purposes of this

Indemnification, the term "JEA" shall mean JEA as a body politic and corporate and shall include its governing board, officers, employees, agents, successors and assigns. For purposes of this Indemnification, FPL has been included with JEA, as co-owner for their St. Johns River Power Park facility (hereinafter referred to as SJRPP). The term "FPL" shall include its governing board, officers, employees, agents, successors and assigns. This indemnification shall survive the term of a Contract entered into pursuant to this solicitation, for events that occurred during the Contract term. This indemnification shall be separate and apart from, and in addition to, any other indemnification provisions set forth elsewhere in this Contract.

2.6.4. RISKS AND PROPERTY

Ownership, risks of damage to or loss of the items shall pass to JEA upon Acceptance. The Company shall retain the sole risk of loss to the Work up to and including the time of Acceptance. In the event of loss or damage to the Work, the Company shall bear all costs associated with any loss or damage.

2.7. TERM AND TERMINATION

2.7.1. TERM

2.7.1.1. TERM OF CONTRACT-DEFINED DATES

The Contract shall commence on the effective date, and continue and remain in full force and effect as to all its terms, conditions and provisions as set forth herein for five (5) years, (the "Initial Term"), or until the Contract's Maximum Indebtedness is reached, whichever occurs first. It is at JEA's sole option to renew the Contract for five (5) additional years.

This Contract, after the initial year, shall be contingent upon the existence of lawfully appropriated funds for each subsequent year of the Contract.

2.7.2. TERMINATION FOR CONVENIENCE

JEA shall have the absolute right to terminate the Contract in whole or part, with or without cause, at any time after the Award effective date upon written notification of such termination.

In the event of termination for convenience, JEA will pay the Company for all disbursements and expenses that the Company has incurred, or has become obligated prior to receiving JEA's notice of termination.

Upon receipt of such notice of termination, the Company shall stop the performance of the Services hereunder except as may be necessary to carry out such termination and take any other action toward termination of the Services that JEA may reasonably request, including all reasonable efforts to provide for a prompt and efficient transition as directed by JEA.

JEA will have no liability to the Company for any cause whatsoever arising out of, or in connection with, termination including, but not limited to, lost profits, lost opportunities, resulting change in business condition, except as expressly stated within these Contract Documents.

2.7.3. TERMINATION FOR DEFAULT

JEA may give the Company written notice to discontinue all Services under the Contract in the event that:

- o The Company assigns or subcontracts the Services without prior written permission;
- o Any petition is filed or any proceeding is commenced by or against the Company for relief under any bankruptcy or insolvency laws;

- o A receiver is appointed for the Company's properties or the Company commits any act of insolvency (however evidenced);
- o The Company makes an assignment for the benefit of creditors;
- o The Company suspends the operation of a substantial portion of its business;
- o The Company suspends the whole or any part of the Services to the extent that it impacts the Company's ability to meet the requirements of the Contract, or the Company abandons the whole or any part of the Services;
- o The Company, at any time, violates any of the conditions or provisions of the Contract Documents, or the Company fails to perform as specified in the Contract Documents, or the Company is not complying with the Contract Documents;
- o The Company breaches any of the representations or warranties;
- o The Company is determined, in JEA's sole opinion, to have misrepresented the utilization of funds or misappropriate property belonging to JEA; or
- o Any material change in the financial or business condition of the Company.

If within thirty (30) days after service of such notice upon the Company an arrangement satisfactory to JEA has not been made by the Company for continuance of the Services, then JEA may declare Company to be in default of the Contract.

The Contract Documents shall in no way limit JEA's right to all remedies for nonperformance provided under law or in equity, except as specifically set forth herein. In the event of termination for nonperformance, the Company shall immediately surrender all records related to this Contract to JEA. In such a case, JEA may offset any money owed to the Company against any liabilities resulting from the Company's nonperformance.

JEA has no responsibility whatsoever to issue notices of any kind, including but not limited to deficient performance letters and scorecards, to the Company regarding its performance prior to default by Company for performance related issues.

JEA shall have no liability to the Company for termination costs arising out of the Contract, or any of the Company's subcontracts, as a result of termination for default.

2.8. CONFIDENTIALITY AND OWNERSHIP OF DOCUMENTATION

2.8.1. PUBLIC RECORDS LAWS

Access to Public Records

All Documents, data and other records received by JEA in connection with the Contract are public records and available for public inspection unless specifically exempt by law. The Respondent shall allow public access to all documents, data and other records made or received by the Respondent in connection with the Contract unless the records are exempt from Section 249(a) of Article I of the Florida Constitution or subsection 119.07(1), Florida Statutes. JEA may unilaterally terminate the Contract of the Respondent refuses to allow public access as required under the Contract.

Redacted copies of Confidential Information

If the Respondent believes that any portion of any documents, data or other records submitted to JEA are exempt from disclosure under Chapter 119, Florida Statutes, the Florida Constitution and related laws ("Florida's Public Records Laws"), Respondent must (1) clearly segregate and mark the specific sections of the document, data and records as "Confidential", (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of the documents, data, or records (the "Redacted Copy"). The

Redacted Copy shall contain JEA's contract name and number, and shall be clearly titled "Redacted Copy". Respondent shall only redact those portions of records that Respondent claims are specifically exempt from disclosure under Florida's Public Records Laws. If the Respondent fails to submit a redacted copy of documents, data, or other records it claims is confidential, JEA is authorized to produce all documents, data, and other records submitted to JEA in answer to a public records request for these records.

Request for Redacted Information

In the event of a public records or other disclosure request under Florida's Public Records Laws or other authority to which the Respondent's documents, data or records are responsive, JEA will provide the Redacted Copy to the requestor. If a Requestor asserts a right to any redacted information, JEA will notify the Respondent that such an assertion has been made. It is the Respondent's responsibility to respond to the requestor to assert that the information in questions is exempt from disclosure under applicable law. If JEA becomes subject to a demand for discovery or disclosure of the redacted information under legal process, JEA shall give the Respondent prompt notice of the demand prior to releasing the redacted information (unless otherwise prohibited by applicable law). The Respondent shall be responsible for defending its determination that the redacted portions of the information are not subject to disclosure.

Indemnification for Redacted Information

The Respondent shall protect, defend, and indemnify JEA from and against all claims, demands, actions, suits, damages, liabilities, losses, settlements, judgments, costs, and expenses (including but not limited to reasonable attorney's fees and costs) arising from or relating to the Respondent's assertion that all or any portion of its information is not subject to disclosure.

Public Records Clause for Service Contracts

If, under the Contract, the Respondent is providing services and is acting on behalf of JEA as contemplated by subsection 119.011(2), Florida Statutes, the Respondent shall:

- Keep and maintain public records that ordinarily and necessarily would be required by JEA in order to perform service;
- Provide the public with access to public records on the same terms and conditions that JEA would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or otherwise prohibited by law;
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law; and
- Meet all requirements for retaining public records and transfer, at no cost, to JEA all public records in possession of the Respondent upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically shall be provided to JEA in a format that is compatible with the information technology systems of JEA.

2.8.2. PROPRIETARY INFORMATION

The Respondent shall not copy, reproduce, or disclose to third parties, except in connection with the Work, any information that JEA furnishes to the Respondent. The Respondent shall insert in any subcontract a restriction on the use of all information furnished by JEA. The Respondent shall not use this information on another project. All information furnished by JEA will be returned to JEA upon completion of the Work.

2.8.3. PUBLICITY AND ADVERTISING

The Respondent shall not take any photographs, make any announcements or release any information concerning the Contract or the Services to any member of the public, press or official body unless prior written consent is obtained from JEA.

2.8.4. OBLIGATIONS OF OWNERSHIP OF DOCUMENTS AND EQUIPMENT

The Respondent agrees that upon completion of the Services, all drawings, designs, specifications, renderings, notebooks, tracings, photographs, reference books, equipment, expendable equipment and materials, negatives, reports, findings, recommendations, data and memoranda of every description (hereinafter referred to as "Works"), arising out of or relating to the Services rendered by the Respondent under this Agreement, are to become the property of JEA. Respondent and JEA agree that said Works shall be considered as works made for hire under the United States Copyright laws. JEA shall have the absolute and exclusive right to own and use all said Works together with any and all copyrights, patents, trademark and service marks associated with said Works. The use of these Works in any manner by JEA shall not support any claim by the Respondent for additional compensation.

In the event of a termination of the Contract, the Company shall implement an orderly return of JEA's data in a mutually agreeable format at a time agreed to by JEA and the Company and the subsequent secure disposal of all JEA data. During any period of service suspension, the Company shall not take any action to intentionally erase any data of JEA or its customers. In the event of termination of any services or the Contract in its entirety, the Company shall not take any action to intentionally erase any data of JEA or its customers except as mutually agreed upon in writing by the Company and JEA. The Company shall securely dispose of all requested data in all its forms.

2.9. LABOR

2.9.1. NONDISCRIMINATION

The Respondent represents that it has adopted and will maintain a policy of nondiscrimination against employees or applicants for employment on account of race, religion, sex, color, national origin, age or handicap, in all areas of employee relations, throughout the Term of this Contract. The Respondent agrees that on written request, it will allow JEA reasonable access to the Respondent's records of employment, employment advertisement, application forms and other pertinent data and records for the purpose of investigation to ascertain compliance with the nondiscrimination provisions of this Contract; provided however, the Respondent shall not be required to produce, for inspection, records covering periods of time more than one year from the effective date of this Contract.

The Respondent shall comply with the following executive orders, acts, and all rules and regulations implementing said orders or acts, which are by this reference incorporated herein as if set out in their entirety:

- o The provisions of Presidential Order 11246, as amended, and the portions of Executive Orders 11701 and 11758 as applicable to Equal Employment Opportunity;
- o The provisions of section 503 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act (ADA); and
- o The provisions of the Employment and Training of Veterans Act, 38 U.S.C. 4212 (formerly 2012).

The Respondent agrees that if any of the Services of this Contract will be performed by a Subcontractor, then the provisions of this subsection shall be incorporated into and become a part of the subcontract.

2.9.2. JEA ACCESS BADGES

If the scope of work described in this Contract requires a Respondent to access JEA facilities, each Company employee shall apply for a JEA access badge through JEA's Security Department. An appointment to obtain a JEA access badge can be made by contacting JEA Security at securitybadge@jea.com. Finally, JEA does not allow Company employees to share JEA access badges. A Respondent, whose employees are found to be sharing JEA access badges, will result in the Contract being terminated immediately for default. Additionally, JEA shall be notified within six (6) hours of a lost or stolen JEA security badge or when an employee leaves the Company. Report badge termination notifications to JEA Security at (904) 665-8200.

2.9.3. LEGAL WORKFORCE

JEA shall consider the Respondent's employment of unauthorized aliens a violation of section 274A(e) of the Immigration and Nationalization Act. Such violation shall be cause for termination of the Contract for default upon thirty (30) days' prior written notice of such termination, notwithstanding any other provisions to the contrary in the Contract Documents.

2.9.4. PROHIBITED FUTURE EMPLOYMENT

It shall be unlawful and a class C offense for any person, who was an officer or employee of JEA, after his or her employment has ceased, to be employed by or enter into any contract for personal services, with a person or company who contracted with, or had a contractual relationship with JEA, while the contract is active or being completed, or within two years of the cessation, completion, or termination of the person's or company's contractual relationship with JEA, where (1) the contract with JEA had a value that exceeded \$250,000, and (2) the officer or employee had a substantial and decision-making role in securing or negotiating the contract or contractual relationship, or in the approval of financial submissions or draws in accordance with the terms of the contract; except that this prohibition shall not apply to an employee whose role is merely as a review signatory, or to contracts entered into prior to January 1, 2008, or to contracts that have been competitively procured. With respect to this subsection a contract is competitively procured if it has been obtained through a sealed low bid award. A "substantial and decision-making role" shall include duties and/or responsibilities that are collectively associated with: (i) approving solicitation or payment documents; (ii) evaluating formal bids and proposals; and (iii) approving and/or issuing award recommendations for JEA Awards Committee approval. The contract of any person or business entity who hires or contracts for services with any officer or employee prohibited from entering into said relationship shall be voidable at the pleasure of JEA. This prohibition shall not apply to any former officer or employee after two years from cessation from JEA employment.

2.9.5. PERSONNEL AND CHANGES IN COMPANY'S PROFESSIONAL PERSONNEL

Unless otherwise agreed in writing by the parties, all Services shall be rendered by employees: (a.) who are full time employees of Company or approved subcontractors; and (b.) qualified to perform the Services. . Subsequent to the execution of this Contract, Company shall notify the JEA Contract Administrator in writing prior to making changes in professional personnel assigned to manage this Contract. . The JEA Contract Administrator shall have the right to reject any professional personnel assigned by Company to manage this Contract or supplemental staff assigned to JEA under this Contract. If the right of rejection is exercised by the JEA Contract Administrator, Company shall submit for approval of the JEA Contract Administrator, the name or names of substitute personnel to fill the positions resulting from said rejection. The JEA Contract Administrator shall have the right to require the removal of Company's previously assigned personnel and Company shall promptly replace the same, subject to the JEA Contract Administrator's approval at no cost to JEA.

2.9.6. COMPANY'S LABOR RELATIONS

The Respondent shall negotiate and resolve any disputes between the Company and its employees, or anyone representing its employees. The Company shall immediately notify JEA of any actual or potential labor dispute that may affect the Services and shall inform JEA of all actions it is taking to resolve the dispute.

2.10. COMPANY'S RESPONSIBILITIES AND PERFORMANCE OF THE CONTRACT

2.10.1. COMPANY REPRESENTATIVES

The Respondent shall provide JEA with the name and responsibilities of the Company Representative, in writing after Award of the Contract and before starting the Services under the Contract. Should the Company need to change the Company Representative, the Company shall promptly notify JEA in writing of the change.

2.10.2. LICENSES

The Respondent shall comply with all licensing, registration and/or certification requirements pursuant to applicable laws, rules and regulations. The Company shall secure all licenses, registrations and certifications as required for the performance of the Services and shall pay all fees associated with securing them. The Company shall produce written evidence of licenses and other certifications immediately upon request from JEA.

2.11. AUDIT & VENDOR PERFORMANCE EVALUATION

2.11.1. RIGHT TO AUDIT AND FINANCIAL REPORTING

Upon JEA's requests, the Company agrees to allow JEA to audit its financial and operating records for the purpose of determining Invoice accuracy, or otherwise assessing compliance with the Contract Documents. The Company agrees to let JEA personnel, or their qualified representative, access the records at Company's office, with three (3) days written notice, for a reasonable period, not less than five days, in a workspace suitable for the audit provided by Company. All audit work will be done on Company premises, and no Company documentation will be removed from Company offices. The Company agrees to have knowledgeable personnel available to answer questions for the auditors during the time they are at the Company's offices and for a period of two weeks thereafter. The Company shall provide to JEA audited financial statements for the most recent fiscal year upon JEA's request, not later than five (5) days after receipt of written request.

2.11.2. VENDOR PERFORMANCE EVALUATION

Use of Vendor Performance Evaluation Scorecards

JEA may evaluate the Company's performance using the evaluation criteria shown on the vendor scorecard available online at JEA.com.

Scores for all metrics shown on the evaluation range from a low of 1, meaning significantly deficient performance, to a high of 5, meaning exceptionally good performance. The Company's performance shall be classified as Top Performance, Acceptable Performance, or Unacceptable Performance, as defined herein. The evaluator will be a designated JEA employee. The evaluator's supervisor and the Chief Purchasing Officer will review deficient performance letters and Unacceptable Performance scorecards, as described below, prior to issuance. When evaluating the Company's performance, JEA will consider the performance of the Company's Subcontractors and suppliers, as part of the Company's performance.

Frequency of Evaluations

JEA may conduct performance evaluations and prepare scorecards in accordance with the procedures described herein at any time during performance of the Services or soon after the completion of the Work. JEA may conduct one or more evaluations determined solely at the discretion of JEA.

Unacceptable Performance

- o If at any time, JEA determines, using the criteria described on the scorecard, that the performance of the Company is Unacceptable, the Contract Administrator and Chief Procurement Officer or his designated alternate will notify the Company of such in a letter. The Company shall have ten (10) days to respond to the Contract Administrator. Such response shall include, and preferably be delivered in-person by an officer of the Company, the specific actions that the Company will take to bring the Company's performance up to at least Acceptable Performance.
- o Within thirty (30) days from date of the first Unacceptable Performance letter, the Contract Administrator and Chief Purchasing Officer or his designated alternate will notify the Company by letter as to whether its performance, as determined solely by JEA, is meeting expectations, or is continuing to be Unacceptable. If the Company's performance is described in the letter as meeting expectations, no further remedial action is required by the Company, as long as Company's performance continues to be Acceptable.
- o If the Company's performance as described in the letter continues to be Unacceptable, or is inconsistently Acceptable, then the Company shall have fifteen (15) days from date of second letter to demonstrate solely through its performance of the Work, that it has achieved Acceptable Performance. At the end of the fifteen (15) day period, JEA will prepare a scorecard documenting the Company's performance from the start of Work, or date of most recent scorecard, whichever is latest, and giving due consideration to improvements the Company has made in its performance, or has failed to make. If the scorecard shows Company's performance is Acceptable, then no further remedial action is required by Company as long as Company's performance remains Acceptable. If the scorecard shows the Company's performance is Unacceptable, JEA will take such actions as it deems appropriate including, but not limited to, terminating the Contract for breach, suspending the Company from bidding on any JEA related solicitations, and other remedies available in the JEA Purchasing Code and in law. Such action does not relieve the Company of its obligations under the Contract, nor does it preclude an earlier termination.
- o In the event that the Contract Term or the remaining Term of the Contract does not allow for the completion of the deficient performance notification cycles described above for those in danger of receiving an Unacceptable Performance scorecard, JEA may choose to accelerate these cycles at its sole discretion.
- o If the Company receives five (5) or more letters of deficiency within any twelve (12) month period, then JEA will prepare a scorecard describing the deficiencies and the Company's performance will be scored as Unacceptable.

Acceptable Performance

JEA expects the Company's performance to be at a minimum Acceptable.

Disputes

In the event that the Respondent wants to dispute the results of its scorecard performance evaluation, the Company must submit a letter to the Chief Procurement Officer supplying supplemental information that it believes JEA failed to take into account when preparing the scorecard. Such letter, along with supplemental information, must be submitted no later than ten (10) days following the Company's receipt of the scorecard. If the Chief Procurement

Officer decides to change the scorecard, the Company will be notified and a revised scorecard will be prepared, with a copy issued to the Company. If the Chief Procurement Officer decides that no change is warranted, the decision of the Chief Procurement Officer is final. If the Company is to be suspended from consideration for future Award of any contracts, the Company may appeal to the Procurement Appeals Board as per JEA Procurement Code.

Public Records

There can be no expectation of confidentiality of performance-related data in that all performance-related data is subject to disclosure pursuant to Florida Public Records Laws. All scorecards are the property of JEA.

2.12. JEA RESPONSIBILITIES

2.12.1. COORDINATION OF SERVICES PROVIDED BY JEA

The JEA Representative for the Services will, on behalf of JEA, coordinate with the Company and administer this Contract. It shall be the responsibility of the Company to coordinate all assignment related activities with the designated JEA Representative. The JEA Representative will be assigned to perform day-to-day administration and liaison functions, and to make available to the Company appropriate personnel, to the extent practical, and to furnish records and available data necessary to conduct the Work. The JEA Representative will also authorize the Company to perform work under this Contract.

2.13. CHANGES IN THE WORK, CONTRACT TIME OR PRICE

2.13.1. SUSPENSION OF SERVICES

JEA may suspend the performance of the Services by providing Company with five (5) days' written notice of such suspension. In the event of suspension of the Work, the Company shall resume the full performance of the Services when directed in writing to do so by JEA. Suspension of the Services for reasons other than the Company's negligence or failure to perform, shall not affect the Company's compensation as outlined in the Contract Documents.

2.13.1. FORCE MAJEURE

No party shall be liable for any default or delay in the performance of its obligations under this Contract due to an act of God or other event to the extent that: (a) the non-performing party is without fault in causing such default or delay; (b) such default or delay could not have been prevented by reasonable precautions; and (c) such default or delay could not have been reasonably circumvented by the non-performing party through the use of alternate sources, work-around plans or other means. Such causes include, but are not limited to: act of civil or military authority (including but not limited to courts or administrative agencies); acts of God; war; terrorist attacks; riot; insurrection; inability of JEA to secure approval, validation or sale of bonds; inability of JEA or the Company to obtain any required permits, licenses or zoning; blockades; embargoes; sabotage; epidemics; fires; hurricanes, tornados, floods; or strikes.

In the event of any delay resulting from such causes, the time for performance of each of the parties hereunder (including the payment of monies if such event actually prevents payment) shall be extended for a period of time reasonably necessary to overcome the effect of such delay, except as provided for elsewhere in the Contract Documents.

In the event of any delay or nonperformance resulting from such causes, the party affected shall promptly notify the other in writing of the nature, cause, date of commencement and the anticipated impact of such delay or nonperformance. Such written notice, including Change Orders, shall indicate the extent, if any, to which it is anticipated that any delivery or completion dates will be thereby affected within seven (7) calendar days.

2.13.2. CHANGE IN SCOPE OF SERVICES

From time to time, JEA may direct changes and modifications in the scope of the services, as contained in the Contract Documents, to be performed under this Contract as may be necessary to carry out the purpose of this Contract. The Company is willing and agreeable to accommodate such changes, provided it is compensated for additional services in accordance with its professional fees and expenses under the terms of this Contract. Such changes shall be in the form of a written amendment to this Contract reflecting, as appropriate, an amendment to the Services rendered and adjustment to Company's professional fees, including an extension to the duration of this Contract, as well as the maximum indebtedness of JEA. Maximum indebtedness is the maximum total cost that may be paid to the Company hereunder, including travel related costs, per year during the initial term of the Contract for the Services rendered under the terms of this Contract. The JEA Representative directly responsible for each project will make the final determination as to whether any compensable change exists.

2.14. MISCELLANEOUS PROVISIONS

2.14.1. AMBIGUOUS CONTRACT PROVISIONS

The parties agree that this Contract has been the subject of meaningful analysis and/or discussions of the specifications, terms and conditions contained in this Contract. Therefore, doubtful or ambiguous provisions, if any, contained in this Contract will not be construed against the party who physically prepared this Contract.

2.14.2. AMENDMENTS

This Contract may not be altered or amended except in writing, signed by JEA Chief Procurement Officer, or designee and the Company Representative, or each of their duly authorized representatives.

2.14.3. APPLICABLE STATE LAW; VENUE; SEVERABILITY

The rights, obligations and remedies of the parties as specified under the Contract will be interpreted and governed in all respects exclusively by the laws of the State of Florida without giving effect to the principles of conflicts of laws thereof. Should any provision of the Contract be determined by the courts to be illegal or in conflict with any law of the State of Florida, the validity of the remaining provisions will not be impaired. Litigation involving this Contract or any provision thereof shall take place in the State or Federal Courts located exclusively in Jacksonville, Duval County, Florida.

2.14.4. CUMULATIVE REMEDIES

Except as otherwise expressly provided in this Contract, all remedies provided for in this Contract shall be cumulative and in addition to and not in lieu of any other remedies available to either party at law, in equity or otherwise.

2.14.5. ENTIRE AGREEMENT

This Contract constitutes the entire agreement between the parties. No statement, representation, writing, understanding, or agreement made by either party, or any representative of either party, which are not expressed herein shall be binding. All changes to, additions to, modifications of, or amendment to this Contract, or any of the terms, provisions and conditions hereof, shall be binding only when in writing and signed by the authorized officer, agent or representative of each of the parties hereto.

2.14.6. EXPANDED DEFINITIONS

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including without limitation", and the terms "include",

"includes" and "included" have similar meanings. Any reference in this Contract to any other agreement is deemed to include a reference to that other agreement, as amended, supplemented or restated from time to time. Any reference in the Contract to "all applicable laws, rules and regulations" means all federal, state and local laws, rules, regulations, ordinances, statutes, codes and practices.

2.14.7. HEADINGS

Headings appearing herein are inserted for convenience or reference only and shall in no way be construed to be interpretations of text.

2.14.8. INDEPENDENT CONTRACTOR

Company is performing this Contract as an independent contractor and nothing in this Contract will be deemed to constitute a partnership, joint venture, agency, or fiduciary relationship between JEA and Company. Neither Company nor JEA will be or become liable or bound by any representation, act, or omission of the other.

2.14.9. LANGUAGE AND MEASUREMENTS

All communication between the Company and JEA, including all documents, notes on drawings, and submissions required under the Contract, will be in the English language. Unless otherwise specified in the Contract, the US System of Measurements shall be used for quantity measurement. All instrumentation and equipment will be calibrated in US System of Measures.

2.14.10. MEETINGS AND PUBLIC HEARINGS

The Company will, upon request by JEA, attend all meetings and public hearings as required, in any capacity, as directed by JEA.

2.14.11. NEGOTIATED CONTRACT

Except as otherwise expressly provided, all provisions of this Contract shall be binding upon and shall inure to the benefit of the parties, their legal representatives, successors and assigns. The parties agree that they have had meaningful discussion and negotiation of the provisions, terms and conditions contained in this Contract. Therefore, doubtful or ambiguous provisions, if any, contained in the Contract shall not be construed against the party who physically prepared this Contract.

2.14.12. NONEXCLUSIVE

Notwithstanding anything contained herein that may appear to be the contrary, this Contract is "non-exclusive" and JEA reserves the right, in its sole discretion, to retain other companies to perform the Work, and/or JEA may self-perform the Services itself.

2.14.13. REFERENCES

Unless otherwise specified, each reference to a statute, ordinance, law, policy, procedure, process, document, drawing, or other informational material is deemed to be a reference to that item, as amended or supplemented from time to time. All referenced items shall have the enforcement ability as if they are fully incorporated herein.

2.14.14. SEVERABILITY

In the event that any provision of this Contract is found to be unenforceable under applicable law, the parties agree to replace such provision with a substitute provision that most nearly reflects the original intentions of the parties and is enforceable under applicable law, and the remainder of this Contract shall continue in full force and effect.

With regard to any provision in this agreement pertaining to damages, equitable or otherwise, it is the intent of the Parties that under no circumstances shall there be recovery for home office overhead. Any damages claimed shall be proven by discreet accounting of direct project costs and no theoretical formula or industry estimating reference manuals shall be permissible.

2.14.15. SUBCONTRACTING OR ASSIGNING OF CONTRACT

Each party agrees that it shall not subcontract, assign, delegate, or otherwise dispose of the Contract, the duties to be performed under the Contract, or the monies to become due under the Contract without the other party's prior written consent.

The assignment of the Contract will not relieve either of the parties of any of its obligations until such obligations have been assumed in writing by the assignee. If the Contract is assigned by either of the parties, it will be binding upon and will inure to the benefit of the permitted assignee. The Company shall be liable for all acts and omissions of its assignee or its Subcontractor.

In the event the Company obtains JEA approval to use Subcontractors, the Company is obligated to provide Subcontractors possessing the skills, certifications, registrations, licenses, training, tools, demeanor, motivation and attitude to successfully perform the work for which they are subcontracted. The Company is obligated to remove Subcontractors from performing Services under this Contract when the Company recognizes that a Subcontractor is failing to work in a manner consistent with the requirements of this Contract, or when JEA notifies the Company that JEA has determined a Subcontractor is failing to work in a manner consistent with the requirements of this Contract.

2.14.16. SURVIVAL

The obligations of JEA and the Company under this Contract that are not, by the express terms of this Contract, to be performed fully during the Term, shall survive the termination of this Contract.

2.14.17. TIME AND DATE

Unless otherwise specified, references to time of day or date mean the local time or date in Jacksonville, FL. If under this Contract any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a regular business day for JEA, that payment or calculation is to be made, and that other action is to be taken, as applicable, on or as of the next day that is a regular business day. Where reference is made to day or days, it means calendar days. Where reference is made to workday, workdays, business day, or business days, it means regular working days for JEA Procurement.

2.14.18. TIME OF ESSENCE

For every material requirement of this Contract, time is of the essence.

2.14.19. USE OF JEA CONTRACTS BY THE CITY OF JACKSONVILLE

Where the City of Jacksonville's or its other independent agencies' or political subdivisions' procurement codes all use of JEA contracts, the Company agrees to extend any pricing and other contractual terms to such entities.

2.14.20. WAIVER OF CLAIMS

A delay or omission by JEA to exercise any right or power under this Contract shall not be construed to be a waiver thereof. A waiver by JEA under this Contract shall not be effective unless it is in writing and signed by the party granting the waiver. A waiver by a party of a right under or breach of, this Contract shall not be construed to operate as a waiver of any other or successive rights under, or breaches of, this Contract.

The Company's obligations to perform and complete the Services in accordance with the Contract shall be absolute. None of the following will constitute a waiver of any of JEA's rights under the Contract: approval of payments, including final payment; Certificate of Contract Completion; any use of the Services by JEA; nor any correction of faulty or defective work by JEA.

3. TECHNICAL SPECIFICATIONS/DETAILED SCOPE OF WORK

3.1. TECHNICAL SPECIFICATIONS/DETAILED SCOPE OF SERVICES (APPENDIX A)

Technical Specifications and a Detailed Scope of Services are located in Appendix A of this document.

4. FORMS

4.1. FORMS (APPENDIX B)

Forms required to be submitted with this solicitation are provided in Appendix B or can be obtained on the JEA website at www.jea.com.

Solicitation #110-16 – Independent Audit Services
Appendix A – Technical Specifications

1. GENERAL INFORMATION

1.1 JEA

JEA is currently organized into three enterprise funds- The Electric Enterprise Fund, The Water and Sewer System and District Energy System. The Electric Enterprise Fund is comprised of the JEA Electric System, the Bulk Power System, which consists of Scherer Unit 4, a coal fired, 846 megawatt generating Unit operated by Georgia Power Company and owned by JEA (23.64% ownership interest) and Florida Power & Light (FPL) (76.36% ownership interest) St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 megawatts each) and jointly owned by JEA (80% ownership Interest) and FPL (20% ownership interest). JEA is Florida's largest municipally owned electric utility and the eighth largest in the United States. JEA is also the 113th largest municipal water and sewer provider in the country. JEA currently serves over 450,000 electric customers; 334,000 water customers and 259,000 sewer customers in Jacksonville and parts of three adjacent counties. As of September 30, 2015, total operating revenues were approximately \$1.7 billion, total assets were \$8.3 billion and total long-term debt outstanding was \$5.0 billion.

The governing body of JEA consists of seven members appointed by the Mayor and confirmed by the City Council. JEA is not subject to regulation by the Florida Public Service Commission except for certain environmental, energy conservation, power plant and transmission line siting, territorial, and rate structure matters.

1.2. St. Johns River Power Park (SJRPP) Pension Plan

SJRPP Pension Plan (The "Plan") is a single employer contributory defined benefit plan covering employees of the St. Johns River Power Park System. The Plan provides for pension, death and disability benefits. Employees who are working for SJRPP, except temporary and contract employees, are eligible to participate. The Plan is subject to provisions of Chapter 112, Florida Statutes and the oversight of the Florida Division of Retirement.

The Plan is governed by a five-member pension board. As of September 30, 2015 the Plan reported net position of \$138,901,756 and had approximately 550 active and inactive members covered by the Plan. The Plan issue stand-alone audited financial statements.

2. SCOPE OF SERVICES

2.1 JEA

JEA is seeking to procure independent audit services beginning for the fiscal year ending

September 30, 2017. The funds and systems to be audited are those included in the JEA's Annual Report for the fiscal year ended September 30, 2015. The finished audit shall include comparative financial statements from prior year.

2.1.1 The Company shall prepare the following independent accountants' reports in connection with the audit of JEA:

- a. Independent accountants' reports on JEA's basic financial statements and supplementary combining financial statements.
- b. Independent accountants' report on the JEA's Electric System, Water & Sewer System, JEA's St. Johns River Power Park System, Scherer Bulk Power Supply System and DES debt service coverage schedules.
- c. Report to Management (Management letter)

2.1.2 Independent accountants' reports on the Schedule of Federal and State Grant Assistance and other applicable opinions on compliance and internal control referred to as the OMB Circular A-133 Compliance Supplement and Chapter 10.600, Rules of the Auditor General.

2.1.3 Independent accountants' report on agreed upon procedures in connection with issuance of debt and review of official debt statement.

2.1.4 Letters of consent for inclusion of audited financial statements in connection with bond offerings.

2.1.5 Independent accountants' report on compliance with debt covenants and resolutions, and independent accountants' report required under JEA credit agreements.

2.1.6 Independent accountants' report on agreed upon procedures to demonstrate financial responsibility in connection with the Florida Department of Environmental Protection "Storage Tank to Demonstrate Financial Responsibility" and "Florida Solid Waste Management Facility Letter to Demonstrate Financial Assurance" as required by 62.730.180 F.A.C.

2.2 St. Johns River Power Park (SJRPP) Pension Plan

2.2.1 The Company shall prepare the following independent accountants' reports in connection with the audit of SJRPP Pension Plan:

- a. Independent accountants' reports on SJRPP Pension Plan basic financial statements
- b. Report to Management (Management letter)

3. AD HOC SERVICES

3.1 Special Accounting, Technical Advice, and Research

JEA and/or SJRPP may require special accounting or other technical advice or research to be performed. Any such reviews will be defined in a separate engagement when necessary and will be governed by the billing rates for each individual employee class indicated in the cost proposal.

3.2 Additional Company Services

Additional Company services, if any, shall be identified and determined by JEA and/or SJRPP during the term of the contract. The additional Company services, if any, shall be priced at the predetermined billing rates of the Company as mutually agreed upon by the JEA and Company in the Contract, subject to a maximum no to exceed amount.

4. WORKING PAPERS

Working papers are the property of the Company (also referred to as the “auditor”) and must be retained, at the auditor’s expense, for a minimum of five (5) years unless the firm is notified in writing by JEA of the need to extend the retention period. The Company shall, without charge, make available their working papers to representatives of JEA and the Office of the Council Auditor and other authorized federal or state agencies upon request and in accordance with applicable laws and regulations. In addition, the Company will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

5. STAFF ASSISTANCE

The Council Auditor staff of City of Jacksonville will be available to assist the auditor in performing the audit. The auditors will coordinate their efforts with the Council Auditor. The Council Auditor Office shall provide 160 hours of annual assistance

6. TIMELINESS

Timeliness and the ability to complete the annual in the agreed upon timeline are critical factors in the performance of the audit. The final Audit Report must be delivered no later than 1st Monday in December following the conclusion of each fiscal year (October to September 30th). The Company will coordinate the audit with the JEA Controller.

Each of the following shall be completed by the Company no later than the dates indicated unless special arrangements have been made.

Activity	Date
Completion of Field Work at JEA	Third Friday in November
Auditor to submit opinion of financial statement and compliance reports to JEA	1 st Monday in December

Review financial statements and management letter with Finance & Audit Committee of the Board	Audit Committee Meeting in December
---	-------------------------------------

7. WORK AREA AND OFFICE TECHNOLOGY

JEA will provide the auditor will reasonable workspace, phones and internet access.

8. PUBLIC MEETINGS

The Partner-in-Charge of the audit and the audit manager assigned to the engagement shall attend quarterly Finance & Audit (F&A) Committee Meetings, at no additional charge, for discussion of the Audit Plan, Audit Results and other required communications in connection with the audits and hold private sessions with the F&A Committee at the quarterly Committee Meetings. In addition, at the request of JEA, the auditors shall attend Board Meetings and other public meetings. Any additional request to meet with the Audit Committee or Board shall be billed at the hourly rates included in the fee proposal.

9. COMPLIANCE WITH STANDARDS

The audits are to be performed in accordance with the following documents:

- Statements on Auditing Standards issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (GAAS).
- Government Auditing Standards; 1994 Revision (Yellow Book) issued by the Comptroller General of the United States.
- The Single Audit Act of 1984, Public Law 98-502, as amended (31 U.S.C.A. ss 7501 to 7507) and related OMB Compliance Supplement for Single Audits of State and Local Governments.
- Office of Management and Budget Circular A-128, Audits of State and Local Governments and other OMB Circulars as applicable.
- Florida Statutes, especially Sections, 11.45 and 218.32 of the Florida Statutes.
- Rules of the State of Florida Auditor General, Chapters 10.550, Local Governmental Entity Audits, and Chapter 10.600, Audits of State Grants and Aids Appropriations Under Section 216.349, Florida Statutes.
- 1994 Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.
- The City of Jacksonville Municipal Ordinance Code.
- Rules of the State of Florida Department of Banking and Finance.

- Rules of the Securities and Exchange Commission, as applicable.

10. PARTNER ROTATION POLICY

Company agrees to comply with JEA's partner rotation policy where applicable. JEA currently does not have a partner rotation policy.

**Appendix B - Minimum Qualification Form
110-16 Independent Audit Services**

IV. A. 11.
8/16/2016

This document was provided in the original August 8, 2016 Finance & Audit Committee package, but did not require revisions.

GENERAL

THE MINIMUM QUALIFICATIONS SHALL BE SUBMITTED ON THIS FORM. IN ORDER TO BE CONSIDERED A QUALIFIED RESPONDENT BY JEA YOU MUST MEET THE MINIMUM QUALIFICATIONS LISTED BELOW, AND BE ABLE TO PROVIDE ALL THE SERVICES LISTED IN THIS SOLICITATION/TECHNICAL SPECIFICATION.

THE PROPOSER MUST COMPLETE THE RESPONDENT INFORMATION SECTION BELOW AND PROVIDE ANY OTHER INFORMATION OR REFERENCE REQUESTED. THE PROPOSER MUST ALSO PROVIDE ANY ATTACHMENTS REQUESTED WITH THIS MINIMUM QUALIFICATIONS FORM.

PLEASE SUBMIT THE ORIGINAL AND THREE (3) COPIES AND ONE (1) CD OF THIS FORM AND ANY REQUESTED ADDITIONAL DOCUMENTATION WITH THE BID SUBMISSION.

BIDDER INFORMATION

COMPANY NAME: _____

BUSINESS ADDRESS: _____

CITY, STATE, ZIP CODE: _____

TELEPHONE: _____

FAX: _____

E-MAIL: _____

PRINT NAME OF AUTHORIZED REPRESENTATIVE: _____

SIGNATURE OF AUTHORIZED REPRESENTATIVE: _____

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE: _____

MINIMUM QUALIFICATIONS:

1. Respondent must be a nationally recognized CPA Firm as required by Bond Resolutions and Standby Bond Purchasing Agreements.
Respondent should attach an affirmative statement for this requirement to this form in its own format.
2. Respondent must be a CPA Firm currently licensed to practice Public Accounting in the State of Florida and in good standing to practice before the Securities and Exchange Commission.
Respondent should attach documentation for this requirement to this form in its own format. Documentation must include applicable license number.
3. The firms should provide an affirmative statement that it is independent of the JEA as defined by generally accepted auditing standards.
Repondent should attach an affirmative statement for this requirement to this form in its own format.

1) Scheduled Reports**1.1 Scheduled Reports -JEA**

<Insert Company Name Here>

Provider shall submit pricing to provide the reports as described in "Appendix A - Technical Specifications". All bid prices shall include all travel, tools, and materials to complete the service.

Item No	Technical Specifications Reference	Description of Services	Estimated Five (5) Year Volume	Unit of Measure	Price Per Unit	Total Price
1.1.1	2.1.1	Preparation of Reports in connection with the audit of JEA	5	per audit	<insert price per audit here>	\$ -
1.1.2	2.1.2	Reports on the Schedule of Federal and State Grant Assistance and other applicable opinions on compliance and internal control required by OMB A-133	5	per report	<insert price per report here>	\$ -
1.1.3	2.1.3	Independent accountants' report on agreed upon procedures in connection with issuance of debt and review of official debt statement	27	per report	<insert price per report here>	\$ -
1.1.4	2.1.4	Letters of consent for inclusion of audited financial statements in connection with bond offerings	27	per letter	<insert price per letter here>	\$ -
1.1.5	2.1.5	Independent accountant's report on compliance with debt covenants and resolutions, and independent accountant's report required under JEA credit agreements	75	per report	<insert price per report here>	\$ -
1.1.6	2.1.6	Independent accountant's report on applying agreed upon procedures to demonstrate financial responsibility applicable to owners of hazardous waste treatment, storage and disposal facilities as required by 62.730.180 F.A.C.	15	per report	<insert price per report here>	\$ -
Total Price Section 1.1 Sheduled Reports - JEA						\$ -

1.2 Scheduled Reports -SJRPP Pension Plan*Provider shall submit pricing to provide the reports as described in "Appendix A - Technical Specifications". All bid prices shall include all travel, tools, and materials to complete the service.*

Item No	Technical Specifications Reference	Description of Services	Estimated Five (5) Year Volume	Unit of Measure	Price Per Unit	Total Price
1.2.1	2.2.1	Preparation of Reports in connection with the audit of SJRPP Pension Plan	5	per audit	<insert price per audit here>	\$ -
Total Price Section 1.2 Sheduled Reports - SJRPP Pension Plan						\$ -

2) Ad hoc Services*Pricing for this Section is for informational purposes only and will not be included in the calculation of the bid total.*

Item No	Technical Specifications Reference	Description of Services	Unit of Measure	Price Per Unit
2.1	3.1 and 3.2	Hourly Rate - Partner	per hour	<insert price here>
2.2	3.1 and 3.2	Hourly Rate - Audit Manager	per hour	<insert price here>
2.3	3.1 and 3.2	Hourly Rate - Staff	per hour	<insert price here>

3) This Amount Will Be Transferred To Page 1 of Proposal Form

Item No	Description	
3.1	Total Price for Independent Audit Services (This amount will be transferred to Page 1 of Proposal Form)	\$ -

This document was provided in the original August 8, 2016 Finance & Audit Committee package, but did not require revisions.

ATTACHMENT II

Final Version
Revisions incorporated per
the August 8, 2016 Finance
and Audit Committee

Independent Audit Services

Invitation to Negotiate (ITN) Process

Provide Update on Procurement of External Auditor to Finance & Audit Committee	May 9, 2016
Finance & Audit Committee provide direction regarding issuing Request for Proposal	May 9, 2016
Provide draft of Invitation to Negotiate (ITN) to Finance & Audit Committee	August 8, 2016
Finance and Audit Committee review and approve ITN	August 8, 2016
Board approve Finance & Audit Committee's recommendations	August 16, 2016
Issue ITN	August 17, 2016
Proposal due date from respondents	October 4, 2016
Evaluate all responses-Develop a Short-list	October 28, 2016
Finance and Audit Committee review and approve short list	On or before November 1, 2016
Announce Short List	On or before November 1, 2016
Negotiation phase (See Note 1 below)	November 1, 2016
Short List respondents prepare and submit Best and Final Offer	November 22, 2016
Evaluate and determine final rankings of respondents	November 29, 2016
Finance & Audit Committee review and approve Staff's recommendation of final rankings of respondents	December 13, 2016 (tentative)
Board to approve Finance & Audit Committee's recommendation	January 17, 2017
Finance and Audit Committee review and approve contract for independent audit services	March 6, 2017
Board to approve Finance & Audit Committee's recommendation	March 21, 2017
Contract start for independent audit services applicable to FY 17	July 1, 2017

Note 1- The Chair of Finance and Audit Committee may participate in the negotiating phase of the ITN process. This may include oral presentations and any other negotiations deemed to be in JEA's best interest.

This document was provided
in the original August 8, 2016
Finance & Audit Committee
package, but did not require
revisions.

IV. A. 11.
8/16/2016

Attachment III

Partners Rotation Policy

Audit Firm	Policy
Baker Tilly	Baker Tilly does not have a policy or requirement around partner rotation for non-public audit clients. However, if a non-public client has established its own rotation policy, Baker Tilly will follow the client's policy.
Deloitte	Deloitte's policy is that the Audit Lead Engagement Partner can serve 10 consecutive years on non-public clients. Following the 10-year term, the Lead Audit Partner would be required to complete a two-year period off the audit. Concurring Review Partners are not subject to rotation.
Ernst & Young	EY does not have a policy or requirement around partner rotation for non-public audit clients. However, if a non-public audit client has established its own rotation policy, E&Y will follow the client's policy.
KPMG	KPMG's rotation policy is 10 years for non-public companies for both lead and concurring partner.
McGladrey (RSM)	McGladrey does not have a policy around the Lead Partner rotation for non-public clients. The concurring partner is required to be rotated every five years for non-public audit clients. The concurring partner cannot return to the engagement for two years once they rotate off. However, they will follow the client's policy, where applicable.
PwC	PwC's policy is 7 years for non-public companies for both lead and concurring partner.

LPPC Utilities External Auditors

Utility Name	Total Revenues (in thousands)	Total Debt (in thousands)	Auditors	Annual Audit Fees	Auditor Rotation Policy? (Y/N)	Partner Rotation Policy? (Y/N)
Austin Electric & Water Utility Dept.	\$1,839,748	\$3,912,713	Deloitte- Austin, Texas			
Chelan County Public Utility District	400,388	672,798	PwC- Portland, Oregon	\$221,000	N	Y (7 years)
Clark Public Utilities	496,537	478,105	Moss Adams- Portland, Oregon			
Colorado Springs Utilities	868,846	2,409,876	Baker Tilly- Madison, Wisconsin			
CPS	2,629,677	5,591,381	Baker Tilly; Garza, Preis & Co; Robert Williams, CPA- San Antonio, Texas & Madison, Wisconsin			
Electricities of NC, Inc., NCEMPA, NCEMPA1	563,828	1,269,124	McGladrey- Morehead City, N.C.			
Grand River Dam Authority	475,159	1,166,811	Deloitte - Tulsa, Oklahoma	\$195,000	N	N
Grant County PUD	308,665	1,222,305	PwC- Portland, Oregon	\$200,000	N	Y (7 years)
Imperial Irrigation District	601,389	547,742	Moss Adams- Portland, Oregon			
JEA	1,749,380	4,968,099	E&Y-Jacksonville, Florida	\$355,000	N	N
Long Island Power Authority	3,613,982	5,532,551	KPMG- New York, NY			
Los Angeles Department of Power	3,336,963	8,568,281	KPMG- Los Angeles, California			
Los Angeles Department of Water	1,082,581	4,496,962	KPMG- Irvine, California			
Lower Colorado River Authority	1,021,300	3,323,300	Baker Tilly- Madison, Wisconsin			
MEAG	748,571	3,512,442	PwC- Atlanta, Georgia	\$283,000	N	N
Nebraska Public Power District (NPPD)	1,122,454	1,802,850	PwC- St. Louis, Missouri	\$235,000	N	Y (7 years)
New York Power Authority	3,175,000	1,055,000	KPMG- New York, NY	Not available	N (but re-evaluate every 5 years)	Y(5 years)
Omaha Public Power District	1,126,458	2,135,390	Deloitte- Omaha, Nebraska	\$167,000	N	Y (5 years)
Orlando Utilities Commission	859,452	1,527,787	E&Y- Orlando, Florida	\$262,000	N	Y (7 years)

LPPC Utilities External Auditors

Platte River Power Authority	199,867	201,572	BKD CPAs- Denver, Colorado	\$98,000	N	Y (5 years)
Puerto Rico Electric Power Authority	4,468,922	8,247,006	E&Y- San Juan, Puerto Rico			
Sacramento Municipal Utility District (SMUD)	1,529,344	2,881,701	Baker Tilly-Madison, Wisconsin	\$279,000	N	Y (6 years)
Salt River Project	3,033,109	4,274,885	PwC- Phoenix, Arizona			
Santee Cooper	1,879,553	6,961,336	Cherry Bekaert- Raleigh, N.C.			
Seattle City Light	886,400	1,925,200	Baker Tilly- Madison, Wisconsin	\$218,668	Y (5 years)	N
Snohomish County PUD	645,198	504,247	Baker Tilly- Madison, Wisconsin			
Tacoma Public Utilities - Light Division	441,246	530,581	Moss Adams- Tacoma, Washington			

IV. A. 11

Update on Procurement of External Auditor

Redline Version

The following documents includes revisions per the August 8, 2016 Finance and Audit Committee.

Invitation to Negotiate (ITN) to Acquire

Independent Audit Services

for



Jacksonville, FL

ITN Number 110-16

Responses are due on Tuesday, October 4th 2016 by 12:00 pm

Direct delivery or mail to JEA Bid Office, Customer Center 1st Floor, Room 002

21 W. Church Street, Jacksonville, FL 32202

**JEA will publicly open all Responses received from qualified Respondents on Tuesday, October 4th 2016, at
2:00 p.m. in the JEA Bid Office, Customer Center 1st Floor, Room 002,
21 W. Church Street, Jacksonville, FL 32202**

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Solicitation

1. INVITATION TO NEGOTIATE

1.1. INVITATION

1.1.1. SCOPE OF WORK

JEA is seeking to procure independent audit services beginning for the fiscal year ending September 30, 2017.

JEA is currently organized into three enterprise funds:

- The Electric Enterprise Fund
- The Water and Sewer System
- District Energy System

The Electric Enterprise Fund is comprised of the JEA Electric System, the Bulk Power System, which consists of Scherer Unit 4, a coal fired, 846 megawatt generating Unit operated by Georgia Power Company and owned by JEA (23.64% ownership interest) and Florida Power & Light (FPL) (76.36% ownership interest) St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 megawatts each) and jointly owned by JEA (80% ownership Interest) and FPL (20% ownership interest). JEA is Florida's largest municipally owned electric utility and the eighth largest in the United States. JEA is also the 113th largest municipal water and sewer provider in the country. JEA currently serves over 450,000 electric customers; 334,000 water customers and 259,000 sewer customers in Jacksonville and parts of three adjacent counties. As of September 30, 2015, total operating revenues were approximately \$1.7 billion, total assets were \$8.3 billion and total long-term debt outstanding was \$5.0 billion.

The governing body of JEA consists of seven members appointed by the Mayor and confirmed by the City Council. JEA is not subject to regulation by the Florida Public Service Commission except for certain environmental, energy conservation, power plant and transmission line siting, territorial, and rate structure matters.

SJRPP Pension Plan (The "Plan") is a single employer contributory defined benefit plan covering employees of the St. Johns River Power Park System. The Plan provides for pension, death and disability benefits. Employees who are working for SJRPP, except temporary and contract employees, are eligible to participate. The Plan is subject to provisions of Chapter 112, Florida Statutes and the oversight of the Florida Division of Retirement.

The Plan is governed by a five-member pension board. As of September 30, 2015 the Plan reported net position of \$138,901,756 and had approximately 550 active and inactive members covered by the Plan. The Plan issue stand-alone audited financial statements.

These services are described in more detail in the enclosed "*Appendix A – Technical Specifications*".

1.1.2 QUESTIONS

All questions must be submitted in writing to the JEA Buyer listed below at least five (5) business days prior to the opening date. Questions received within five (5) business days prior to the opening date will not be answered.

For Procurement Related Questions:

Buyer: Nickolas Dambrose

E-mail: dambnc@jea.com

For Technical Questions:

Contact: Janice Nelson
E-mail: NelsJR@jea.com

1.1.2. OPENING OF RESPONSES

All Responses shall be publicly opened, read aloud and recorded at 2:00 PM on Tuesday, October 4th 2016, at the JEA Bid Office, 21 W. Church Street, Customer Center 1st Floor, Room 002, Jacksonville, FL 32202.

At the opening of Responses, a JEA Representative will publicly open and announce each Response that was received on time. Responses that have been properly withdrawn will not be opened. JEA has the right to waive any irregularities or informalities in the Responses.

1.1.3. INVITATION

You are invited to submit a Response to the ITN noted below:

JEA ITN Title: Independent Audit Services

JEA ITN Number: 110-16

To obtain more information about this ITN:

Download a copy of the ITN and any required forms at jea.com.

Response Due Time: 12:00 P.M. - ALL LATE RESPONSES WILL BE RETURNED UNOPENED

Response Due Date: Tuesday, October 4th 2016

All Responses must reference the JEA ITN title and number noted above. All Responses must be made on the appropriate forms as specified within this ITN, and placed in an envelope marked to identify this ITN and delivered or mailed to:

JEA Bid Office, Customer Center 1st Floor, Room 002, Jacksonville, FL 32202

The Respondent shall be solely responsible for delivery of its Response to the JEA Bid Office. **Please note, JEA employs a third party courier service to deliver its mail from the local U.S. Postal Service (USPS) which could cause a delay of Response delivery if mailed through the USPS.** Therefore, JEA recommends hand delivery directly to the JEA Bid Office. Reliance upon the USPS, the courier service employed by JEA, or public/private carriers is at the Respondent's risk.

Responses are due by the time and on the date listed above. ALL LATE RESPONSES FOR WHATEVER REASON WILL BE RETURNED UNOPENED.

1.2. SPECIAL INSTRUCTIONS

1.2.1. MINIMUM QUALIFICATIONS FOR SUBMISSION OF A RESPONSE

Respondent shall have the following Minimum Qualifications to be considered eligible to submit a Response to this ITN. A Respondent not the following criterion stated below will have their Responses rejected:

1. Respondent must be a nationally recognized CPA Firm as required by Bond Resolutions and Standby Bond Purchasing Agreements.
2. Respondent must be a CPA Firm currently licensed to practice Public Accounting in the State of Florida and in good standing to practice before the Securities and Exchange Commission.
3. The firms shall provide an affirmative statement that it is independent of the JEA as defined by generally accepted auditing standards.

Please note, any Respondent whose contract with JEA was terminated for default within the last two (2) years shall have their Response rejected.

1.3. EVALUATION METHODOLOGY

EVALUATION AND NEGOTIATION PROCESS (ITN)

JEA will make an Award of a Contract to the Respondent that is able to demonstrate that it can successfully meet the requirements of this ITN, and can provide the best value to JEA.

JEA intends to select up to two (2) to three (3) Respondents (the "Short-list") with which to commence negotiations. A selection committee (hereinafter referred to as the "Selection Committee"), will be appointed by the Chief Procurement Officer (the "CPO"), or his designee, to review and evaluate each Response submitted. The CPO's office will distribute a copy of each Response to each member of the Selection Committee, and the members of the Selection Committee will separately and independently evaluate and rank the Responses using the "Selection Criteria" as stated below in this ITN. JEA will use this ranking to develop a recommendation to the Finance & Audit Committee for a Short-list of companies in which to proceed with contract negotiations.

Prior to developing the Short-list, JEA may request that the Respondents provide additional information to clarify their Response. JEA will NOT allow Respondents to submit additional reference projects or change said reference projects that were initially submitted for the purposes of meeting the Minimum Qualifications stated in this ITN. However, JEA may request clarification of submitted documentation so that JEA may make an accurate assessment in developing the Short-list. JEA must be satisfied that the successful Respondent has the necessary technical expertise, experience, and resource capabilities to satisfactorily perform the Services described in this ITN.

JEA reserves the right to Award a Contract based on the Selection Committee's initial evaluation of the Responses if JEA deems the Responses demonstrate adequate competition, compliance, and responsiveness to this ITN. If JEA determines the previously stated criteria have not been met, JEA will finalize the Short-list and proceed with contract negotiations.

Once a Short-list is developed, the CPO, or his designee, will appoint a negotiating team (the "Negotiating Team"). The Negotiating Team may be comprised of the same individuals as were members of the Selection Committee. JEA reserves the right to negotiate concurrently or separately with the Short-list Respondents. JEA reserves the right to seek clarifications, to request Response revisions, and to request any additional information deemed necessary for proper evaluation of the Responses. JEA reserves the right to incorporate value added services or industry standard innovations recommended by a Respondent into the Contract's scope of work.

A Respondent that is included on the Short-list may be required, at the sole option of JEA, to make an oral presentation, provide additional written clarifications to its Response, or JEA may require site visits to Respondent's facilities. 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. The CPO or his designee will initiate and schedule a time and location for any presentations which may be required.

As a part of the negotiation process, JEA may contact the references provided by the Respondent for the purpose of independently verifying the information provided in the Response, and to assess the extent of success of the projects associated with those references. JEA also reserves the right to contact references not provided by Respondents. Respondents may be requested to provide additional references. The results of the reference checking may influence the final negotiation, ranking, and Award recommendation.

After written clarifications, oral presentations, site visits, and any other negotiations deemed by JEA to be in its best interest, the Short-list Respondents will be given a deadline to submit their best and final offer (the "Best and Final Offer" or "BAFO"). The negotiation process will stop upon submission of the BAFO. Respondents will not be allowed to make further adjustments to their BAFO or communicate further with JEA, except to respond to requests for clarification from the Negotiating Team.

The JEA Negotiating Team will adjust and calculate the final rankings of the Short-list based on the BAFO submissions. A description of which Selection Criteria will be re-evaluated based upon the BAFO will be explained in JEA's written request for the BAFOs. JEA does not anticipate reopening negotiations after receiving the BAFOs, but reserves the right to do so if it believes doing so will be in the best interests of JEA. In the event that JEA reopens negotiations, any final rankings will be revised accordingly.

Negotiations will not be open to the public, but will be recorded. All recordings of negotiations and any records, documents, and other materials presented at negotiation sessions are public records and can be released pursuant to a public records request after a notice of intended decision for this ITN is posted, or thirty (30) days after the opening of the Responses, whichever occurs earlier.

The Award recommendation of the Negotiating Team will be based upon the scoring of the BAFOs, and will be submitted to the Finance & Audit Committee for approval. Once approved, the Finance & Audit Committee will then present an Award to the JEA Board for final approval.

In its sole discretion, JEA reserves the right to withdraw this ITN either before or after receiving Responses, to reject any and all Responses either in whole or in part, with or without cause, or to waive any ITN requirement informalities, minor irregularities, and deficiencies in any Response, and to determine such action is in the best interest of JEA. Issuance of this ITN in no way constitutes a commitment by JEA to make an Award or enter into a Contract.

All Responses submitted to JEA are subject to the JEA's terms and conditions contained in this ITN and JEA's Procurement Code. Any and all additional terms and conditions submitted by Respondents are rejected and shall have no force.

ITN Schedule of Events

Action	Date
Issue ITN	August 17 th , 2016
Response Due Date	October 4 th , 2016
Review Minimum Qualifications – Disqualify companies that do not meet minimum qualifications	October 5 th 2016 – October 31 st 2016
Evaluate all Responses- develop Short-list.	October 5 th 2016 – October 31 st 2016 (to run parallel to the minimum qualifications

Action	Date
	reference check)
Announce - Short-list	On or before November 1 st , 2016
Negotiation phase	November 1 st , 2016 – November 15 th , 2016
Issue to Short-list a list of observations and concerns to address in the Best and Final Offer	November 2 nd 2016 – November 4 th 2016
Short-listed Respondents prepare and submit Best and Final Offer	November 7 th 2016 – November 18 th 2016
Receive Best and Final Offers	November 22 nd , 2016
Evaluate and determine final ranking	November 29 th , 2016

** Note the timeframes and dates listed above are subject to change **

1.3.1. SELECTION CRITERIA

The following criteria will be used by JEA to evaluate and rank the qualified Responses to determine which Respondents are selected for the Short-list and to participate in the negotiation phase of the ITN process. Details on how each selection criterion is calculated can be found in the Evaluation Matrix.

1.3.1.1. QUOTATION OF RATES

Maximum score for criterion is: 10 Points

Respondent shall provide pricing for the Contract by completing the enclosed **Appendix B - Quotation of Rates**. The rates provided shall be all-inclusive and shall include all profit, taxes, benefits, travel, and all other overhead items.

Please note, the rates or lump sums quoted by Respondent on the Response Form must be firm prices, not estimates. ANY MODIFICATIONS, EXCEPTIONS, OR OBJECTIONS CONTAINED WITHIN THE RESPONSE FORM SHALL SUBJECT THE RESPONSE TO DISQUALIFICATION.

1.3.1.2. PROFESSIONAL STAFF EXPERIENCE

Maximum points for this criterion: 30points

The firm shall identify the Partners (Engagement Lead Partner and Engagement Quality Review Partner) and Audit Manager to be assigned to this engagement. Resumes are limited to two (2) pages, 8 ½” by 11” single sided. Resumes provided greater than two (2) pages will not be evaluated.

The resumes should clearly indicate the qualifications and experience of the Partners and Audit Manager to be assigned to this engagement including:

1. The number of years of government audit experience, and
2. The number of years of municipal utility experience, and-
3. The number of years of utility experience.

Also, identify all government and utility clients for which you will be engaged as auditor for the fiscal year ending September 30, 2016. More points will be awarded to firms who demonstrate greater experience with Municipal Utilities.

1.3.1.3. PAST PERFORMANCE/COMPANY EXPERIENCE

Maximum points for this criterion: 30Points

Please provide the following information described below:

General Information:

The Response should state:

1. The firm's annual revenue, number of partners, and number of professional staff
2. The number of the firm's governmental audit staff including partners and professional staff
3. The address of the office location from which the work on this engagement is to be performed
(higher points will be awarded to companies with local offices)
4. The job titles of the professional staff to be employed in this engagement on a full-time basis, and
5. The job titles of the staff to be employed on a part-time basis.

External Quality Control Review:

The firm is required to submit a copy of the report on its most recent external quality control review. The review should include a letter of comments, and a statement as to whether the quality control review included a review of specific government engagements.

Disciplinary Action:

The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state, local, or federal regulatory bodies or professional organizations.

Project Similarity:

The Response should list the five most significant engagements performed in the last five years ending December 31, 2015 that are similar to the engagement described in this Invitation to Negotiate. This section should also describe reviews performed of official statements of debt offerings within the past two years ending December 31, 2015.

Partner Rotation Policy:

For informational purposes, please provide a copy of your internal Partner Rotation Policy. This portion of the Response is for informational purposes only and will not be scored.

Respondent may provide this information in its own format.

1.3.1.4. DESIGN APPROACH AND WORKPLAN

Maximum points for this criterion: 30 Points

The Response should describe a work plan, including an explanation of the audit methodology, the financial requirements, and all compliance aspects of the engagement. Identify the tasks to be performed to complete the annual audit and prepare a schedule showing the dates each task would be started and completed to meet the deadline for delivering the annual audit. The proposed overall schedule should include an on-site work schedule.

The Respondent should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from JEA. Delivery dates for milestones associated with the Design Approach and Workplan are detailed within Appendix A – Technical Specifications.

Respondent may provide this information in its own format.

1.3.1.5. TIE

Evaluation scores that ties shall be handled pursuant to JEA's Procurement Code.

1.3.2. NUMBER OF CONTRACTS TO BE AWARDED

JEA intends to Award One (1) Contract for the Work. JEA reserves the right to Award more than one Contract based on certain groupings of the Services, or JEA may exclude certain Services, if JEA determines that it is in its best interest to do so.

1.3.3 REQUIRED FORMS TO SUBMIT WITH RESPONSE

The forms listed below must be completed and submitted to JEA at the times indicated below. The Respondent can obtain the forms, other than the Response Form, the Response Workbook, and the Technical Specifications, by downloading them from JEA.com.

The following forms are required to be submitted at the Response Due Date and Time:

- Company's Response
- "Appendix B - Response Form" (including acknowledgements of all addenda)
- "Appendix B – Quotation of Rates"
- "Appendix B – Minimum Qualification Form"
- List of Subcontractors (if any)

If the above listed forms are not submitted with the Response by the Response Due Time on the Response Due Date, JEA may reject the Response.

The following documents are to be submitted prior to execution of Contract. A Response will not be rejected if these forms are not submitted at the Response Due Time and Date. However, failure to submit these documents at the time of Contract execution could result in Response rejection.

- Conflict of Interest Certificate Form
- Insurance Certificate
- W-9
- Evidence of active registration with the State of Florida Division of Corporations (www.sunbiz.org)
- Any additional technical submittals as required by the Technical Specifications.

1.4 GENERAL INSTRUCTIONS

1.4.1 SUBMITTING THE RESPONSE

The Respondent shall submit one (1) original hard copy of the Response, two (2) duplicate hard copies of the Response, and one (1) electronic copy of the Response submitted on a CD or a thumb drive. The Response Workbook must be saved in an Excel format.

JEA will not accept Responses via email.

1.4.2 ALTERNATE PROVISIONS AND CONDITIONS

Responses that contain provisions that are contrary to requirements found in this ITN, including, but not limited to, the Contract terms contained in Section 2 of this ITN, and any requirements found in the Technical Specifications attached as Appendix A to this ITN, are not permitted. If a Respondent has any questions or requests for changes to the requirements or terms and conditions of this ITN, such questions and requests shall be in writing and received by JEA at least five (5) business days prior before to the date set by JEA for the Opening of the Responses.

Including alternate provisions and conditions in a Response may result in the Response being deemed non-responsive to the ITN and disqualification of the Response will be disqualified (even if the highest evaluated). However, as this is an ITN, JEA reserves the right to negotiate the best terms and conditions if determined to be in the best interests of JEA.

In submitting a Response, a Respondent agrees to be bound by the Contract terms contained in Section 2 of this ITN. Respondents should assume that those terms will apply to the Contract, but JEA reserves the right to negotiate different terms and related price adjustments if JEA determines that it provides the Best Value to JEA.

1.3.3. ADDENDA

JEA may issue Addenda prior to the Response opening date to revise, in whole or in part, or clarify the intent or requirements of the ITN. The Respondent shall be responsible for ensuring it has received all Addenda prior to submitting its Response and shall acknowledge receipt of all Addenda by indicating where requested on the Response Form. JEA will post all Addenda when issued online at jea.com. The Respondent must obtain Addenda from the JEA website. All Addenda will become part of the ITN and any resulting Contract Documents. It is the responsibility of each Respondent to ensure it has received and incorporated all Addenda into its Response. Failure to acknowledge receipt of Addenda may be grounds for rejection of a Response.

1.7.3. CONTRACT EXECUTION AND START OF WORK

Within thirty (30) days from the date of Award, JEA will present the successful Respondent with the Contract Documents. Unless expressly waived by JEA, the successful Respondent shall execute a Contract for the Work or Services within ten (10) days after receiving the Contract from JEA. If the Respondent fails to execute the Contract or associated documents as required, or if it fails to act on a JEA-issued Purchase Order (PO), JEA may cancel the Award with no further liability to the Respondent, retain the bid security or bond (if applicable), and Award to the next-ranked company.

1.7.4. DEFINED TERMS

Words and terms defined in the Section entitled "Definitions" of this document are hereby incorporated by reference into the entire document.

1.7.5. EX PARTE COMMUNICATION

Ex Parte Communication is strictly prohibited. Ex Parte Communication is defined as any inappropriate communication concerning an ITN between a firm submitting a Response and a JEA representative during the time in which the ITN is being advertised through the time of Award. Examples of inappropriate communications include: private communications concerning the details of an ITN in which a Respondent becomes privy to information not available to the other Respondents. Social contact between Respondents and JEA representatives should be kept to an absolute minimum during the ITN process.

Failure to adhere to this policy will disqualify the noncompliant company's Response. Any questions or clarifications concerning an ITN must be sent in writing via email to the JEA Buyer at least five (5) business days prior to the opening date. If determined by JEA, that a question should be answered or an issue clarified, JEA will issue an addendum to all Respondents.

For more information on Ex Parte communications, see JEA Procurement Code, Article 1-110, which is available at jea.com.

1.7.6. SUNSHINE LAW

General

Article I, Section 24, Florida Constitution, guarantees every person access to all public records and Chapter 119, Florida Statutes, provide a broad definition of public records. JEA is a body politic and corporate and subject to these laws and related statutes ("Florida's Public Records Laws"). All responses to this Solicitation are public records and available for public inspection unless specifically exempt by law.

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

JEA

Attn: Public Records

21 West Church Street

Jacksonville, Florida 32202

Ph: 904-665-8606

publicrecords@jea.com

Redacted Submissions

If a Respondent believes that any portion of the documents, data or records submitted in response to this Solicitation are exempt from Florida's Public Records Law, Respondent must (1) clearly segregate and mark the specific sections of the document, data or records as "Confidential," (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of its response (the "Redacted Copy"). The cover of the Redacted Copy shall contain JEA's title and number for this Solicitation and Bidder's name, and shall be clearly titled "Redacted Copy." Respondent should only redact those portions of records that Respondent claims are specifically exempt from disclosure under Florida's Public Records Laws. If Respondent fails to submit a redacted copy of information it claims is confidential, JEA is authorized to produce all documents, data and other records submitted to JEA in answer to a public records request for such information.

In the event of a request for public records to which documents that are marked as confidential are responsive, JEA will provide the Redacted Copy to the requestor. If a requestor asserts a right to any redacted information, JEA will notify Respondent that such an assertion has been made. It is Respondent's responsibility to respond to the requestor to assert that the information in question is exempt from disclosure under applicable law. If JEA becomes subject to a demand for discovery or disclosure of Respondent's redacted information under legal process, JEA shall give Respondent prompt notice of the demand prior to releasing the information (unless otherwise prohibited by applicable law.) Respondent shall be responsible for defending its determination that the redacted portions of its response are not subject to disclosure.

By submitting a response to this Solicitation, Respondent agrees to protect, defend and indemnify JEA from and against all claims, demands, actions, suits, damages, liabilities, losses, settlements, costs and expenses (including but not limited to reasonable attorney fees and costs) arising from or relating to Respondent's determination that the redacted portions of its response to this Solicitation are not subject to disclosure.

1.7.7. JEA PUBLICATIONS

Applicable JEA publications are available at jea.com.

1.7.8. PROHIBITION AGAINST CONTINGENT FEES

The Respondent warrants that it has not employed or retained any company or person, other than a bona fide employee working for the Respondent, or an independent sales representative under contract with the Respondent, to solicit or secure a contract with JEA, and that it has not paid or agreed to pay any person, company, corporation, individual or Respondent, other than a bona fide employee working solely for the Respondent, or an independent

sale representative under contract with the Respondent, any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the Award or making of the Contract. For a breach or violation of these provisions occurs, JEA shall have the right to terminate the Contract without liability, and at its discretion, to deduct from the Contract Price, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration.

1.7.9. RESERVATIONS OF RIGHTS TO JEA

This ITN provides companies with information to enable them to submit a written offer to perform the Services described herein. The ITN is not a contractual offer or commitment by JEA to purchase products or services.

Responses shall be good for a period of ninety (90) days following the opening of the Responses.

JEA reserves the right to reject any or all Responses, or any part thereof, and/or to waive informalities if such action is in its best interest. JEA may reject any Responses that it deems incomplete, obscure or irregular including, but not limited to, Responses that omit a price on any one or more items for which prices are required, Responses that omit Unit Prices if Unit Prices are required, Responses for which JEA determines that the Response is unbalanced, Responses that offer equal items when the option to do so has not been stated, Responses that fail to include a Bid Bond, where one is required, and Responses from companies who have previously failed to satisfactorily complete JEA contracts of any nature or who have been scored by JEA as "Unacceptable" and as a result, are temporarily barred from bidding additional work.

JEA reserves the right to cancel, postpone, modify, reissue and amend this ITN at its discretion.

JEA reserves the right to cancel or change the date and time announced for opening of Responses at any time prior to the time announced for the opening of Responses. JEA may Award the Contract in whole or in part. In such cases whenever JEA exercises any of these reservations, JEA will make a commercially reasonable effort to notify, in writing, all parties to whom ITNs were issued. JEA may award multiple or split Contracts if it is deemed to be in JEA's best interest.

1.7.10. MODIFICATION OR WITHDRAWAL OF RESPONSES

The Respondent may modify or withdraw its Response at any time prior to the Response Due Date and Time by giving written notice to JEA's Chief Procurement Officer. JEA will not accept modifications submitted by telephone, telegraph, email, or facsimile, or those submitted after the Response Due Date and Time. The Respondent shall not modify or withdraw its Response from time of Response opening and for a period of ninety (90) days following the opening of Responses.

1.7.11. AVAILABILITY OF RESPONSES AFTER RESPONSE OPENING

In accordance with the Florida Public Records Law, Florida Statutes, Chapter 119, copies of all Responses are available for public inspection thirty (30) days after the opening of Responses or on the date of Award announcement, whichever is earlier. Respondents may review opened Responses once they are available for public inspection by contacting the designated Buyer or JEA's Public Records custodian whose contact information can be found at jea.com. JEA will post a summary of the Response results immediately after the Response opening.

1.7.12. PROTEST OF AWARD PROCESS

Respondents shall file any protests regarding this ITN in writing, in accordance with the JEA Procurement Code, as amended from time to time. The JEA Procurement Code is available online at jea.com.

1.7.13. CERTIFICATION AND REPRESENTATIONS OF THE RESPONDENT

By signing and submitting a Response, the Respondent certifies and represents as follows:

- A. That it has carefully examined all available records and conditions, including sites if applicable, and the requirements and specifications of this ITN prior to submitting its Response. The Respondent shall comply with all safety requirements described in the ITN and shall be prepared to show proof of insurance
- B. That every aspect of its submitted Response, including the Quotation of Rates and the detailed schedule for the execution of the Work, are based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of JEA. JEA assumes no responsibility for any understanding or representation made by any of its representatives during or prior to execution of the Contract unless such understandings or representations are expressly stated in the Contract and the Contract expressly provides that JEA assumes the responsibility.
- C. That the individual signing the Response Form is a duly authorized agent or officer of the firm. Responses submitted by a corporation must be executed in the corporate name by the President or Vice President. If an individual other than the President or Vice President signs the Response, satisfactory evidence of authority to sign may be requested by JEA. If the Response is submitted by a partnership, the Response must be signed by a partner whose title must appear under the signature. If an individual other than a partner signs the Response, satisfactory evidence of authority to sign may be requested by JEA. The corporation or partnership must be in active status at the Florida Division of Corporations at the time of contract execution.
- D. That the firm maintains an active status any and all licenses, permits, certifications, insurance, bonds and other credentials including not limited to contractor's license and occupational licenses necessary to perform the Work. The Respondent also certifies that, upon the prospect of any change in the status of applicable licenses, permits, certifications, insurances, bonds or other credentials, the Respondent shall immediately notify JEA of status change.
- E. That Respondent has read, understands these instructions and will comply with the Section titled Ethics.

1.7.14. ETHICS (ITN)

By signing the Response, the Respondent certifies its Response is made without any previous understanding, agreement or connection with any other person, firm, or corporation submitting a Response for the same Services other than as a Subcontractor or supplier, and that this Response is made without outside control, collusion, fraud, or other illegal or unethical actions. The Respondent shall comply with all JEA and City of Jacksonville ordinances, policies and procedures regarding business ethics.

The Respondent shall submit only one (1) Response in response to this ITN. If JEA has reasonable cause to believe the Respondent has submitted more than one (1) Response for the same Work, other than as a Subcontractor or subsupplier, JEA shall disqualify the Response and may pursue debarment actions.

The Respondent shall disclose the name(s) of any public officials who have any financial position, directly or indirectly, with this ITN by completing and submitting the Conflict of Interest Certificate Form available at jea.com. Failure to fully complete and submit the Conflict of Interest Certificate will disqualify the Response. If JEA has

reason to believe that collusion exists among the Respondents, JEA shall reject any and all Responses from the suspected Respondents and will proceed to debar Respondent from future JEA Awards in accordance with the JEA Procurement Code.

JEA is prohibited by its Charter from awarding contracts to JEA officers or employees, or in which a JEA officer or employee has a financial interest. JEA shall reject any and all Responses from JEA officers or employees, as well as, any and all Responses in which a JEA officer or employee has a financial interest.

In accordance with Florida Statutes Sec. 287.133, JEA shall reject Responses from any persons or affiliates convicted of a public entity crime as listed on the Convicted Vendor list maintained by the Florida Department of Management Services. JEA shall not make an Award to any officer, director, executive, partner, shareholder, employee, member, or agent active in management of the Respondent listed on the Convicted Vendor list for any transaction exceeding \$35,000 for a period of thirty-six (36) months from the date of being placed on the Convicted Vendor list.

If the Respondent violates any requirement of this clause, the Response may be rejected and JEA may debar offending companies and persons.

2. CONTRACT TERMS AND CONDITIONS

2.1. CONTRACT DOCUMENT AND TERMS AND CONDITIONS

Provided below are the Contract terms and conditions that will be incorporated by reference in the Contract Document executed by the Company and JEA. The Contract Document will incorporate by reference the terms contained in the Solicitation portion of this document provided in Section 1, the Contract Terms provided in Section 2; and the Technical Specifications provided in Section 3. An example of the Contract that the Company will be required to execute is available for review at jea.com.

2.2. DEFINITIONS

2.2.1. DEFINITIONS

Words and terms defined in this section shall have the same meaning throughout all parts of this Solicitation and Contract Documents. Where intended to convey the meaning consistent with that set forth in its definition, a defined word or term is marked by initial capitalization. The "Technical Specifications" portion of this Solicitation may define additional words and terms where necessary to clarify the Work. Unless otherwise stated in this Solicitation and/or Contract Documents, definitions set forth in the "Technical Specifications" shall apply only within the "Technical Specifications."

2.2.2. ACCEPTANCE

JEA's written notice by the Contract Administrator to the Company that all Work as specified in the Contract, or a portion of the Work as specified in a Task or Work Order, has been completed to JEA's satisfaction. Approval or recognition of the Company meeting a Milestone or interim step does not constitute Acceptance of that portion of Work. Acceptance does not in any way limit JEA's rights under the Contract or applicable laws, rules and regulations.

2.2.3. ADDENDUM/ADDENDA

A written change or changes to the Solicitation which is issued by JEA Procurement Services and is incorporated into the Solicitation as a modification, revision and/or further clarification of the intent of the Solicitation.

2.2.4. AWARD

The written approval of the JEA Awards Committee that the procurement process for the purchase of the Services was in accordance with the JEA Procurement Code and Florida Statutes. Once an Award is approved, JEA will either issue a Purchase Order or execute a Contract with the successful bidder or Respondent.

2.2.5. COMPANY

The legal person, firm, corporation or any other entity or business relationship with whom JEA has executed the Contract. Where the word "Company" is used it shall also include permitted assigns. Prime Contractor, Contractor, Vendor, Supplier and Company shall be considered synonymous for the purpose of the Contract.

2.2.6. COMPANY REPRESENTATIVE

The individual responsible for representing the Company in all activities concerning the fulfillment and administration of the Contract.

2.2.7. CONTRACT

An agreement between JEA and the Company, signed by both parties, which incorporates all the Contract Documents. The Contract shall not be altered without an Amendment to the Contract and executed by JEA and the Company, or a JEA issued Change Order.

2.2.8. CONTRACT ADMINISTRATOR

The individual assigned by JEA to have authority to administer the Contract, including the authority to negotiate all elements of the Contract with the Company, authorize Contract Amendments, terminate the Contract, seek remedies for nonperformance including termination, and otherwise act on behalf of JEA in all matters regarding the Contract. The Contract Administrator may authorize JEA Representative in writing to make minor changes to the Services with the intent of preventing disruption of the Services.

2.2.9. CONTRACT AMENDMENT

A written order issued after execution of the Contract to the Company signed by the Contract Administrator, or his designated representative, authorizing an addition, deletion, or revision of the Work, or an adjustment in the Contract Price or the Contract Time.

2.2.10. CONTRACT AMENDMENT

A written order issued after execution of the Contract to the Company signed by the Contract Administrator, or his designated representative, authorizing an addition, deletion, or revision of the Work, or an adjustment in the Contract Price or the Contract Time.

2.2.11. CONTRACT DOCUMENTS

Contract Documents, also referred to as the "Contract" means the executed Contract, all Solicitation documents and Bid Documents as further described in the Section of the Solicitation titled "Contract Documents", and any written Change Orders, amendments or Purchase Orders executed by JEA, and insurance and/or bonds as required by the Contract.

2.2.12. CONTRACT PRICE

The total amount payable to the Company during the initial Term of the Contract. However, this amount is not a guaranteed amount. Also referred to as the "Maximum Indebtedness" of JEA.

2.2.13. HOLIDAYS

The following days: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve Day, and Christmas Day.

2.2.14. INVITATION TO NEGOTIATE

An Invitation to Negotiate is a written or electronically posted solicitation for competitive sealed replies to select one or more vendors with which to commence negotiations for the procurement of commodities or contractual services. The term "Solicitation" shall be synonymous with the term Intent to Negotiate.

2.2.15. INVOICE

A document seeking payment to Company from JEA for all or a portion of the Work, in accordance with the Contract Documents, and including at a minimum the following items: the Company's name and address, a description of the product(s) or service(s) rendered, a valid JEA PO number, the amount payable, the Unit Price, the payee name and address, any associated JSEB forms and any other supporting documentation required by the Contract Documents.

2.2.16. JEA

JEA on its own behalf, and when the Services involves St. Johns River Power Park (SJRPP), as agent for Florida Power and Light Company (FPL). JEA and FPL are co-owners of SJRPP.

2.2.17. JEA REPRESENTATIVES

The Contract Administrator, Contract Inspector, Contract Administrator's Representative, JEA Engineer, Field Engineer, Project Manager, and other persons designated by the Contract Administrator as JEA Representatives acting in a capacity related to the Services or Contract under the authority of the Contract Administrator.

2.2.18. PERFORMANCE - ACCEPTABLE PERFORMANCE/PERFORMER

The Company averages more than 2.80 and less than 4.0 across all performance scorecard evaluation metrics, and does not receive a score of less than 2.0 on any metric.

2.2.19. PERFORMANCE - TOP PERFORMANCE/PERFORMER

The Company averages 4.0 or more across all scorecard evaluation metrics and does not receive a score of less than 4.0 on any one metric.

2.2.20. PERFORMANCE - UNACCEPTABLE PERFORMANCE/PERFORMER

The Company averages less than 2.80 across all scorecard evaluation metrics, or scores a 1.0 on any one metric regardless of average, or receives a score of 2.0 on the same metric on two sequential performance evaluations.

2.2.21. RESPONSE

The document describing a Respondent's qualifications to verify it complies with the requirements of this ITN.

2.2.22. RESPONDENT

A company that submits a Response to this ITN.

2.2.23. PURCHASE ORDER (PO)

A commercial document issued by JEA, authorizing work, indicating types, quantities, and agreed prices for products or services the Company will provide to JEA. Sending a PO to a Company constitutes a legal offer to buy products or services. The words "Purchase Order" are clearly marked across the top, a PO number is used for reference and invoicing purposes, includes an authorized JEA signature, and states the dollar amount of the lawfully appropriated funds.

2.2.24. SOLICITATION

The documents (which may be electronic) issued by JEA's Procurement Department to solicit Bids from Bidders that includes, but is not limited to, the Bid Documents, Bid Workbook, samples of documents, contractual terms and conditions, the Technical Specifications, and associated Addenda.

2.2.25. SUBCONTRACTOR

A provider of services performing Services under contract for the Company.

2.2.26. TASK/WORK ORDER

A document that describes the Work or describes a series of tasks that the Company will perform in accordance with the Contract Documents. A Task Order may be issued as an attachment to a Purchase Order, but the Task Order is neither a Purchase Order, nor a Notice to Proceed.

2.2.27. TERM

The period of time during which the Contract is in force or until the Contract's Maximum Indebtedness is reached, whichever occurs first.

2.2.28. UNIT PRICES

The charges to JEA for the performance of each respective unit of Services as defined in the Response.

2.2.29. WORK OR SCOPE OF SERVICES

Services includes as defined in the Contract Documents all actions, products, documentation, electronic programs, reports, testing, transport, administration, management, services, materials, tools, equipment, and responsibilities to be furnished or performed by the Company under the Contract, together with all other additional necessities that are not specifically recited in the Contract, but can be reasonably inferred as necessary to complete all obligations and fully satisfy the intent of the Contract.

2.3. CONTRACT DOCUMENTS

2.3.1. ORDER OF PRECEDENCE

The Contract shall consist of JEA's Contract and/or Purchase Order together with the Solicitation including, but not limited to, the executed Bid Documents, which shall be collectively referred to as the Contract Documents. This Contract is the complete agreement between the parties. Parol or extrinsic evidence will not be used to vary or contradict the express terms of this Contract. The Contract Documents are complementary; what is called for by one is binding as if called for by all. The Company shall inform JEA in writing of any conflict, error or discrepancy in the Contract Documents upon discovery. Should the Company proceed with the Services prior to written resolution of the error or conflict by JEA, all Services performed is at the sole risk of the Company. JEA will generally consider this precedence of the Contract Documents in resolving any conflict, error, or discrepancy:

- o Executed Contract Amendments

- o Exhibits to Contract Documents
- o Executed Contract Documents
- o Purchase Order(s)
- o Addenda to JEA Solicitation
- o Drawings associated with this Solicitation
- o Exhibits and Attachments to this Solicitation
- o Technical Specifications associated with this Solicitation
- o This Solicitation
- o Response Documents
- o References

The Company shall perform any Services that may reasonably be inferred from the Contract as being required whether or not it is specifically called for. Work, materials or equipment described in words that, so applied, have a well-known technical or trade meaning shall be taken as referring to such recognized standards.

2.4. PRICE AND PAYMENTS

2.4.1. PAYMENTS

2.4.1.1. PAYMENT METHOD - TIME AND MATERIALS

Company will invoice JEA for the service provided under the Contract on a monthly basis. Invoices will be supported by pertinent timesheets or other agreed system for documenting time worked by Company's supplemental staff. JEA reserves the right to reject part of an Invoice if it disputes a portion of that Invoice.

2.4.2. DISCOUNT PRICING

JEA offers any or all of the following option payment terms, one of which may be executed at the request of the Company by sending an email to the JEA Buyer listed in this Solicitation:

- o 1% 20, net 30
- o 2% 10, net 30
- o 3% 5, net 30

Company may request alternate payment terms for JEA's consideration, however, alternate payment terms are not effective until acceptance by JEA in writing. Please note, all payment dates are calculated from the date of the Invoice receipt by JEA's Accounts Payable.

2.4.3. INVOICING AND PAYMENT TERMS

The Company shall submit all Invoices in accordance with the payment method agreed upon in these Contract Documents. Invoices shall be submitted to the following address:

JEA Accounts Payable
P.O. Box 4910
Jacksonville, FL 32201-4910

JEA will pay the Company the amount requested within thirty (30) calendar days after receipt of an Invoice from the Company subject to the provisions stated below.

JEA may reject any Invoice within twenty (20) calendar days after receipt. JEA will return the Invoice to the Company stating the reasons for rejection. Upon receipt of an acceptable revised Invoice, JEA will pay the Company the revised amount within ten (10) days.

JEA may withhold payment if the Company is in violation of any conditions or terms of the Contract Documents.

In the case of early termination of the Contract, all payments made by JEA against the Contract Price prior to notice of termination shall be credited to the amount, if any, due the Company. If the parties determine that the sum of all previous payments and credits exceeds the sum due the Company, the Company shall refund the excess amount to JEA within ten (10) days of determination or written notice.

2.4.4. PRICE ADJUSTMENT

Contract prices for the Work will remain firm through the first three years of the Contract. Upon completion of the third year, the Company may request a Consumer Price Index (CPI) adjustment each year to the rates submitted in Appendix B – Quotation of Rates. Each annual request for a CPI increase must be made within thirty (30) days prior to the Anniversary Date of the Contract. If Company fails to submit a timely CPI adjustment request, the Company may be denied the adjustment for the upcoming Contract year.

When a timely CPI request is received, JEA will recognize the CPI price adjustment within thirty (30) days after the Anniversary Date. No retroactive price adjustments will be allowed.

Unless the Company and JEA make other agreements, the annual price adjustment for the Contract shall be in accordance with the Consumer Price Index for all urban consumers published monthly by the U.S. Department of Labor, Bureau of Labor Statistics. The index used will be the unadjusted percent change for the previous twelve (12) months of the Company's written CPI adjustment request is received by JEA.

In the event the applicable price index publication ceases, the Company and JEA shall mutually agree on a replacement index. If the Company and JEA fail to agree on a replacement index, the Contract shall terminate effective on the next Anniversary Date.

2.4.5. OFFSETS

In case the Company is in violation of any requirement of the Contract, JEA may withhold payments that may be due the Company, and may offset existing balances with any JEA incurred costs against funds due the Company under this and any other Company Contract with JEA, as a result of the violation, or other damages as allowed by the Contract Documents and applicable law.

2.4.6. JSEB - INVOICING AND PAYMENT

If the Company utilizes JSEB certified firms, regardless of whether these Contract Documents require or encourage the use of such firms, the Company shall Invoice for and report the use of JSEB certified firms according to the format and guidelines established by the City of Jacksonville.

2.4.7. COST SAVINGS PLAN

During the Term of this Contract, JEA and Company are encouraged to identify ways to reduce the total cost to JEA related to the Services provided by the Company ("Cost Savings Plan"). JEA and Company may negotiate Amendments to this Contract that support and allow such reductions in total costs including, but not limited to, the sharing of savings resulting from implementation of cost-reducing initiatives between JEA and Company. The decision to accept any cost savings plan shall be in the sole discretion of JEA, and JEA shall not be liable to Company for any cost that may be alleged to be related to a refusal to accept a Cost Savings Plan proposed by Company.

2.4.8. TAXES

JEA is authorized to self-accrue the Florida Sales and Use Tax and is exempt from Manufacturer's Federal Excise Tax when purchasing tangible personal property for its direct consumption.

2.5. WARRANTIES AND REPRESENTATIONS

2.5.1. WARRANTY (PROFESSIONAL SERVICES)

The Company represents and warrants that it has the full corporate right, power and authority to enter into the Contract and to perform the Services, and that the performance of its obligations and duties hereunder does not and will not violate any Contract to which the Company is a party or by which it is otherwise bound.

The Company represents and warrants that it will conduct its Services in a manner and with sufficient labor, materials and equipment necessary to affect a diligent pursuance of the Services.

The Company represents and warrants that it has the responsibility and capacity to train and supervise its employees and Subcontractors to ensure the Services complies with all requirements of the Contract Documents.

The Company represents and warrants that its employees and Subcontractors shall exercise the degree of skill and care required by customarily accepted good practices and procedures, and the Services will meet the functional and performance requirements defined in the Contract.

The Company warrants that all items provided under the Contract shall be in accordance with the requirements of this Contract and services shall be performed in a professional manner and with professional diligence and skill, consistent with the prevailing standards of the industry.

2.6. INSURANCE, INDEMNITY AND RISK OF LOSS

2.6.1. INSURANCE

INSURANCE REQUIREMENTS

Before starting the Work by JEA, and without further limiting its liability under the Contract, Company shall procure and maintain at its sole expense, insurance of the types and in the minimum amounts stated below:

Workers' Compensation

Florida Statutory coverage and Employer's Liability (including appropriate Federal Acts); Insurance Limits: Statutory Limits (Workers' Compensation) \$500,000 each accident (Employer's Liability).

Commercial General Liability

Premises-Operations, Products-Completed Operations, Contractual Liability, Independent Contractors, Insurance Limits: \$1,000,000 each occurrence, \$2,000,000 annual aggregate for bodily injury and property damage, combined single limit.

Automobile Liability

All autos-owned, hired, or non-owned; Insurance Limits: \$1,000,000 each occurrence, combined single limit.

Excess or Umbrella Liability

(This is additional coverage and limits above the following primary insurance: Employer's Liability, Commercial General Liability, and Automobile Liability); Insurance Limits: \$2,000,000 each occurrence and annual aggregate.

Professional Liability

Errors & Omissions; Insurance Limits: \$1,000,000 each claim and \$2,000,000 annual aggregate

Company's Commercial General Liability, Excess or Umbrella Liability, and Professional Liability policies shall be effective for two (2) years after Work is complete. The Indemnification provision provided herein is separate and is not limited by the type of insurance or insurance amounts stated above.

Company shall specify JEA and Florida Power and Light Company (FPL) as additional insureds for all coverage except Workers' Compensation, Employer's Liability, and Professional Liability. Such insurance shall be primary to any and all other insurance or self-insurance maintained by JEA. Company shall include a Waiver of Subrogation on all required insurance in favor of JEA, FPL, their board members, officers, employees, agents, successors and assigns.

Such insurance shall be written by a company or companies licensed to do business in the State of Florida and satisfactory to JEA. Prior to commencing any Work under this Contract, certificates evidencing the maintenance of the insurance shall be furnished to JEA for approval. Company's and its subcontractors' Certificates of Insurance shall be mailed to JEA (Attn. Procurement Services), Customer Care Center, 6th Floor, 21 West Church Street, Jacksonville, FL 32202-3139.

The insurance certificates shall provide that no material alteration or cancellation, including expiration and non-renewal, shall be effective until thirty (30) days after receipt of written notice by JEA.

Any subcontractors of Company shall procure and maintain the insurance required of Company hereunder during the life of the subcontracts. Subcontractors' insurance may be either by separate coverage or by endorsement under insurance provided by Company. Note: Any JSEB firms identified by Bidders for this Solicitation are considered "Subcontractors" under the direct supervision of the Prime or General Contractor (herein referred to as "Company"). Companies should show good faith efforts in providing assistance to JSEB firms in the securing of the Subcontractors' insurance requirements stated herein. Company shall submit subcontractors' certificates of insurance to JEA prior to allowing Subcontractors to perform Work on JEA's job sites.

2.6.2. INDEMNIFICATION FOR RELEASE OF JEA EMPLOYEE/CUSTOMER INFORMATION

Company indemnifies, defends and holds JEA harmless from any and all claims associated with the unwarranted disclosure of any JEA employee or JEA customer information that is in its possession either in paper or electronic format, including disclosure caused by theft, electronic system malfunction, negligence, or any other cause for the information to become public or otherwise used for malicious intents.

2.6.3. INDEMNIFICATION

For ten dollars (\$10.00) acknowledged to be included and paid for in the contract price and other good and valuable considerations, the Company shall hold harmless and indemnify JEA and Florida Power and Light Company (hereinafter referred to as FPL), against any claim, action, loss, damage, injury, liability, cost and expense of whatsoever kind or nature (including, but not by way of limitation, reasonable attorney's fees and court costs) arising out of injury (whether mental or corporeal) to persons, including death, or damage to property, arising out of or incidental to the negligence, recklessness or intentional wrongful misconduct of Company and any person or entity used by the Company in the performance of this Contract or Work performed thereunder. For purposes of this

Indemnification, the term "JEA" shall mean JEA as a body politic and corporate and shall include its governing board, officers, employees, agents, successors and assigns. For purposes of this Indemnification, FPL has been included with JEA, as co-owner for their St. Johns River Power Park facility (hereinafter referred to as SJRPP). The term "FPL" shall include its governing board, officers, employees, agents, successors and assigns. This indemnification shall survive the term of a Contract entered into pursuant to this solicitation, for events that occurred during the Contract term. This indemnification shall be separate and apart from, and in addition to, any other indemnification provisions set forth elsewhere in this Contract.

2.6.4. RISKS AND PROPERTY

Ownership, risks of damage to or loss of the items shall pass to JEA upon Acceptance. The Company shall retain the sole risk of loss to the Work up to and including the time of Acceptance. In the event of loss or damage to the Work, the Company shall bear all costs associated with any loss or damage.

2.7. TERM AND TERMINATION

2.7.1. TERM

2.7.1.1. TERM OF CONTRACT-DEFINED DATES

The Contract shall commence on the effective date, and continue and remain in full force and effect as to all its terms, conditions and provisions as set forth herein for five (5) years, (the "Initial Term"), or until the Contract's Maximum Indebtedness is reached, whichever occurs first. It is at JEA's sole option to renew the Contract for five (5) additional years.

This Contract, after the initial year, shall be contingent upon the existence of lawfully appropriated funds for each subsequent year of the Contract.

2.7.2. TERMINATION FOR CONVENIENCE

JEA shall have the absolute right to terminate the Contract in whole or part, with or without cause, at any time after the Award effective date upon written notification of such termination.

In the event of termination for convenience, JEA will pay the Company for all disbursements and expenses that the Company has incurred, or has become obligated prior to receiving JEA's notice of termination.

Upon receipt of such notice of termination, the Company shall stop the performance of the Services hereunder except as may be necessary to carry out such termination and take any other action toward termination of the Services that JEA may reasonably request, including all reasonable efforts to provide for a prompt and efficient transition as directed by JEA.

JEA will have no liability to the Company for any cause whatsoever arising out of, or in connection with, termination including, but not limited to, lost profits, lost opportunities, resulting change in business condition, except as expressly stated within these Contract Documents.

2.7.3. TERMINATION FOR DEFAULT

JEA may give the Company written notice to discontinue all Services under the Contract in the event that:

- o The Company assigns or subcontracts the Services without prior written permission;
- o Any petition is filed or any proceeding is commenced by or against the Company for relief under any bankruptcy or insolvency laws;

- o A receiver is appointed for the Company's properties or the Company commits any act of insolvency (however evidenced);
- o The Company makes an assignment for the benefit of creditors;
- o The Company suspends the operation of a substantial portion of its business;
- o The Company suspends the whole or any part of the Services to the extent that it impacts the Company's ability to meet the requirements of the Contract, or the Company abandons the whole or any part of the Services;
- o The Company, at any time, violates any of the conditions or provisions of the Contract Documents, or the Company fails to perform as specified in the Contract Documents, or the Company is not complying with the Contract Documents;
- o The Company breaches any of the representations or warranties;
- o The Company is determined, in JEA's sole opinion, to have misrepresented the utilization of funds or misappropriate property belonging to JEA; or
- o Any material change in the financial or business condition of the Company.

If within thirty (30) days after service of such notice upon the Company an arrangement satisfactory to JEA has not been made by the Company for continuance of the Services, then JEA may declare Company to be in default of the Contract.

The Contract Documents shall in no way limit JEA's right to all remedies for nonperformance provided under law or in equity, except as specifically set forth herein. In the event of termination for nonperformance, the Company shall immediately surrender all records related to this Contract to JEA. In such a case, JEA may offset any money owed to the Company against any liabilities resulting from the Company's nonperformance.

JEA has no responsibility whatsoever to issue notices of any kind, including but not limited to deficient performance letters and scorecards, to the Company regarding its performance prior to default by Company for performance related issues.

JEA shall have no liability to the Company for termination costs arising out of the Contract, or any of the Company's subcontracts, as a result of termination for default.

2.8. CONFIDENTIALITY AND OWNERSHIP OF DOCUMENTATION

2.8.1. PUBLIC RECORDS LAWS

Access to Public Records

All Documents, data and other records received by JEA in connection with the Contract are public records and available for public inspection unless specifically exempt by law. The Respondent shall allow public access to all documents, data and other records made or received by the Respondent in connection with the Contract unless the records are exempt from Section 249(a) of Article I of the Florida Constitution or subsection 119.07(1), Florida Statutes. JEA may unilaterally terminate the Contract of the Respondent refuses to allow public access as required under the Contract.

Redacted copies of Confidential Information

If the Respondent believes that any portion of any documents, data or other records submitted to JEA are exempt from disclosure under Chapter 119, Florida Statutes, the Florida Constitution and related laws ("Florida's Public Records Laws"), Respondent must (1) clearly segregate and mark the specific sections of the document, data and records as "Confidential", (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of the documents, data, or records (the "Redacted Copy"). The

Redacted Copy shall contain JEA's contract name and number, and shall be clearly titled "Redacted Copy". Respondent shall only redact those portions of records that Respondent claims are specifically exempt from disclosure under Florida's Public Records Laws. If the Respondent fails to submit a redacted copy of documents, data, or other records it claims is confidential, JEA is authorized to produce all documents, data, and other records submitted to JEA in answer to a public records request for these records.

Request for Redacted Information

In the event of a public records or other disclosure request under Florida's Public Records Laws or other authority to which the Respondent's documents, data or records are responsive, JEA will provide the Redacted Copy to the requestor. If a Requestor asserts a right to any redacted information, JEA will notify the Respondent that such an assertion has been made. It is the Respondent's responsibility to respond to the requestor to assert that the information in questions is exempt from disclosure under applicable law. If JEA becomes subject to a demand for discovery or disclosure of the redacted information under legal process, JEA shall give the Respondent prompt notice of the demand prior to releasing the redacted information (unless otherwise prohibited by applicable law). The Respondent shall be responsible for defending its determination that the redacted portions of the information are not subject to disclosure.

Indemnification for Redacted Information

The Respondent shall protect, defend, and indemnify JEA from and against all claims, demands, actions, suits, damages, liabilities, losses, settlements, judgments, costs, and expenses (including but not limited to reasonable attorney's fees and costs) arising from or relating to the Respondent's assertion that all or any portion of its information is not subject to disclosure.

Public Records Clause for Service Contracts

If, under the Contract, the Respondent is providing services and is acting on behalf of JEA as contemplated by subsection 119.011(2), Florida Statutes, the Respondent shall:

- Keep and maintain public records that ordinarily and necessarily would be required by JEA in order to perform service;
- Provide the public with access to public records on the same terms and conditions that JEA would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or otherwise prohibited by law;
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law; and
- Meet all requirements for retaining public records and transfer, at no cost, to JEA all public records in possession of the Respondent upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically shall be provided to JEA in a format that is compatible with the information technology systems of JEA.

2.8.2. PROPRIETARY INFORMATION

The Respondent shall not copy, reproduce, or disclose to third parties, except in connection with the Work, any information that JEA furnishes to the Respondent. The Respondent shall insert in any subcontract a restriction on the use of all information furnished by JEA. The Respondent shall not use this information on another project. All information furnished by JEA will be returned to JEA upon completion of the Work.

2.8.3. PUBLICITY AND ADVERTISING

The Respondent shall not take any photographs, make any announcements or release any information concerning the Contract or the Services to any member of the public, press or official body unless prior written consent is obtained from JEA.

2.8.4. OBLIGATIONS OF OWNERSHIP OF DOCUMENTS AND EQUIPMENT

The Respondent agrees that upon completion of the Services, all drawings, designs, specifications, renderings, notebooks, tracings, photographs, reference books, equipment, expendable equipment and materials, negatives, reports, findings, recommendations, data and memoranda of every description (hereinafter referred to as "Works"), arising out of or relating to the Services rendered by the Respondent under this Agreement, are to become the property of JEA. Respondent and JEA agree that said Works shall be considered as works made for hire under the United States Copyright laws. JEA shall have the absolute and exclusive right to own and use all said Works together with any and all copyrights, patents, trademark and service marks associated with said Works. The use of these Works in any manner by JEA shall not support any claim by the Respondent for additional compensation.

In the event of a termination of the Contract, the Company shall implement an orderly return of JEA's data in a mutually agreeable format at a time agreed to by JEA and the Company and the subsequent secure disposal of all JEA data. During any period of service suspension, the Company shall not take any action to intentionally erase any data of JEA or its customers. In the event of termination of any services or the Contract in its entirety, the Company shall not take any action to intentionally erase any data of JEA or its customers except as mutually agreed upon in writing by the Company and JEA. The Company shall securely dispose of all requested data in all its forms.

2.9. LABOR

2.9.1. NONDISCRIMINATION

The Respondent represents that it has adopted and will maintain a policy of nondiscrimination against employees or applicants for employment on account of race, religion, sex, color, national origin, age or handicap, in all areas of employee relations, throughout the Term of this Contract. The Respondent agrees that on written request, it will allow JEA reasonable access to the Respondent's records of employment, employment advertisement, application forms and other pertinent data and records for the purpose of investigation to ascertain compliance with the nondiscrimination provisions of this Contract; provided however, the Respondent shall not be required to produce, for inspection, records covering periods of time more than one year from the effective date of this Contract.

The Respondent shall comply with the following executive orders, acts, and all rules and regulations implementing said orders or acts, which are by this reference incorporated herein as if set out in their entirety:

- o The provisions of Presidential Order 11246, as amended, and the portions of Executive Orders 11701 and 11758 as applicable to Equal Employment Opportunity;
- o The provisions of section 503 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act (ADA); and
- o The provisions of the Employment and Training of Veterans Act, 38 U.S.C. 4212 (formerly 2012).

The Respondent agrees that if any of the Services of this Contract will be performed by a Subcontractor, then the provisions of this subsection shall be incorporated into and become a part of the subcontract.

2.9.2. JEA ACCESS BADGES

If the scope of work described in this Contract requires a Respondent to access JEA facilities, each Company employee shall apply for a JEA access badge through JEA's Security Department. An appointment to obtain a JEA access badge can be made by contacting JEA Security at securitybadge@jea.com. Finally, JEA does not allow Company employees to share JEA access badges. A Respondent, whose employees are found to be sharing JEA access badges, will result in the Contract being terminated immediately for default. Additionally, JEA shall be notified within six (6) hours of a lost or stolen JEA security badge or when an employee leaves the Company. Report badge termination notifications to JEA Security at (904) 665-8200.

2.9.3. LEGAL WORKFORCE

JEA shall consider the Respondent's employment of unauthorized aliens a violation of section 274A(e) of the Immigration and Nationalization Act. Such violation shall be cause for termination of the Contract for default upon thirty (30) days' prior written notice of such termination, notwithstanding any other provisions to the contrary in the Contract Documents.

2.9.4. PROHIBITED FUTURE EMPLOYMENT

It shall be unlawful and a class C offense for any person, who was an officer or employee of JEA, after his or her employment has ceased, to be employed by or enter into any contract for personal services, with a person or company who contracted with, or had a contractual relationship with JEA, while the contract is active or being completed, or within two years of the cessation, completion, or termination of the person's or company's contractual relationship with JEA, where (1) the contract with JEA had a value that exceeded \$250,000, and (2) the officer or employee had a substantial and decision-making role in securing or negotiating the contract or contractual relationship, or in the approval of financial submissions or draws in accordance with the terms of the contract; except that this prohibition shall not apply to an employee whose role is merely as a review signatory, or to contracts entered into prior to January 1, 2008, or to contracts that have been competitively procured. With respect to this subsection a contract is competitively procured if it has been obtained through a sealed low bid award. A "substantial and decision-making role" shall include duties and/or responsibilities that are collectively associated with: (i) approving solicitation or payment documents; (ii) evaluating formal bids and proposals; and (iii) approving and/or issuing award recommendations for JEA Awards Committee approval. The contract of any person or business entity who hires or contracts for services with any officer or employee prohibited from entering into said relationship shall be voidable at the pleasure of JEA. This prohibition shall not apply to any former officer or employee after two years from cessation from JEA employment.

2.9.5. PERSONNEL AND CHANGES IN COMPANY'S PROFESSIONAL PERSONNEL

Unless otherwise agreed in writing by the parties, all Services shall be rendered by employees: (a.) who are full time employees of Company or approved subcontractors; and (b.) qualified to perform the Services. . Subsequent to the execution of this Contract, Company shall notify the JEA Contract Administrator in writing prior to making changes in professional personnel assigned to manage this Contract. . The JEA Contract Administrator shall have the right to reject any professional personnel assigned by Company to manage this Contract or supplemental staff assigned to JEA under this Contract. If the right of rejection is exercised by the JEA Contract Administrator, Company shall submit for approval of the JEA Contract Administrator, the name or names of substitute personnel to fill the positions resulting from said rejection. The JEA Contract Administrator shall have the right to require the removal of Company's previously assigned personnel and Company shall promptly replace the same, subject to the JEA Contract Administrator's approval at no cost to JEA.

2.9.6. COMPANY'S LABOR RELATIONS

The Respondent shall negotiate and resolve any disputes between the Company and its employees, or anyone representing its employees. The Company shall immediately notify JEA of any actual or potential labor dispute that may affect the Services and shall inform JEA of all actions it is taking to resolve the dispute.

2.10. COMPANY'S RESPONSIBILITIES AND PERFORMANCE OF THE CONTRACT

2.10.1. COMPANY REPRESENTATIVES

The Respondent shall provide JEA with the name and responsibilities of the Company Representative, in writing after Award of the Contract and before starting the Services under the Contract. Should the Company need to change the Company Representative, the Company shall promptly notify JEA in writing of the change.

2.10.2. LICENSES

The Respondent shall comply with all licensing, registration and/or certification requirements pursuant to applicable laws, rules and regulations. The Company shall secure all licenses, registrations and certifications as required for the performance of the Services and shall pay all fees associated with securing them. The Company shall produce written evidence of licenses and other certifications immediately upon request from JEA.

2.11. AUDIT & VENDOR PERFORMANCE EVALUATION

2.11.1. RIGHT TO AUDIT AND FINANCIAL REPORTING

Upon JEA's requests, the Company agrees to allow JEA to audit its financial and operating records for the purpose of determining Invoice accuracy, or otherwise assessing compliance with the Contract Documents. The Company agrees to let JEA personnel, or their qualified representative, access the records at Company's office, with three (3) days written notice, for a reasonable period, not less than five days, in a workspace suitable for the audit provided by Company. All audit work will be done on Company premises, and no Company documentation will be removed from Company offices. The Company agrees to have knowledgeable personnel available to answer questions for the auditors during the time they are at the Company's offices and for a period of two weeks thereafter. The Company shall provide to JEA audited financial statements for the most recent fiscal year upon JEA's request, not later than five (5) days after receipt of written request.

2.11.2. VENDOR PERFORMANCE EVALUATION

Use of Vendor Performance Evaluation Scorecards

JEA may evaluate the Company's performance using the evaluation criteria shown on the vendor scorecard available online at JEA.com.

Scores for all metrics shown on the evaluation range from a low of 1, meaning significantly deficient performance, to a high of 5, meaning exceptionally good performance. The Company's performance shall be classified as Top Performance, Acceptable Performance, or Unacceptable Performance, as defined herein. The evaluator will be a designated JEA employee. The evaluator's supervisor and the Chief Purchasing Officer will review deficient performance letters and Unacceptable Performance scorecards, as described below, prior to issuance. When evaluating the Company's performance, JEA will consider the performance of the Company's Subcontractors and suppliers, as part of the Company's performance.

Frequency of Evaluations

JEA may conduct performance evaluations and prepare scorecards in accordance with the procedures described herein at any time during performance of the Services or soon after the completion of the Work. JEA may conduct one or more evaluations determined solely at the discretion of JEA.

Unacceptable Performance

- o If at any time, JEA determines, using the criteria described on the scorecard, that the performance of the Company is Unacceptable, the Contract Administrator and Chief Procurement Officer or his designated alternate will notify the Company of such in a letter. The Company shall have ten (10) days to respond to the Contract Administrator. Such response shall include, and preferably be delivered in-person by an officer of the Company, the specific actions that the Company will take to bring the Company's performance up to at least Acceptable Performance.
- o Within thirty (30) days from date of the first Unacceptable Performance letter, the Contract Administrator and Chief Purchasing Officer or his designated alternate will notify the Company by letter as to whether its performance, as determined solely by JEA, is meeting expectations, or is continuing to be Unacceptable. If the Company's performance is described in the letter as meeting expectations, no further remedial action is required by the Company, as long as Company's performance continues to be Acceptable.
- o If the Company's performance as described in the letter continues to be Unacceptable, or is inconsistently Acceptable, then the Company shall have fifteen (15) days from date of second letter to demonstrate solely through its performance of the Work, that it has achieved Acceptable Performance. At the end of the fifteen (15) day period, JEA will prepare a scorecard documenting the Company's performance from the start of Work, or date of most recent scorecard, whichever is latest, and giving due consideration to improvements the Company has made in its performance, or has failed to make. If the scorecard shows Company's performance is Acceptable, then no further remedial action is required by Company as long as Company's performance remains Acceptable. If the scorecard shows the Company's performance is Unacceptable, JEA will take such actions as it deems appropriate including, but not limited to, terminating the Contract for breach, suspending the Company from bidding on any JEA related solicitations, and other remedies available in the JEA Purchasing Code and in law. Such action does not relieve the Company of its obligations under the Contract, nor does it preclude an earlier termination.
- o In the event that the Contract Term or the remaining Term of the Contract does not allow for the completion of the deficient performance notification cycles described above for those in danger of receiving an Unacceptable Performance scorecard, JEA may choose to accelerate these cycles at its sole discretion.
- o If the Company receives five (5) or more letters of deficiency within any twelve (12) month period, then JEA will prepare a scorecard describing the deficiencies and the Company's performance will be scored as Unacceptable.

Acceptable Performance

JEA expects the Company's performance to be at a minimum Acceptable.

Disputes

In the event that the Respondent wants to dispute the results of its scorecard performance evaluation, the Company must submit a letter to the Chief Procurement Officer supplying supplemental information that it believes JEA failed to take into account when preparing the scorecard. Such letter, along with supplemental information, must be submitted no later than ten (10) days following the Company's receipt of the scorecard. If the Chief Procurement

Officer decides to change the scorecard, the Company will be notified and a revised scorecard will be prepared, with a copy issued to the Company. If the Chief Procurement Officer decides that no change is warranted, the decision of the Chief Procurement Officer is final. If the Company is to be suspended from consideration for future Award of any contracts, the Company may appeal to the Procurement Appeals Board as per JEA Procurement Code.

Public Records

There can be no expectation of confidentiality of performance-related data in that all performance-related data is subject to disclosure pursuant to Florida Public Records Laws. All scorecards are the property of JEA.

2.12. JEA RESPONSIBILITIES

2.12.1. COORDINATION OF SERVICES PROVIDED BY JEA

The JEA Representative for the Services will, on behalf of JEA, coordinate with the Company and administer this Contract. It shall be the responsibility of the Company to coordinate all assignment related activities with the designated JEA Representative. The JEA Representative will be assigned to perform day-to-day administration and liaison functions, and to make available to the Company appropriate personnel, to the extent practical, and to furnish records and available data necessary to conduct the Work. The JEA Representative will also authorize the Company to perform work under this Contract.

2.13. CHANGES IN THE WORK, CONTRACT TIME OR PRICE

2.13.1. SUSPENSION OF SERVICES

JEA may suspend the performance of the Services by providing Company with five (5) days' written notice of such suspension. In the event of suspension of the Work, the Company shall resume the full performance of the Services when directed in writing to do so by JEA. Suspension of the Services for reasons other than the Company's negligence or failure to perform, shall not affect the Company's compensation as outlined in the Contract Documents.

2.13.1. FORCE MAJEURE

No party shall be liable for any default or delay in the performance of its obligations under this Contract due to an act of God or other event to the extent that: (a) the non-performing party is without fault in causing such default or delay; (b) such default or delay could not have been prevented by reasonable precautions; and (c) such default or delay could not have been reasonably circumvented by the non-performing party through the use of alternate sources, work-around plans or other means. Such causes include, but are not limited to: act of civil or military authority (including but not limited to courts or administrative agencies); acts of God; war; terrorist attacks; riot; insurrection; inability of JEA to secure approval, validation or sale of bonds; inability of JEA or the Company to obtain any required permits, licenses or zoning; blockades; embargoes; sabotage; epidemics; fires; hurricanes, tornados, floods; or strikes.

In the event of any delay resulting from such causes, the time for performance of each of the parties hereunder (including the payment of monies if such event actually prevents payment) shall be extended for a period of time reasonably necessary to overcome the effect of such delay, except as provided for elsewhere in the Contract Documents.

In the event of any delay or nonperformance resulting from such causes, the party affected shall promptly notify the other in writing of the nature, cause, date of commencement and the anticipated impact of such delay or nonperformance. Such written notice, including Change Orders, shall indicate the extent, if any, to which it is anticipated that any delivery or completion dates will be thereby affected within seven (7) calendar days.

2.13.2. CHANGE IN SCOPE OF SERVICES

From time to time, JEA may direct changes and modifications in the scope of the services, as contained in the Contract Documents, to be performed under this Contract as may be necessary to carry out the purpose of this Contract. The Company is willing and agreeable to accommodate such changes, provided it is compensated for additional services in accordance with its professional fees and expenses under the terms of this Contract. Such changes shall be in the form of a written amendment to this Contract reflecting, as appropriate, an amendment to the Services rendered and adjustment to Company's professional fees, including an extension to the duration of this Contract, as well as the maximum indebtedness of JEA. Maximum indebtedness is the maximum total cost that may be paid to the Company hereunder, including travel related costs, per year during the initial term of the Contract for the Services rendered under the terms of this Contract. The JEA Representative directly responsible for each project will make the final determination as to whether any compensable change exists.

2.14. MISCELLANEOUS PROVISIONS

2.14.1. AMBIGUOUS CONTRACT PROVISIONS

The parties agree that this Contract has been the subject of meaningful analysis and/or discussions of the specifications, terms and conditions contained in this Contract. Therefore, doubtful or ambiguous provisions, if any, contained in this Contract will not be construed against the party who physically prepared this Contract.

2.14.2. AMENDMENTS

This Contract may not be altered or amended except in writing, signed by JEA Chief Procurement Officer, or designee and the Company Representative, or each of their duly authorized representatives.

2.14.3. APPLICABLE STATE LAW; VENUE; SEVERABILITY

The rights, obligations and remedies of the parties as specified under the Contract will be interpreted and governed in all respects exclusively by the laws of the State of Florida without giving effect to the principles of conflicts of laws thereof. Should any provision of the Contract be determined by the courts to be illegal or in conflict with any law of the State of Florida, the validity of the remaining provisions will not be impaired. Litigation involving this Contract or any provision thereof shall take place in the State or Federal Courts located exclusively in Jacksonville, Duval County, Florida.

2.14.4. CUMULATIVE REMEDIES

Except as otherwise expressly provided in this Contract, all remedies provided for in this Contract shall be cumulative and in addition to and not in lieu of any other remedies available to either party at law, in equity or otherwise.

2.14.5. ENTIRE AGREEMENT

This Contract constitutes the entire agreement between the parties. No statement, representation, writing, understanding, or agreement made by either party, or any representative of either party, which are not expressed herein shall be binding. All changes to, additions to, modifications of, or amendment to this Contract, or any of the terms, provisions and conditions hereof, shall be binding only when in writing and signed by the authorized officer, agent or representative of each of the parties hereto.

2.14.6. EXPANDED DEFINITIONS

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including without limitation", and the terms "include",

"includes" and "included" have similar meanings. Any reference in this Contract to any other agreement is deemed to include a reference to that other agreement, as amended, supplemented or restated from time to time. Any reference in the Contract to "all applicable laws, rules and regulations" means all federal, state and local laws, rules, regulations, ordinances, statutes, codes and practices.

2.14.7. HEADINGS

Headings appearing herein are inserted for convenience or reference only and shall in no way be construed to be interpretations of text.

2.14.8. INDEPENDENT CONTRACTOR

Company is performing this Contract as an independent contractor and nothing in this Contract will be deemed to constitute a partnership, joint venture, agency, or fiduciary relationship between JEA and Company. Neither Company nor JEA will be or become liable or bound by any representation, act, or omission of the other.

2.14.9. LANGUAGE AND MEASUREMENTS

All communication between the Company and JEA, including all documents, notes on drawings, and submissions required under the Contract, will be in the English language. Unless otherwise specified in the Contract, the US System of Measurements shall be used for quantity measurement. All instrumentation and equipment will be calibrated in US System of Measures.

2.14.10. MEETINGS AND PUBLIC HEARINGS

The Company will, upon request by JEA, attend all meetings and public hearings as required, in any capacity, as directed by JEA.

2.14.11. NEGOTIATED CONTRACT

Except as otherwise expressly provided, all provisions of this Contract shall be binding upon and shall inure to the benefit of the parties, their legal representatives, successors and assigns. The parties agree that they have had meaningful discussion and negotiation of the provisions, terms and conditions contained in this Contract. Therefore, doubtful or ambiguous provisions, if any, contained in the Contract shall not be construed against the party who physically prepared this Contract.

2.14.12. NONEXCLUSIVE

Notwithstanding anything contained herein that may appear to be the contrary, this Contract is "non-exclusive" and JEA reserves the right, in its sole discretion, to retain other companies to perform the Work, and/or JEA may self-perform the Services itself.

2.14.13. REFERENCES

Unless otherwise specified, each reference to a statute, ordinance, law, policy, procedure, process, document, drawing, or other informational material is deemed to be a reference to that item, as amended or supplemented from time to time. All referenced items shall have the enforcement ability as if they are fully incorporated herein.

2.14.14. SEVERABILITY

In the event that any provision of this Contract is found to be unenforceable under applicable law, the parties agree to replace such provision with a substitute provision that most nearly reflects the original intentions of the parties and is enforceable under applicable law, and the remainder of this Contract shall continue in full force and effect.

With regard to any provision in this agreement pertaining to damages, equitable or otherwise, it is the intent of the Parties that under no circumstances shall there be recovery for home office overhead. Any damages claimed shall be proven by discreet accounting of direct project costs and no theoretical formula or industry estimating reference manuals shall be permissible.

2.14.15. SUBCONTRACTING OR ASSIGNING OF CONTRACT

Each party agrees that it shall not subcontract, assign, delegate, or otherwise dispose of the Contract, the duties to be performed under the Contract, or the monies to become due under the Contract without the other party's prior written consent.

The assignment of the Contract will not relieve either of the parties of any of its obligations until such obligations have been assumed in writing by the assignee. If the Contract is assigned by either of the parties, it will be binding upon and will inure to the benefit of the permitted assignee. The Company shall be liable for all acts and omissions of its assignee or its Subcontractor.

In the event the Company obtains JEA approval to use Subcontractors, the Company is obligated to provide Subcontractors possessing the skills, certifications, registrations, licenses, training, tools, demeanor, motivation and attitude to successfully perform the work for which they are subcontracted. The Company is obligated to remove Subcontractors from performing Services under this Contract when the Company recognizes that a Subcontractor is failing to work in a manner consistent with the requirements of this Contract, or when JEA notifies the Company that JEA has determined a Subcontractor is failing to work in a manner consistent with the requirements of this Contract.

2.14.16. SURVIVAL

The obligations of JEA and the Company under this Contract that are not, by the express terms of this Contract, to be performed fully during the Term, shall survive the termination of this Contract.

2.14.17. TIME AND DATE

Unless otherwise specified, references to time of day or date mean the local time or date in Jacksonville, FL. If under this Contract any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a regular business day for JEA, that payment or calculation is to be made, and that other action is to be taken, as applicable, on or as of the next day that is a regular business day. Where reference is made to day or days, it means calendar days. Where reference is made to workday, workdays, business day, or business days, it means regular working days for JEA Procurement.

2.14.18. TIME OF ESSENCE

For every material requirement of this Contract, time is of the essence.

2.14.19. USE OF JEA CONTRACTS BY THE CITY OF JACKSONVILLE

Where the City of Jacksonville's or its other independent agencies' or political subdivisions' procurement codes all use of JEA contracts, the Company agrees to extend any pricing and other contractual terms to such entities.

2.14.20. WAIVER OF CLAIMS

A delay or omission by JEA to exercise any right or power under this Contract shall not be construed to be a waiver thereof. A waiver by JEA under this Contract shall not be effective unless it is in writing and signed by the party granting the waiver. A waiver by a party of a right under or breach of, this Contract shall not be construed to operate as a waiver of any other or successive rights under, or breaches of, this Contract.

The Company's obligations to perform and complete the Services in accordance with the Contract shall be absolute. None of the following will constitute a waiver of any of JEA's rights under the Contract: approval of payments, including final payment; Certificate of Contract Completion; any use of the Services by JEA; nor any correction of faulty or defective work by JEA.

3. TECHNICAL SPECIFICATIONS/DETAILED SCOPE OF WORK

3.1. TECHNICAL SPECIFICATIONS/DETAILED SCOPE OF SERVICES (APPENDIX A)

Technical Specifications and a Detailed Scope of Services are located in Appendix A of this document.

4. FORMS

4.1. FORMS (APPENDIX B)

Forms required to be submitted with this solicitation are provided in Appendix B or can be obtained on the JEA website at www.jea.com.

Solicitation #110-16 – Independent Audit Services

Appendix A – Technical Specifications

1. GENERAL INFORMATION

1.1 JEA

JEA is currently organized into three enterprise funds- The Electric Enterprise Fund, The Water and Sewer System and District Energy System. The Electric Enterprise Fund is comprised of the JEA Electric System, the Bulk Power System, which consists of Scherer Unit 4, a coal fired, 846 megawatt generating Unit operated by Georgia Power Company and owned by JEA (23.64% ownership interest) and Florida Power & Light (FPL) (76.36% ownership interest) St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 megawatts each) and jointly owned by JEA (80% ownership Interest) and FPL (20% ownership interest). JEA is Florida's largest municipally owned electric utility and the eighth largest in the United States. JEA is also the 113th largest municipal water and sewer provider in the country. JEA currently serves over 450,000 electric customers; 334,000 water customers and 259,000 sewer customers in Jacksonville and parts of three adjacent counties. As of September 30, 2015, total operating revenues were approximately \$1.7 billion, total assets were \$8.3 billion and total long-term debt outstanding was \$5.0 billion.

The governing body of JEA consists of seven members appointed by the Mayor and confirmed by the City Council. JEA is not subject to regulation by the Florida Public Service Commission except for certain environmental, energy conservation, power plant and transmission line siting, territorial, and rate structure matters.

1.2. St. Johns River Power Park (SJRPP) Pension Plan

SJRPP Pension Plan (The "Plan") is a single employer contributory defined benefit plan covering employees of the St. Johns River Power Park System. The Plan provides for pension, death and disability benefits. Employees who are working for SJRPP, except temporary and contract employees, are eligible to participate. The Plan is subject to provisions of Chapter 112, Florida Statutes and the oversight of the Florida Division of Retirement.

The Plan is governed by a five-member pension board. As of September 30, 2015 the Plan reported net position of \$138,901,756 and had approximately 550 active and inactive members covered by the Plan. The Plan issue stand-alone audited financial statements.

2. SCOPE OF SERVICES

2.1 JEA

JEA is seeking to procure independent audit services beginning for the fiscal year ending

September 30, 2017. The funds and systems to be audited are those included in the JEA's Annual Report for the fiscal year ended September 30, 2015. The finished audit shall include comparative financial statements from prior year.

2.1.1 The Company shall prepare the following independent accountants' reports in connection with the audit of JEA:

- a. Independent accountants' reports on JEA's basic financial statements and supplementary combining financial statements.
- b. Independent accountants' report on the JEA's Electric System, Water & Sewer System, JEA's St. Johns River Power Park System, Scherer Bulk Power Supply System and DES debt service coverage schedules.
- c. Report to Management (Management letter)

2.1.2 Independent accountants' reports on the Schedule of Federal and State Grant Assistance and other applicable opinions on compliance and internal control referred to as the OMB Circular A-133 Compliance Supplement and Chapter 10.600, Rules of the Auditor General.

2.1.3 Independent accountants' report on agreed upon procedures in connection with issuance of debt and review of official debt statement.

2.1.4 Letters of consent for inclusion of audited financial statements in connection with bond offerings.

2.1.5 Independent accountants' report on compliance with debt covenants and resolutions, and independent accountants' report required under JEA credit agreements.

2.1.6 Independent accountants' report on agreed upon procedures to demonstrate financial responsibility in connection with the Florida Department of Environmental Protection "Storage Tank to Demonstrate Financial Responsibility" and "Florida Solid Waste Management Facility Letter to Demonstrate Financial Assurance" as required by 62.730.180 F.A.C.

2.2 St. Johns River Power Park (SJRPP) Pension Plan

2.2.1 The Company shall prepare the following independent accountants' reports in connection with the audit of SJRPP Pension Plan:

- a. Independent accountants' reports on SJRPP Pension Plan basic financial statements
- b. Report to Management (Management letter)

3. AD HOC SERVICES

3.1 Special Accounting, Technical Advice, and Research

JEA and/or SJRPP may require special accounting or other technical advice or research to be performed. Any such reviews will be defined in a separate engagement when necessary and will be governed by the billing rates for each individual employee class indicated in the cost proposal.

3.2 Additional Company Services

Additional Company services, if any, shall be identified and determined by JEA and/or SJRPP during the term of the contract. The additional Company services, if any, shall be priced at the predetermined billing rates of the Company as mutually agreed upon by the JEA and Company in the Contract, subject to a maximum no to exceed amount.

4. WORKING PAPERS

Working papers are the property of the Company (also referred to as the “auditor”) and must be retained, at the auditor’s expense, for a minimum of five (5) years unless the firm is notified in writing by JEA of the need to extend the retention period. The Company shall, without charge, make available their working papers to representatives of JEA and the Office of the Council Auditor and other authorized federal or state agencies upon request and in accordance with applicable laws and regulations. In addition, the Company will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

5. STAFF ASSISTANCE

The Council Auditor staff of City of Jacksonville will be available to assist the auditor in performing the audit. The auditors will coordinate their efforts with the Council Auditor. The Council Auditor Office shall provide 160 hours of annual assistance

6. TIMELINESS

Timeliness and the ability to complete the annual in the agreed upon timeline are critical factors in the performance of the audit. The final Audit Report must be delivered no later than 1st Monday in December following the conclusion of each fiscal year (October to September 30th). The Company will coordinate the audit with the JEA Controller.

Each of the following shall be completed by the Company no later than the dates indicated unless special arrangements have been made.

Activity	Date
Completion of Field Work at JEA	Third Friday in November
Auditor to submit opinion of financial statement and compliance reports to JEA	1 st Monday in December

Review financial statements and management letter with Finance & Audit Committee of the Board	Audit Committee Meeting in December
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7. WORK AREA AND OFFICE TECHNOLOGY

JEA will provide the auditor will reasonable workspace, phones and internet access.

8. PUBLIC MEETINGS

The Partner-in-Charge of the audit and the audit manager assigned to the engagement shall attend quarterly Finance & Audit (F&A) Committee Meetings, at no additional charge, for discussion of the Audit Plan, Audit Results and other required communications in connection with the audits and hold private sessions with the F&A Committee at the quarterly Committee Meetings. In addition, at the request of JEA, the auditors shall attend Board Meetings and other public meetings. Any additional request to meet with the Audit Committee or Board shall be billed at the hourly rates included in the fee proposal.

9. COMPLIANCE WITH STANDARDS

The audits are to be performed in accordance with the following documents:

- Statements on Auditing Standards issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (GAAS).
- Government Auditing Standards; 1994 Revision (Yellow Book) issued by the Comptroller General of the United States.
- The Single Audit Act of 1984, Public Law 98-502, as amended (31 U.S.C.A. ss 7501 to 7507) and related OMB Compliance Supplement for Single Audits of State and Local Governments.
- Office of Management and Budget Circular A-128, Audits of State and Local Governments and other OMB Circulars as applicable.
- Florida Statutes, especially Sections, 11.45 and 218.32 of the Florida Statutes.
- Rules of the State of Florida Auditor General, Chapters 10.550, Local Governmental Entity Audits, and Chapter 10.600, Audits of State Grants and Aids Appropriations Under Section 216.349, Florida Statutes.
- 1994 Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.
- The City of Jacksonville Municipal Ordinance Code.
- Rules of the State of Florida Department of Banking and Finance.

- Rules of the Securities and Exchange Commission, as applicable.

10. PARTNER ROTATION POLICY

Company agrees to comply with JEA's partner rotation policy where applicable. JEA currently does not have a partner rotation policy.

ATTACHMENT II

Redlined Version
Revisions incorporated per the
August 8, 2016 Finance and
Audit Committee

Independent Audit Services

Invitation to Negotiate (ITN) Process

Provide Update on Procurement of External Auditor to Finance & Audit Committee	May 9, 2016
Finance & Audit Committee provide direction regarding issuing Request for Proposal	May 9, 2016
Provide draft of Invitation to Negotiate (ITN) to Finance & Audit Committee	August 8, 2016
Finance and Audit Committee review and approve ITN	August 8, 2016
Board approve Finance & Audit Committee's recommendations	August 16, 2016
Issue ITN	August 17, 2016
Proposal due date from respondents	October 4, 2016
Evaluate all responses-Develop a Short-list	October 28, 2016
Finance and Audit Committee review and approve short list	On or before November 1, 2016
Announce Short List	On or before November 1, 2016
Negotiation phase (See Note 1 below)	November 1, 2016
Short List respondents prepare and submit Best and Final Offer	November 22, 2016
Evaluate and determine final rankings of respondents	November 29, 2016
Finance & Audit Committee review and approve Staff's recommendation of final rankings of respondents	December 13, 2016 (tentative)
Board to approve Finance & Audit Committee's recommendation	January 17, 2017
Finance and Audit Committee review and approve contract for independent audit services	March 6, 2017
Board to approve Finance & Audit Committee's recommendation	March 21, 2017
Contract start for independent audit services applicable to FY 17	July 1, 2017

Note 1- The Chair of Finance and Audit Committee may participate in the negotiating phase of the ITN process. This may include oral presentations and any other negotiations deemed to be in JEA's best interest.

IV. A. 11

Update on Procurement of External Auditor

The following documents were provided in the original August 8, 2016 Finance & Audit Committee package

This document was
provided in the
original August 8,
2016 Finance & Audit
Committee package

**Invitation to Negotiate (ITN) to Acquire
Independent Audit Services
for**



Jacksonville, FL

ITN Number 110-16

Responses are due on Tuesday, October 4th 2016 by 12:00 pm

Direct delivery or mail to JEA Bid Office, Customer Center 1st Floor, Room 002

21 W. Church Street, Jacksonville, FL 32202

**JEA will publicly open all Responses received from qualified Respondents on Tuesday, October 4th 2016, at
2:00 p.m. in the JEA Bid Office, Customer Center 1st Floor, Room 002,
21 W. Church Street, Jacksonville, FL 32202**

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Solicitation

1. INVITATION TO NEGOTIATE

1.1. INVITATION

1.1.1. SCOPE OF WORK

JEA is seeking to procure independent audit services beginning for the fiscal year ending September 30, 2017.

JEA is currently organized into three enterprise funds:

- The Electric Enterprise Fund
- The Water and Sewer System
- District Energy System

The Electric Enterprise Fund is comprised of the JEA Electric System, the Bulk Power System, which consists of Scherer Unit 4, a coal fired, 846 megawatt generating Unit operated by Georgia Power Company and owned by JEA (23.64% ownership interest) and Florida Power & Light (FPL) (76.36% ownership interest) St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 megawatts each) and jointly owned by JEA (80% ownership Interest) and FPL (20% ownership interest). JEA is Florida's largest municipally owned electric utility and the eighth largest in the United States. JEA is also the 113th largest municipal water and sewer provider in the country. JEA currently serves over 450,000 electric customers; 334,000 water customers and 259,000 sewer customers in Jacksonville and parts of three adjacent counties. As of September 30, 2015, total operating revenues were approximately \$1.7 billion, total assets were \$8.3 billion and total long-term debt outstanding was \$5.0 billion.

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The Plan is governed by a five-member pension board. As of September 30, 2015 the Plan reported net position of \$138,901,756 and had approximately 550 active and inactive members covered by the Plan. The Plan issue stand-alone audited financial statements.

These services are described in more detail in the enclosed "*Appendix A – Technical Specifications*".

1.1.2 QUESTIONS

All questions must be submitted in writing to the JEA Buyer listed below at least five (5) business days prior to the opening date. Questions received within five (5) business days prior to the opening date will not be answered.

For Procurement Related Questions:

Buyer: Nickolas Dambrose

E-mail: dambnc@jea.com

For Technical Questions:

Contact: Janice Nelson
E-mail: NelsJR@jea.com

1.1.2. OPENING OF RESPONSES

All Responses shall be publicly opened, read aloud and recorded at 2:00 PM on Tuesday, October 4th 2016, at the JEA Bid Office, 21 W. Church Street, Customer Center 1st Floor, Room 002, Jacksonville, FL 32202.

At the opening of Responses, a JEA Representative will publicly open and announce each Response that was received on time. Responses that have been properly withdrawn will not be opened. JEA has the right to waive any irregularities or informalities in the Responses.

1.1.3. INVITATION

You are invited to submit a Response to the ITN noted below:

JEA ITN Title: Independent Audit Services

JEA ITN Number: 110-16

To obtain more information about this ITN:

Download a copy of the ITN and any required forms at jea.com.

Response Due Time: 12:00 P.M. - ALL LATE RESPONSES WILL BE RETURNED UNOPENED

Response Due Date: Tuesday, October 4th 2016

All Responses must reference the JEA ITN title and number noted above. All Responses must be made on the appropriate forms as specified within this ITN, and placed in an envelope marked to identify this ITN and delivered or mailed to:

JEA Bid Office, Customer Center 1st Floor, Room 002, Jacksonville, FL 32202

The Respondent shall be solely responsible for delivery of its Response to the JEA Bid Office. **Please note, JEA employs a third party courier service to deliver its mail from the local U.S. Postal Service (USPS) which could cause a delay of Response delivery if mailed through the USPS.** Therefore, JEA recommends hand delivery directly to the JEA Bid Office. Reliance upon the USPS, the courier service employed by JEA, or public/private carriers is at the Respondent's risk.

Responses are due by the time and on the date listed above. ALL LATE RESPONSES FOR WHATEVER REASON WILL BE RETURNED UNOPENED.

1.2. SPECIAL INSTRUCTIONS

1.2.1. MINIMUM QUALIFICATIONS FOR SUBMISSION OF A RESPONSE

Respondent shall have the following Minimum Qualifications to be considered eligible to submit a Response to this ITN. A Respondent not the following criterion stated below will have their Responses rejected:

1. Respondent must be a nationally recognized CPA Firm as required by Bond Resolutions and Standby Bond Purchasing Agreements.
2. Respondent must be a CPA Firm currently licensed to practice Public Accounting in the State of Florida and in good standing to practice before the Securities and Exchange Commission.
3. The firms shall provide an affirmative statement that it is independent of the JEA as defined by generally accepted auditing standards.

Please note, any Respondent whose contract with JEA was terminated for default within the last two (2) years shall have their Response rejected.

1.3. EVALUATION METHODOLOGY

EVALUATION AND NEGOTIATION PROCESS (ITN)

JEA will make an Award of a Contract to the Respondent that is able to demonstrate that it can successfully meet the requirements of this ITN, and can provide the best value to JEA.

JEA intends to select up to two (2) to three (3) Respondents (the "Short-list") with which to commence negotiations. A selection committee (hereinafter referred to as the "Selection Committee"), will be appointed by the Chief Procurement Officer (the "CPO"), or his designee, to review and evaluate each Response submitted. The CPO's office will distribute a copy of each Response to each member of the Selection Committee, and the members of the Selection Committee will separately and independently evaluate and rank the Responses using the "Selection Criteria" as stated below in this ITN. JEA will use this ranking to develop the Short-list of companies in which to proceed with contract negotiations.

Prior to developing the Short-list, JEA may request that the Respondents provide additional information to clarify their Response. JEA will NOT allow Respondents to submit additional reference projects or change said reference projects that were initially submitted for the purposes of meeting the Minimum Qualifications stated in this ITN. However, JEA may request clarification of submitted documentation so that JEA may make an accurate assessment in developing the Short-list. JEA must be satisfied that the successful Respondent has the necessary technical expertise, experience, and resource capabilities to satisfactorily perform the Services described in this ITN.

JEA reserves the right to Award a Contract based on the Selection Committee's initial evaluation of the Responses if JEA deems the Responses demonstrate adequate competition, compliance, and responsiveness to this ITN. If JEA determines the previously stated criteria have not been met, JEA will finalize the Short-list and proceed with contract negotiations.

Respondents are cautioned to present the best possible pricing offer in their initial Responses. Failing to do so may result in a Respondent not making the Short-list, and will not be allowed to proceed with contract negotiations. Additionally, the prices submitted with the initial Response cannot be increased during the ITN process.

Once a Short-list is developed, the CPO, or his designee, will appoint a negotiating team (the "Negotiating Team"). The Negotiating Team may be comprised of the same individuals as were members of the Selection Committee. JEA reserves the right to negotiate concurrently or separately with the Short-list Respondents. JEA reserves the right to seek clarifications, to request Response revisions, and to request any additional information deemed necessary for proper evaluation of the Responses. JEA reserves the right to incorporate value added services or industry standard innovations recommended by a Respondent into the Contract's scope of work.

A Respondent that is included on the Short-list may be required, at the sole option of JEA, to make an oral presentation, provide additional written clarifications to its Response, or JEA may require site visits to Respondent's facilities. 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. The CPO or his designee will initiate and schedule a time and location for any presentations which may be required.

As a part of the negotiation process, JEA may contact the references provided by the Respondent for the purpose of independently verifying the information provided in the Response, and to assess the extent of success of the projects associated with those references. JEA also reserves the right to contact references not provided by Respondents. Respondents may be requested to provide additional references. The results of the reference checking may influence the final negotiation, ranking, and Award recommendation.

After written clarifications, oral presentations, site visits, and any other negotiations deemed by JEA to be in its best interest, the Short-list Respondents will be given a deadline to submit their best and final offer (the "Best and Final Offer" or "BAFO"). The negotiation process will stop upon submission of the BAFO. Respondents will not be allowed to make further adjustments to their BAFO or communicate further with JEA, except to respond to requests for clarification from the Negotiating Team.

The JEA Negotiating Team will adjust and calculate the final rankings of the Short-list based on the BAFO submissions. A description of which Selection Criteria will be re-evaluated based upon the BAFO will be explained in JEA's written request for the BAFOs. JEA does not anticipate reopening negotiations after receiving the BAFOs, but reserves the right to do so if it believes doing so will be in the best interests of JEA. In the event that JEA reopens negotiations, any final rankings will be revised accordingly.

Negotiations will not be open to the public, but will be recorded. All recordings of negotiations and any records, documents, and other materials presented at negotiation sessions are public records and can be released pursuant to a public records request after a notice of intended decision for this ITN is posted, or thirty (30) days after the opening of the Responses, whichever occurs earlier.

The Award recommendation of the Negotiating Team will be based upon the scoring of the BAFOs. The Respondent with the highest score will be submitted to the Finance & Audit Committee for approval. Once approved, the Finance & Audit Committee will then present an Award to the JEA Board for final approval.

In its sole discretion, JEA reserves the right to withdraw this ITN either before or after receiving Responses, to reject any and all Responses either in whole or in part, with or without cause, or to waive any ITN requirement informalities, minor irregularities, and deficiencies in any Response, and to determine such action is in the best interest of JEA. Issuance of this ITN in no way constitutes a commitment by JEA to make an Award or enter into a Contract.

All Responses submitted to JEA are subject to the JEA's terms and conditions contained in this ITN and JEA's Procurement Code. Any and all additional terms and conditions submitted by Respondents are rejected and shall have no force.

ITN Schedule of Events

Action	Date
Issue ITN	August 17 th , 2016
Response Due Date	October 4 th , 2016

Action	Date
Review Minimum Qualifications – Disqualify companies that do not meet minimum qualifications	October 5 th 2016 – October 31 st 2016
Evaluate all Responses- develop Short-list.	October 5 th 2016 – October 31 st 2016 (to run parallel to the minimum qualifications reference check)
Announce - Short-list	November 1 st , 2016
Negotiation phase	November 1 st , 2016 – November 15 th , 2016
Issue to Short-list a list of observations and concerns to address in the Best and Final Offer	November 2 nd 2016 – November 4 th 2016
Short-listed Respondents prepare and submit Best and Final Offer	November 7 th 2016 – November 18 th 2016
Receive Best and Final Offers	November 22 nd , 2016
Evaluate and determine final ranking	November 29 th , 2016

** Note the timeframes and dates listed above are subject to change **

1.3.1. SELECTION CRITERIA

The following criteria will be used by JEA to evaluate and rank the qualified Responses to determine which Respondents are selected for the Short-list and to participate in the negotiation phase of the ITN process. Details on how each selection criterion is calculated can be found in the Evaluation Matrix.

1.3.1.1. QUOTATION OF RATES

Maximum score for criterion is: 35 Points

Respondent shall provide pricing for the Contract by completing the enclosed **Appendix B - Quotation of Rates**. The rates provided shall be all-inclusive and shall include all profit, taxes, benefits, travel, and all other overhead items.

Please note, the rates or lump sums quoted by Respondent on the Response Form must be firm prices, not estimates. ANY MODIFICATIONS, EXCEPTIONS, OR OBJECTIONS CONTAINED WITHIN THE RESPONSE FORM SHALL SUBJECT THE RESPONSE TO DISQUALIFICATION.

1.3.1.2. PROFESSIONAL STAFF EXPERIENCE

Maximum points for this criterion: 15 points

The firm shall identify the Partners (Engagement Lead Partner and Engagement Quality Review Partner) and Audit Manager to be assigned to this engagement. Resumes are limited to two (2) pages, 8 ½” by 11” single sided. Resumes provided greater than two (2) pages will not be evaluated.

The resumes should clearly indicate the qualifications and experience of the Partners and Audit Manager to be assigned to this engagement including:

1. The number of years of government audit experience, and
2. The number of years of municipal utility experience.

Also, identify all government and utility clients for which you will be engaged as auditor for the fiscal year ending September 30, 2016. More points will be awarded to firms who demonstrate greater experience with Municipal Utilities.

1.3.1.3. PAST PERFORMANCE/COMPANY EXPERIENCE

Maximum points for this criterion: 20 Points

Please provide the following information described below:

General Information:

The Response should state:

1. The firm's annual revenue, number of partners, and number of professional staff2. The number of the firm's governmental audit staff including partners and professional staff 3. The address of the office location from which the work on this engagement is to be performed,
4. The job titles of the professional staff to be employed in this engagement on a full-time basis, and
5. The job titles of the staff to be employed on a part-time basis.

External Quality Control Review:

The firm is required to submit a copy of the report on its most recent external quality control review. The review should include a letter of comments, and a statement as to whether the quality control review included a review of specific government engagements.

Disciplinary Action:

The firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state, local, or federal regulatory bodies or professional organizations.

Project Similarity:

The Response should list the five most significant engagements performed in the last five years ending December 31, 2015 that are similar to the engagement described in this Invitation to Negotiate. This section should also describe reviews performed of official statements of debt offerings within the past two years ending December 31, 2015.

Respondent may provide this information in its own format.

1.3.1.4. DESIGN APPROACH AND WORKPLAN

Maximum points for this criterion: 30 Points

The Response should describe a work plan, including an explanation of the audit methodology, the financial requirements, and all compliance aspects of the engagement. Identify the tasks to be performed to complete the annual audit and prepare a schedule showing the dates each task would be started and completed to meet the deadline for delivering the annual audit. The proposed overall schedule should include an on-site work schedule.

The Respondent should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from JEA. Delivery dates for milestones associated with the Design Approach and Workplan are detailed within Appendix A – Technical Specifications.

Respondent may provide this information in its own format.

1.3.1.5. TIE

Evaluation scores that ties shall be handled pursuant to JEA's Procurement Code.

1.3.2. NUMBER OF CONTRACTS TO BE AWARDED

JEA intends to Award One (1) Contract for the Work. JEA reserves the right to Award more than one Contract based on certain groupings of the Services, or JEA may exclude certain Services, if JEA determines that it is in its best interest to do so.

1.3.3 REQUIRED FORMS TO SUBMIT WITH RESPONSE

The forms listed below must be completed and submitted to JEA at the times indicated below. The Respondent can obtain the forms, other than the Response Form, the Response Workbook, and the Technical Specifications, by downloading them from JEA.com.

The following forms are required to be submitted at the Response Due Date and Time:

- Company's Response
- "Appendix B - Response Form" (including acknowledgements of all addenda)
- "Appendix B – Quotation of Rates"
- "Appendix B – Minimum Qualification Form"
- List of Subcontractors (if any)

If the above listed forms are not submitted with the Response by the Response Due Time on the Response Due Date, JEA may reject the Response.

The following documents are to be submitted prior to execution of Contract. A Response will not be rejected if these forms are not submitted at the Response Due Time and Date. However, failure to submit these documents at the time of Contract execution could result in Response rejection.

- Conflict of Interest Certificate Form
- Insurance Certificate
- W-9
- Evidence of active registration with the State of Florida Division of Corporations (www.sunbiz.org)
- Any additional technical submittals as required by the Technical Specifications.

1.4 GENERAL INSTRUCTIONS

1.4.1 SUBMITTING THE RESPONSE

The Respondent shall submit one (1) original hard copy of the Response, two (2) duplicate hard copies of the Response, and one (1) electronic copy of the Response submitted on a CD or a thumb drive. The Response Workbook must be saved in an Excel format.

JEA will not accept Responses via email.

1.4.2 ALTERNATE PROVISIONS AND CONDITIONS

Responses that contain provisions that are contrary to requirements found in this ITN, including, but not limited to, the Contract terms contained in Section 2 of this ITN, and any requirements found in the Technical Specifications attached as Appendix A to this ITN, are not permitted. If a Respondent has any questions or requests for changes to the requirements or terms and conditions of this ITN, such questions and requests shall be in writing and received by JEA at least five (5) business days prior before to the date set by JEA for the Opening of the Responses.

Including alternate provisions and conditions in a Response may result in the Response being deemed non-responsive to the ITN and disqualification of the Response will be disqualified (even if the highest evaluated). However, as this is an ITN, JEA reserves the right to negotiate the best terms and conditions if determined to be in the best interests of JEA.

In submitting a Response, a Respondent agrees to be bound by the Contract terms contained in Section 2 of this ITN. Respondents should assume that those terms will apply to the Contract, but JEA reserves the right to negotiate different terms and related price adjustments if JEA determines that it provides the Best Value to JEA.

1.3.3. ADDENDA

JEA may issue Addenda prior to the Response opening date to revise, in whole or in part, or clarify the intent or requirements of the ITN. The Respondent shall be responsible for ensuring it has received all Addenda prior to submitting its Response and shall acknowledge receipt of all Addenda by indicating where requested on the Response Form. JEA will post all Addenda when issued online at jea.com. The Respondent must obtain Addenda from the JEA website. All Addenda will become part of the ITN and any resulting Contract Documents. It is the responsibility of each Respondent to ensure it has received and incorporated all Addenda into its Response. Failure to acknowledge receipt of Addenda may be grounds for rejection of a Response.

1.7.3. CONTRACT EXECUTION AND START OF WORK

Within thirty (30) days from the date of Award, JEA will present the successful Respondent with the Contract Documents. Unless expressly waived by JEA, the successful Respondent shall execute a Contract for the Work or Services within ten (10) days after receiving the Contract from JEA. If the Respondent fails to execute the Contract or associated documents as required, or if it fails to act on a JEA-issued Purchase Order (PO), JEA may cancel the Award with no further liability to the Respondent, retain the bid security or bond (if applicable), and Award to the next-ranked company.

1.7.4. DEFINED TERMS

Words and terms defined in the Section entitled "Definitions" of this document are hereby incorporated by reference into the entire document.

1.7.5. EX PARTE COMMUNICATION

Ex Parte Communication is strictly prohibited. Ex Parte Communication is defined as any inappropriate communication concerning an ITN between a firm submitting a Response and a JEA representative during the time in which the ITN is being advertised through the time of Award. Examples of inappropriate communications include: private communications concerning the details of an ITN in which a Respondent becomes privy to information not available to the other Respondents. Social contact between Respondents and JEA representatives should be kept to an absolute minimum during the ITN process.

Failure to adhere to this policy will disqualify the noncompliant company's Response. Any questions or clarifications concerning an ITN must be sent in writing via email to the JEA Buyer at least five (5) business days prior to the opening date. If determined by JEA, that a question should be answered or an issue clarified, JEA will issue an addendum to all Respondents.

For more information on Ex Parte communications, see JEA Procurement Code, Article 1-110, which is available at jea.com.

1.7.6. SUNSHINE LAW

General

Article I, Section 24, Florida Constitution, guarantees every person access to all public records and Chapter 119, Florida Statutes, provide a broad definition of public records. JEA is a body politic and corporate and subject to these laws and related statutes ("Florida's Public Records Laws"). All responses to this Solicitation are public records and available for public inspection unless specifically exempt by law.

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

JEA

Attn: Public Records

21 West Church Street

Jacksonville, Florida 32202

Ph: 904-665-8606

publicrecords@jea.com

Redacted Submissions

If a Respondent believes that any portion of the documents, data or records submitted in response to this Solicitation are exempt from Florida's Public Records Law, Respondent must (1) clearly segregate and mark the specific sections of the document, data or records as "Confidential," (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of its response (the "Redacted Copy"). The cover of the Redacted Copy shall contain JEA's title and number for this Solicitation and Bidder's name, and shall be clearly titled "Redacted Copy." Respondent should only redact those portions of records that Respondent claims are specifically exempt from disclosure under Florida's Public Records Laws. If Respondent fails to submit a redacted copy of information it claims is confidential, JEA is authorized to produce all documents, data and other records submitted to JEA in answer to a public records request for such information.

In the event of a request for public records to which documents that are marked as confidential are responsive, JEA will provide the Redacted Copy to the requestor. If a requestor asserts a right to any redacted information, JEA will notify Respondent that such an assertion has been made. It is Respondent's responsibility to respond to the requestor to assert that the information in question is exempt from disclosure under applicable law. If JEA becomes subject to a demand for discovery or disclosure of Respondent's redacted information under legal process, JEA shall give Respondent prompt notice of the demand prior to releasing the information (unless otherwise prohibited by applicable law.) Respondent shall be responsible for defending its determination that the redacted portions of its response are not subject to disclosure.

By submitting a response to this Solicitation, Respondent agrees to protect, defend and indemnify JEA from and against all claims, demands, actions, suits, damages, liabilities, losses, settlements, costs and expenses (including but not limited to reasonable attorney fees and costs) arising from or relating to Respondent's determination that the redacted portions of its response to this Solicitation are not subject to disclosure.

1.7.7. JEA PUBLICATIONS

Applicable JEA publications are available at jea.com.

1.7.8. PROHIBITION AGAINST CONTINGENT FEES

The Respondent warrants that it has not employed or retained any company or person, other than a bona fide employee working for the Respondent, or an independent sales representative under contract with the Respondent, to solicit or secure a contract with JEA, and that it has not paid or agreed to pay any person, company, corporation, individual or Respondent, other than a bona fide employee working solely for the Respondent, or an independent

sale representative under contract with the Respondent, any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the Award or making of the Contract. For a breach or violation of these provisions occurs, JEA shall have the right to terminate the Contract without liability, and at its discretion, to deduct from the Contract Price, or otherwise recover, the full amount of such fee, commission, percentage, gift or consideration.

1.7.9. RESERVATIONS OF RIGHTS TO JEA

This ITN provides companies with information to enable them to submit a written offer to perform the Services described herein. The ITN is not a contractual offer or commitment by JEA to purchase products or services.

Responses shall be good for a period of ninety (90) days following the opening of the Responses.

JEA reserves the right to reject any or all Responses, or any part thereof, and/or to waive informalities if such action is in its best interest. JEA may reject any Responses that it deems incomplete, obscure or irregular including, but not limited to, Responses that omit a price on any one or more items for which prices are required, Responses that omit Unit Prices if Unit Prices are required, Responses for which JEA determines that the Response is unbalanced, Responses that offer equal items when the option to do so has not been stated, Responses that fail to include a Bid Bond, where one is required, and Responses from companies who have previously failed to satisfactorily complete JEA contracts of any nature or who have been scored by JEA as "Unacceptable" and as a result, are temporarily barred from bidding additional work.

JEA reserves the right to cancel, postpone, modify, reissue and amend this ITN at its discretion.

JEA reserves the right to cancel or change the date and time announced for opening of Responses at any time prior to the time announced for the opening of Responses. JEA may Award the Contract in whole or in part. In such cases whenever JEA exercises any of these reservations, JEA will make a commercially reasonable effort to notify, in writing, all parties to whom ITNs were issued. JEA may award multiple or split Contracts if it is deemed to be in JEA's best interest.

1.7.10. MODIFICATION OR WITHDRAWAL OF RESPONSES

The Respondent may modify or withdraw its Response at any time prior to the Response Due Date and Time by giving written notice to JEA's Chief Procurement Officer. JEA will not accept modifications submitted by telephone, telegraph, email, or facsimile, or those submitted after the Response Due Date and Time. The Respondent shall not modify or withdraw its Response from time of Response opening and for a period of ninety (90) days following the opening of Responses.

1.7.11. AVAILABILITY OF RESPONSES AFTER RESPONSE OPENING

In accordance with the Florida Public Records Law, Florida Statutes, Chapter 119, copies of all Responses are available for public inspection thirty (30) days after the opening of Responses or on the date of Award announcement, whichever is earlier. Respondents may review opened Responses once they are available for public inspection by contacting the designated Buyer or JEA's Public Records custodian whose contact information can be found at jea.com. JEA will post a summary of the Response results immediately after the Response opening.

1.7.12. PROTEST OF AWARD PROCESS

Respondents shall file any protests regarding this ITN in writing, in accordance with the JEA Procurement Code, as amended from time to time. The JEA Procurement Code is available online at jea.com.

1.7.13. CERTIFICATION AND REPRESENTATIONS OF THE RESPONDENT

By signing and submitting a Response, the Respondent certifies and represents as follows:

- A. That it has carefully examined all available records and conditions, including sites if applicable, and the requirements and specifications of this ITN prior to submitting its Response. The Respondent shall comply with all safety requirements described in the ITN and shall be prepared to show proof of insurance
- B. That every aspect of its submitted Response, including the Quotation of Rates and the detailed schedule for the execution of the Work, are based on its own knowledge and judgment of the conditions and hazards involved, and not upon any representation of JEA. JEA assumes no responsibility for any understanding or representation made by any of its representatives during or prior to execution of the Contract unless such understandings or representations are expressly stated in the Contract and the Contract expressly provides that JEA assumes the responsibility.
- C. That the individual signing the Response Form is a duly authorized agent or officer of the firm. Responses submitted by a corporation must be executed in the corporate name by the President or Vice President. If an individual other than the President or Vice President signs the Response, satisfactory evidence of authority to sign may be requested by JEA. If the Response is submitted by a partnership, the Response must be signed by a partner whose title must appear under the signature. If an individual other than a partner signs the Response, satisfactory evidence of authority to sign may be requested by JEA. The corporation or partnership must be in active status at the Florida Division of Corporations at the time of contract execution.
- D. That the firm maintains an active status any and all licenses, permits, certifications, insurance, bonds and other credentials including not limited to contractor's license and occupational licenses necessary to perform the Work. The Respondent also certifies that, upon the prospect of any change in the status of applicable licenses, permits, certifications, insurances, bonds or other credentials, the Respondent shall immediately notify JEA of status change.
- E. That Respondent has read, understands these instructions and will comply with the Section titled Ethics.

1.7.14. ETHICS (ITN)

By signing the Response, the Respondent certifies its Response is made without any previous understanding, agreement or connection with any other person, firm, or corporation submitting a Response for the same Services other than as a Subcontractor or supplier, and that this Response is made without outside control, collusion, fraud, or other illegal or unethical actions. The Respondent shall comply with all JEA and City of Jacksonville ordinances, policies and procedures regarding business ethics.

The Respondent shall submit only one (1) Response in response to this ITN. If JEA has reasonable cause to believe the Respondent has submitted more than one (1) Response for the same Work, other than as a Subcontractor or supplier, JEA shall disqualify the Response and may pursue debarment actions.

The Respondent shall disclose the name(s) of any public officials who have any financial position, directly or indirectly, with this ITN by completing and submitting the Conflict of Interest Certificate Form available at jea.com. Failure to fully complete and submit the Conflict of Interest Certificate will disqualify the Response. If JEA has

reason to believe that collusion exists among the Respondents, JEA shall reject any and all Responses from the suspected Respondents and will proceed to debar Respondent from future JEA Awards in accordance with the JEA Procurement Code.

JEA is prohibited by its Charter from awarding contracts to JEA officers or employees, or in which a JEA officer or employee has a financial interest. JEA shall reject any and all Responses from JEA officers or employees, as well as, any and all Responses in which a JEA officer or employee has a financial interest.

In accordance with Florida Statutes Sec. 287.133, JEA shall reject Responses from any persons or affiliates convicted of a public entity crime as listed on the Convicted Vendor list maintained by the Florida Department of Management Services. JEA shall not make an Award to any officer, director, executive, partner, shareholder, employee, member, or agent active in management of the Respondent listed on the Convicted Vendor list for any transaction exceeding \$35,000 for a period of thirty-six (36) months from the date of being placed on the Convicted Vendor list.

If the Respondent violates any requirement of this clause, the Response may be rejected and JEA may debar offending companies and persons.

2. CONTRACT TERMS AND CONDITIONS

2.1. CONTRACT DOCUMENT AND TERMS AND CONDITIONS

Provided below are the Contract terms and conditions that will be incorporated by reference in the Contract Document executed by the Company and JEA. The Contract Document will incorporate by reference the terms contained in the Solicitation portion of this document provided in Section 1, the Contract Terms provided in Section 2; and the Technical Specifications provided in Section 3. An example of the Contract that the Company will be required to execute is available for review at jea.com.

2.2. DEFINITIONS

2.2.1. DEFINITIONS

Words and terms defined in this section shall have the same meaning throughout all parts of this Solicitation and Contract Documents. Where intended to convey the meaning consistent with that set forth in its definition, a defined word or term is marked by initial capitalization. The "Technical Specifications" portion of this Solicitation may define additional words and terms where necessary to clarify the Work. Unless otherwise stated in this Solicitation and/or Contract Documents, definitions set forth in the "Technical Specifications" shall apply only within the "Technical Specifications."

2.2.2. ACCEPTANCE

JEA's written notice by the Contract Administrator to the Company that all Work as specified in the Contract, or a portion of the Work as specified in a Task or Work Order, has been completed to JEA's satisfaction. Approval or recognition of the Company meeting a Milestone or interim step does not constitute Acceptance of that portion of Work. Acceptance does not in any way limit JEA's rights under the Contract or applicable laws, rules and regulations.

2.2.3. ADDENDUM/ADDENDA

A written change or changes to the Solicitation which is issued by JEA Procurement Services and is incorporated into the Solicitation as a modification, revision and/or further clarification of the intent of the Solicitation.

2.2.4. AWARD

The written approval of the JEA Awards Committee that the procurement process for the purchase of the Services was in accordance with the JEA Procurement Code and Florida Statutes. Once an Award is approved, JEA will either issue a Purchase Order or execute a Contract with the successful bidder or Respondent.

2.2.5. COMPANY

The legal person, firm, corporation or any other entity or business relationship with whom JEA has executed the Contract. Where the word "Company" is used it shall also include permitted assigns. Prime Contractor, Contractor, Vendor, Supplier and Company shall be considered synonymous for the purpose of the Contract.

2.2.6. COMPANY REPRESENTATIVE

The individual responsible for representing the Company in all activities concerning the fulfillment and administration of the Contract.

2.2.7. CONTRACT

An agreement between JEA and the Company, signed by both parties, which incorporates all the Contract Documents. The Contract shall not be altered without an Amendment to the Contract and executed by JEA and the Company, or a JEA issued Change Order.

2.2.8. CONTRACT ADMINISTRATOR

The individual assigned by JEA to have authority to administer the Contract, including the authority to negotiate all elements of the Contract with the Company, authorize Contract Amendments, terminate the Contract, seek remedies for nonperformance including termination, and otherwise act on behalf of JEA in all matters regarding the Contract. The Contract Administrator may authorize JEA Representative in writing to make minor changes to the Services with the intent of preventing disruption of the Services.

2.2.9. CONTRACT AMENDMENT

A written order issued after execution of the Contract to the Company signed by the Contract Administrator, or his designated representative, authorizing an addition, deletion, or revision of the Work, or an adjustment in the Contract Price or the Contract Time.

2.2.10. CONTRACT AMENDMENT

A written order issued after execution of the Contract to the Company signed by the Contract Administrator, or his designated representative, authorizing an addition, deletion, or revision of the Work, or an adjustment in the Contract Price or the Contract Time.

2.2.11. CONTRACT DOCUMENTS

Contract Documents, also referred to as the "Contract" means the executed Contract, all Solicitation documents and Bid Documents as further described in the Section of the Solicitation titled "Contract Documents", and any written Change Orders, amendments or Purchase Orders executed by JEA, and insurance and/or bonds as required by the Contract.

2.2.12. CONTRACT PRICE

The total amount payable to the Company during the initial Term of the Contract. However, this amount is not a guaranteed amount. Also referred to as the "Maximum Indebtedness" of JEA.

2.2.13. HOLIDAYS

The following days: New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve Day, and Christmas Day.

2.2.14. INVITATION TO NEGOTIATE

An Invitation to Negotiate is a written or electronically posted solicitation for competitive sealed replies to select one or more vendors with which to commence negotiations for the procurement of commodities or contractual services. The term "Solicitation" shall be synonymous with the term Intent to Negotiate.

2.2.15. INVOICE

A document seeking payment to Company from JEA for all or a portion of the Work, in accordance with the Contract Documents, and including at a minimum the following items: the Company's name and address, a description of the product(s) or service(s) rendered, a valid JEA PO number, the amount payable, the Unit Price, the payee name and address, any associated JSEB forms and any other supporting documentation required by the Contract Documents.

2.2.16. JEA

JEA on its own behalf, and when the Services involves St. Johns River Power Park (SJRPP), as agent for Florida Power and Light Company (FPL). JEA and FPL are co-owners of SJRPP.

2.2.17. JEA REPRESENTATIVES

The Contract Administrator, Contract Inspector, Contract Administrator's Representative, JEA Engineer, Field Engineer, Project Manager, and other persons designated by the Contract Administrator as JEA Representatives acting in a capacity related to the Services or Contract under the authority of the Contract Administrator.

2.2.18. PERFORMANCE - ACCEPTABLE PERFORMANCE/PERFORMER

The Company averages more than 2.80 and less than 4.0 across all performance scorecard evaluation metrics, and does not receive a score of less than 2.0 on any metric.

2.2.19. PERFORMANCE - TOP PERFORMANCE/PERFORMER

The Company averages 4.0 or more across all scorecard evaluation metrics and does not receive a score of less than 4.0 on any one metric.

2.2.20. PERFORMANCE - UNACCEPTABLE PERFORMANCE/PERFORMER

The Company averages less than 2.80 across all scorecard evaluation metrics, or scores a 1.0 on any one metric regardless of average, or receives a score of 2.0 on the same metric on two sequential performance evaluations.

2.2.21. RESPONSE

The document describing a Respondent's qualifications to verify it complies with the requirements of this ITN.

2.2.22. RESPONDENT

A company that submits a Response to this ITN.

2.2.23. PURCHASE ORDER (PO)

A commercial document issued by JEA, authorizing work, indicating types, quantities, and agreed prices for products or services the Company will provide to JEA. Sending a PO to a Company constitutes a legal offer to buy products or services. The words "Purchase Order" are clearly marked across the top, a PO number is used for reference and invoicing purposes, includes an authorized JEA signature, and states the dollar amount of the lawfully appropriated funds.

2.2.24. SOLICITATION

The documents (which may be electronic) issued by JEA's Procurement Department to solicit Bids from Bidders that includes, but is not limited to, the Bid Documents, Bid Workbook, samples of documents, contractual terms and conditions, the Technical Specifications, and associated Addenda.

2.2.25. SUBCONTRACTOR

A provider of services performing Services under contract for the Company.

2.2.26. TASK/WORK ORDER

A document that describes the Work or describes a series of tasks that the Company will perform in accordance with the Contract Documents. A Task Order may be issued as an attachment to a Purchase Order, but the Task Order is neither a Purchase Order, nor a Notice to Proceed.

2.2.27. TERM

The period of time during which the Contract is in force or until the Contract's Maximum Indebtedness is reached, whichever occurs first.

2.2.28. UNIT PRICES

The charges to JEA for the performance of each respective unit of Services as defined in the Response.

2.2.29. WORK OR SCOPE OF SERVICES

Services includes as defined in the Contract Documents all actions, products, documentation, electronic programs, reports, testing, transport, administration, management, services, materials, tools, equipment, and responsibilities to be furnished or performed by the Company under the Contract, together with all other additional necessities that are not specifically recited in the Contract, but can be reasonably inferred as necessary to complete all obligations and fully satisfy the intent of the Contract.

2.3. CONTRACT DOCUMENTS

2.3.1. ORDER OF PRECEDENCE

The Contract shall consist of JEA's Contract and/or Purchase Order together with the Solicitation including, but not limited to, the executed Bid Documents, which shall be collectively referred to as the Contract Documents. This Contract is the complete agreement between the parties. Parol or extrinsic evidence will not be used to vary or contradict the express terms of this Contract. The Contract Documents are complementary; what is called for by one is binding as if called for by all. The Company shall inform JEA in writing of any conflict, error or discrepancy in the Contract Documents upon discovery. Should the Company proceed with the Services prior to written resolution of the error or conflict by JEA, all Services performed is at the sole risk of the Company. JEA will generally consider this precedence of the Contract Documents in resolving any conflict, error, or discrepancy:

- o Executed Contract Amendments

- o Exhibits to Contract Documents
- o Executed Contract Documents
- o Purchase Order(s)
- o Addenda to JEA Solicitation
- o Drawings associated with this Solicitation
- o Exhibits and Attachments to this Solicitation
- o Technical Specifications associated with this Solicitation
- o This Solicitation
- o Response Documents
- o References

The Company shall perform any Services that may reasonably be inferred from the Contract as being required whether or not it is specifically called for. Work, materials or equipment described in words that, so applied, have a well-known technical or trade meaning shall be taken as referring to such recognized standards.

2.4. PRICE AND PAYMENTS

2.4.1. PAYMENTS

2.4.1.1. PAYMENT METHOD - TIME AND MATERIALS

Company will invoice JEA for the service provided under the Contract on a monthly basis. Invoices will be supported by pertinent timesheets or other agreed system for documenting time worked by Company's supplemental staff. JEA reserves the right to reject part of an Invoice if it disputes a portion of that Invoice.

2.4.2. DISCOUNT PRICING

JEA offers any or all of the following option payment terms, one of which may be executed at the request of the Company by sending an email to the JEA Buyer listed in this Solicitation:

- o 1% 20, net 30
- o 2% 10, net 30
- o 3% 5, net 30

Company may request alternate payment terms for JEA's consideration, however, alternate payment terms are not effective until acceptance by JEA in writing. Please note, all payment dates are calculated from the date of the Invoice receipt by JEA's Accounts Payable.

2.4.3. INVOICING AND PAYMENT TERMS

The Company shall submit all Invoices in accordance with the payment method agreed upon in these Contract Documents. Invoices shall be submitted to the following address:

JEA Accounts Payable
P.O. Box 4910
Jacksonville, FL 32201-4910

JEA will pay the Company the amount requested within thirty (30) calendar days after receipt of an Invoice from the Company subject to the provisions stated below.

JEA may reject any Invoice within twenty (20) calendar days after receipt. JEA will return the Invoice to the Company stating the reasons for rejection. Upon receipt of an acceptable revised Invoice, JEA will pay the Company the revised amount within ten (10) days.

JEA may withhold payment if the Company is in violation of any conditions or terms of the Contract Documents.

In the case of early termination of the Contract, all payments made by JEA against the Contract Price prior to notice of termination shall be credited to the amount, if any, due the Company. If the parties determine that the sum of all previous payments and credits exceeds the sum due the Company, the Company shall refund the excess amount to JEA within ten (10) days of determination or written notice.

2.4.4. PRICE ADJUSTMENT

Contract prices for the Work will remain firm through the first three years of the Contract. Upon completion of the third year, the Company may request a Consumer Price Index (CPI) adjustment each year to the rates submitted in Appendix B – Quotation of Rates. Each annual request for a CPI increase must be made within thirty (30) days prior to the Anniversary Date of the Contract. If Company fails to submit a timely CPI adjustment request, the Company may be denied the adjustment for the upcoming Contract year.

When a timely CPI request is received, JEA will recognize the CPI price adjustment within thirty (30) days after the Anniversary Date. No retroactive price adjustments will be allowed.

Unless the Company and JEA make other agreements, the annual price adjustment for the Contract shall be in accordance with the Consumer Price Index for all urban consumers published monthly by the U.S. Department of Labor, Bureau of Labor Statistics. The index used will be the unadjusted percent change for the previous twelve (12) months of the Company's written CPI adjustment request is received by JEA.

In the event the applicable price index publication ceases, the Company and JEA shall mutually agree on a replacement index. If the Company and JEA fail to agree on a replacement index, the Contract shall terminate effective on the next Anniversary Date.

2.4.5. OFFSETS

In case the Company is in violation of any requirement of the Contract, JEA may withhold payments that may be due the Company, and may offset existing balances with any JEA incurred costs against funds due the Company under this and any other Company Contract with JEA, as a result of the violation, or other damages as allowed by the Contract Documents and applicable law.

2.4.6. JSEB - INVOICING AND PAYMENT

If the Company utilizes JSEB certified firms, regardless of whether these Contract Documents require or encourage the use of such firms, the Company shall Invoice for and report the use of JSEB certified firms according to the format and guidelines established by the City of Jacksonville.

2.4.7. COST SAVINGS PLAN

During the Term of this Contract, JEA and Company are encouraged to identify ways to reduce the total cost to JEA related to the Services provided by the Company ("Cost Savings Plan"). JEA and Company may negotiate Amendments to this Contract that support and allow such reductions in total costs including, but not limited to, the sharing of savings resulting from implementation of cost-reducing initiatives between JEA and Company. The decision to accept any cost savings plan shall be in the sole discretion of JEA, and JEA shall not be liable to Company for any cost that may be alleged to be related to a refusal to accept a Cost Savings Plan proposed by Company.

2.4.8. TAXES

JEA is authorized to self-accrue the Florida Sales and Use Tax and is exempt from Manufacturer's Federal Excise Tax when purchasing tangible personal property for its direct consumption.

2.5. WARRANTIES AND REPRESENTATIONS

2.5.1. WARRANTY (PROFESSIONAL SERVICES)

The Company represents and warrants that it has the full corporate right, power and authority to enter into the Contract and to perform the Services, and that the performance of its obligations and duties hereunder does not and will not violate any Contract to which the Company is a party or by which it is otherwise bound.

The Company represents and warrants that it will conduct its Services in a manner and with sufficient labor, materials and equipment necessary to affect a diligent pursuance of the Services.

The Company represents and warrants that it has the responsibility and capacity to train and supervise its employees and Subcontractors to ensure the Services complies with all requirements of the Contract Documents.

The Company represents and warrants that its employees and Subcontractors shall exercise the degree of skill and care required by customarily accepted good practices and procedures, and the Services will meet the functional and performance requirements defined in the Contract.

The Company warrants that all items provided under the Contract shall be in accordance with the requirements of this Contract and services shall be performed in a professional manner and with professional diligence and skill, consistent with the prevailing standards of the industry.

2.6. INSURANCE, INDEMNITY AND RISK OF LOSS

2.6.1. INSURANCE

INSURANCE REQUIREMENTS

Before starting the Work by JEA, and without further limiting its liability under the Contract, Company shall procure and maintain at its sole expense, insurance of the types and in the minimum amounts stated below:

Workers' Compensation

Florida Statutory coverage and Employer's Liability (including appropriate Federal Acts); Insurance Limits: Statutory Limits (Workers' Compensation) \$500,000 each accident (Employer's Liability).

Commercial General Liability

Premises-Operations, Products-Completed Operations, Contractual Liability, Independent Contractors, Insurance Limits: \$1,000,000 each occurrence, \$2,000,000 annual aggregate for bodily injury and property damage, combined single limit.

Automobile Liability

All autos-owned, hired, or non-owned; Insurance Limits: \$1,000,000 each occurrence, combined single limit.

Excess or Umbrella Liability

(This is additional coverage and limits above the following primary insurance: Employer's Liability, Commercial General Liability, and Automobile Liability); Insurance Limits: \$2,000,000 each occurrence and annual aggregate.

Professional Liability

Errors & Omissions; Insurance Limits: \$1,000,000 each claim and \$2,000,000 annual aggregate

Company's Commercial General Liability, Excess or Umbrella Liability, and Professional Liability policies shall be effective for two (2) years after Work is complete. The Indemnification provision provided herein is separate and is not limited by the type of insurance or insurance amounts stated above.

Company shall specify JEA and Florida Power and Light Company (FPL) as additional insureds for all coverage except Workers' Compensation, Employer's Liability, and Professional Liability. Such insurance shall be primary to any and all other insurance or self-insurance maintained by JEA. Company shall include a Waiver of Subrogation on all required insurance in favor of JEA, FPL, their board members, officers, employees, agents, successors and assigns.

Such insurance shall be written by a company or companies licensed to do business in the State of Florida and satisfactory to JEA. Prior to commencing any Work under this Contract, certificates evidencing the maintenance of the insurance shall be furnished to JEA for approval. Company's and its subcontractors' Certificates of Insurance shall be mailed to JEA (Attn. Procurement Services), Customer Care Center, 6th Floor, 21 West Church Street, Jacksonville, FL 32202-3139.

The insurance certificates shall provide that no material alteration or cancellation, including expiration and non-renewal, shall be effective until thirty (30) days after receipt of written notice by JEA.

Any subcontractors of Company shall procure and maintain the insurance required of Company hereunder during the life of the subcontracts. Subcontractors' insurance may be either by separate coverage or by endorsement under insurance provided by Company. Note: Any JSEB firms identified by Bidders for this Solicitation are considered "Subcontractors" under the direct supervision of the Prime or General Contractor (herein referred to as "Company"). Companies should show good faith efforts in providing assistance to JSEB firms in the securing of the Subcontractors' insurance requirements stated herein. Company shall submit subcontractors' certificates of insurance to JEA prior to allowing Subcontractors to perform Work on JEA's job sites.

2.6.2. INDEMNIFICATION FOR RELEASE OF JEA EMPLOYEE/CUSTOMER INFORMATION

Company indemnifies, defends and holds JEA harmless from any and all claims associated with the unwarranted disclosure of any JEA employee or JEA customer information that is in its possession either in paper or electronic format, including disclosure caused by theft, electronic system malfunction, negligence, or any other cause for the information to become public or otherwise used for malicious intents.

2.6.3. INDEMNIFICATION

For ten dollars (\$10.00) acknowledged to be included and paid for in the contract price and other good and valuable considerations, the Company shall hold harmless and indemnify JEA and Florida Power and Light Company (hereinafter referred to as FPL), against any claim, action, loss, damage, injury, liability, cost and expense of whatsoever kind or nature (including, but not by way of limitation, reasonable attorney's fees and court costs) arising out of injury (whether mental or corporeal) to persons, including death, or damage to property, arising out of or incidental to the negligence, recklessness or intentional wrongful misconduct of Company and any person or entity used by the Company in the performance of this Contract or Work performed thereunder. For purposes of this

Indemnification, the term "JEA" shall mean JEA as a body politic and corporate and shall include its governing board, officers, employees, agents, successors and assigns. For purposes of this Indemnification, FPL has been included with JEA, as co-owner for their St. Johns River Power Park facility (hereinafter referred to as SJRPP). The term "FPL" shall include its governing board, officers, employees, agents, successors and assigns. This indemnification shall survive the term of a Contract entered into pursuant to this solicitation, for events that occurred during the Contract term. This indemnification shall be separate and apart from, and in addition to, any other indemnification provisions set forth elsewhere in this Contract.

2.6.4. RISKS AND PROPERTY

Ownership, risks of damage to or loss of the items shall pass to JEA upon Acceptance. The Company shall retain the sole risk of loss to the Work up to and including the time of Acceptance. In the event of loss or damage to the Work, the Company shall bear all costs associated with any loss or damage.

2.7. TERM AND TERMINATION

2.7.1. TERM

2.7.1.1. TERM OF CONTRACT-DEFINED DATES

The Contract shall commence on the effective date, and continue and remain in full force and effect as to all its terms, conditions and provisions as set forth herein for five (5) years, (the "Initial Term"), or until the Contract's Maximum Indebtedness is reached, whichever occurs first. It is at JEA's sole option to renew the Contract for five (5) additional years.

This Contract, after the initial year, shall be contingent upon the existence of lawfully appropriated funds for each subsequent year of the Contract.

2.7.2. TERMINATION FOR CONVENIENCE

JEA shall have the absolute right to terminate the Contract in whole or part, with or without cause, at any time after the Award effective date upon written notification of such termination.

In the event of termination for convenience, JEA will pay the Company for all disbursements and expenses that the Company has incurred, or has become obligated prior to receiving JEA's notice of termination.

Upon receipt of such notice of termination, the Company shall stop the performance of the Services hereunder except as may be necessary to carry out such termination and take any other action toward termination of the Services that JEA may reasonably request, including all reasonable efforts to provide for a prompt and efficient transition as directed by JEA.

JEA will have no liability to the Company for any cause whatsoever arising out of, or in connection with, termination including, but not limited to, lost profits, lost opportunities, resulting change in business condition, except as expressly stated within these Contract Documents.

2.7.3. TERMINATION FOR DEFAULT

JEA may give the Company written notice to discontinue all Services under the Contract in the event that:

- o The Company assigns or subcontracts the Services without prior written permission;
- o Any petition is filed or any proceeding is commenced by or against the Company for relief under any bankruptcy or insolvency laws;

- o A receiver is appointed for the Company's properties or the Company commits any act of insolvency (however evidenced);
- o The Company makes an assignment for the benefit of creditors;
- o The Company suspends the operation of a substantial portion of its business;
- o The Company suspends the whole or any part of the Services to the extent that it impacts the Company's ability to meet the requirements of the Contract, or the Company abandons the whole or any part of the Services;
- o The Company, at any time, violates any of the conditions or provisions of the Contract Documents, or the Company fails to perform as specified in the Contract Documents, or the Company is not complying with the Contract Documents;
- o The Company breaches any of the representations or warranties;
- o The Company is determined, in JEA's sole opinion, to have misrepresented the utilization of funds or misappropriate property belonging to JEA; or
- o Any material change in the financial or business condition of the Company.

If within thirty (30) days after service of such notice upon the Company an arrangement satisfactory to JEA has not been made by the Company for continuance of the Services, then JEA may declare Company to be in default of the Contract.

The Contract Documents shall in no way limit JEA's right to all remedies for nonperformance provided under law or in equity, except as specifically set forth herein. In the event of termination for nonperformance, the Company shall immediately surrender all records related to this Contract to JEA. In such a case, JEA may offset any money owed to the Company against any liabilities resulting from the Company's nonperformance.

JEA has no responsibility whatsoever to issue notices of any kind, including but not limited to deficient performance letters and scorecards, to the Company regarding its performance prior to default by Company for performance related issues.

JEA shall have no liability to the Company for termination costs arising out of the Contract, or any of the Company's subcontracts, as a result of termination for default.

2.8. CONFIDENTIALITY AND OWNERSHIP OF DOCUMENTATION

2.8.1. PUBLIC RECORDS LAWS

Access to Public Records

All Documents, data and other records received by JEA in connection with the Contract are public records and available for public inspection unless specifically exempt by law. The Respondent shall allow public access to all documents, data and other records made or received by the Respondent in connection with the Contract unless the records are exempt from Section 249(a) of Article I of the Florida Constitution or subsection 119.07(1), Florida Statutes. JEA may unilaterally terminate the Contract of the Respondent refuses to allow public access as required under the Contract.

Redacted copies of Confidential Information

If the Respondent believes that any portion of any documents, data or other records submitted to JEA are exempt from disclosure under Chapter 119, Florida Statutes, the Florida Constitution and related laws ("Florida's Public Records Laws"), Respondent must (1) clearly segregate and mark the specific sections of the document, data and records as "Confidential", (2) cite the specific Florida Statute or other legal authority for the asserted exemption, and (3) provide JEA with a separate redacted copy of the documents, data, or records (the "Redacted Copy"). The

Redacted Copy shall contain JEA's contract name and number, and shall be clearly titled "Redacted Copy". Respondent shall only redact those portions of records that Respondent claims are specifically exempt from disclosure under Florida's Public Records Laws. If the Respondent fails to submit a redacted copy of documents, data, or other records it claims is confidential, JEA is authorized to produce all documents, data, and other records submitted to JEA in answer to a public records request for these records.

Request for Redacted Information

In the event of a public records or other disclosure request under Florida's Public Records Laws or other authority to which the Respondent's documents, data or records are responsive, JEA will provide the Redacted Copy to the requestor. If a Requestor asserts a right to any redacted information, JEA will notify the Respondent that such an assertion has been made. It is the Respondent's responsibility to respond to the requestor to assert that the information in questions is exempt from disclosure under applicable law. If JEA becomes subject to a demand for discovery or disclosure of the redacted information under legal process, JEA shall give the Respondent prompt notice of the demand prior to releasing the redacted information (unless otherwise prohibited by applicable law). The Respondent shall be responsible for defending its determination that the redacted portions of the information are not subject to disclosure.

Indemnification for Redacted Information

The Respondent shall protect, defend, and indemnify JEA from and against all claims, demands, actions, suits, damages, liabilities, losses, settlements, judgments, costs, and expenses (including but not limited to reasonable attorney's fees and costs) arising from or relating to the Respondent's assertion that all or any portion of its information is not subject to disclosure.

Public Records Clause for Service Contracts

If, under the Contract, the Respondent is providing services and is acting on behalf of JEA as contemplated by subsection 119.011(2), Florida Statutes, the Respondent shall:

- Keep and maintain public records that ordinarily and necessarily would be required by JEA in order to perform service;
- Provide the public with access to public records on the same terms and conditions that JEA would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or otherwise prohibited by law;
- Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law; and
- Meet all requirements for retaining public records and transfer, at no cost, to JEA all public records in possession of the Respondent upon termination of the contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically shall be provided to JEA in a format that is compatible with the information technology systems of JEA.

2.8.2. PROPRIETARY INFORMATION

The Respondent shall not copy, reproduce, or disclose to third parties, except in connection with the Work, any information that JEA furnishes to the Respondent. The Respondent shall insert in any subcontract a restriction on the use of all information furnished by JEA. The Respondent shall not use this information on another project. All information furnished by JEA will be returned to JEA upon completion of the Work.

2.8.3. PUBLICITY AND ADVERTISING

The Respondent shall not take any photographs, make any announcements or release any information concerning the Contract or the Services to any member of the public, press or official body unless prior written consent is obtained from JEA.

2.8.4. OBLIGATIONS OF OWNERSHIP OF DOCUMENTS AND EQUIPMENT

The Respondent agrees that upon completion of the Services, all drawings, designs, specifications, renderings, notebooks, tracings, photographs, reference books, equipment, expendable equipment and materials, negatives, reports, findings, recommendations, data and memoranda of every description (hereinafter referred to as "Works"), arising out of or relating to the Services rendered by the Respondent under this Agreement, are to become the property of JEA. Respondent and JEA agree that said Works shall be considered as works made for hire under the United States Copyright laws. JEA shall have the absolute and exclusive right to own and use all said Works together with any and all copyrights, patents, trademark and service marks associated with said Works. The use of these Works in any manner by JEA shall not support any claim by the Respondent for additional compensation.

In the event of a termination of the Contract, the Company shall implement an orderly return of JEA's data in a mutually agreeable format at a time agreed to by JEA and the Company and the subsequent secure disposal of all JEA data. During any period of service suspension, the Company shall not take any action to intentionally erase any data of JEA or its customers. In the event of termination of any services or the Contract in its entirety, the Company shall not take any action to intentionally erase any data of JEA or its customers except as mutually agreed upon in writing by the Company and JEA. The Company shall securely dispose of all requested data in all its forms.

2.9. LABOR

2.9.1. NONDISCRIMINATION

The Respondent represents that it has adopted and will maintain a policy of nondiscrimination against employees or applicants for employment on account of race, religion, sex, color, national origin, age or handicap, in all areas of employee relations, throughout the Term of this Contract. The Respondent agrees that on written request, it will allow JEA reasonable access to the Respondent's records of employment, employment advertisement, application forms and other pertinent data and records for the purpose of investigation to ascertain compliance with the nondiscrimination provisions of this Contract; provided however, the Respondent shall not be required to produce, for inspection, records covering periods of time more than one year from the effective date of this Contract.

The Respondent shall comply with the following executive orders, acts, and all rules and regulations implementing said orders or acts, which are by this reference incorporated herein as if set out in their entirety:

- o The provisions of Presidential Order 11246, as amended, and the portions of Executive Orders 11701 and 11758 as applicable to Equal Employment Opportunity;
- o The provisions of section 503 of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act (ADA); and
- o The provisions of the Employment and Training of Veterans Act, 38 U.S.C. 4212 (formerly 2012).

The Respondent agrees that if any of the Services of this Contract will be performed by a Subcontractor, then the provisions of this subsection shall be incorporated into and become a part of the subcontract.

2.9.2. JEA ACCESS BADGES

If the scope of work described in this Contract requires a Respondent to access JEA facilities, each Company employee shall apply for a JEA access badge through JEA's Security Department. An appointment to obtain a JEA access badge can be made by contacting JEA Security at securitybadge@jea.com. Finally, JEA does not allow Company employees to share JEA access badges. A Respondent, whose employees are found to be sharing JEA access badges, will result in the Contract being terminated immediately for default. Additionally, JEA shall be notified within six (6) hours of a lost or stolen JEA security badge or when an employee leaves the Company. Report badge termination notifications to JEA Security at (904) 665-8200.

2.9.3. LEGAL WORKFORCE

JEA shall consider the Respondent's employment of unauthorized aliens a violation of section 274A(e) of the Immigration and Nationalization Act. Such violation shall be cause for termination of the Contract for default upon thirty (30) days' prior written notice of such termination, notwithstanding any other provisions to the contrary in the Contract Documents.

2.9.4. PROHIBITED FUTURE EMPLOYMENT

It shall be unlawful and a class C offense for any person, who was an officer or employee of JEA, after his or her employment has ceased, to be employed by or enter into any contract for personal services, with a person or company who contracted with, or had a contractual relationship with JEA, while the contract is active or being completed, or within two years of the cessation, completion, or termination of the person's or company's contractual relationship with JEA, where (1) the contract with JEA had a value that exceeded \$250,000, and (2) the officer or employee had a substantial and decision-making role in securing or negotiating the contract or contractual relationship, or in the approval of financial submissions or draws in accordance with the terms of the contract; except that this prohibition shall not apply to an employee whose role is merely as a review signatory, or to contracts entered into prior to January 1, 2008, or to contracts that have been competitively procured. With respect to this subsection a contract is competitively procured if it has been obtained through a sealed low bid award. A "substantial and decision-making role" shall include duties and/or responsibilities that are collectively associated with: (i) approving solicitation or payment documents; (ii) evaluating formal bids and proposals; and (iii) approving and/or issuing award recommendations for JEA Awards Committee approval. The contract of any person or business entity who hires or contracts for services with any officer or employee prohibited from entering into said relationship shall be voidable at the pleasure of JEA. This prohibition shall not apply to any former officer or employee after two years from cessation from JEA employment.

2.9.5. PERSONNEL AND CHANGES IN COMPANY'S PROFESSIONAL PERSONNEL

Unless otherwise agreed in writing by the parties, all Services shall be rendered by employees: (a.) who are full time employees of Company or approved subcontractors; and (b.) qualified to perform the Services. . Subsequent to the execution of this Contract, Company shall notify the JEA Contract Administrator in writing prior to making changes in professional personnel assigned to manage this Contract. . The JEA Contract Administrator shall have the right to reject any professional personnel assigned by Company to manage this Contract or supplemental staff assigned to JEA under this Contract. If the right of rejection is exercised by the JEA Contract Administrator, Company shall submit for approval of the JEA Contract Administrator, the name or names of substitute personnel to fill the positions resulting from said rejection. The JEA Contract Administrator shall have the right to require the removal of Company's previously assigned personnel and Company shall promptly replace the same, subject to the JEA Contract Administrator's approval at no cost to JEA.

2.9.6. COMPANY'S LABOR RELATIONS

The Respondent shall negotiate and resolve any disputes between the Company and its employees, or anyone representing its employees. The Company shall immediately notify JEA of any actual or potential labor dispute that may affect the Services and shall inform JEA of all actions it is taking to resolve the dispute.

2.10. COMPANY'S RESPONSIBILITIES AND PERFORMANCE OF THE CONTRACT

2.10.1. COMPANY REPRESENTATIVES

The Respondent shall provide JEA with the name and responsibilities of the Company Representative, in writing after Award of the Contract and before starting the Services under the Contract. Should the Company need to change the Company Representative, the Company shall promptly notify JEA in writing of the change.

2.10.2. LICENSES

The Respondent shall comply with all licensing, registration and/or certification requirements pursuant to applicable laws, rules and regulations. The Company shall secure all licenses, registrations and certifications as required for the performance of the Services and shall pay all fees associated with securing them. The Company shall produce written evidence of licenses and other certifications immediately upon request from JEA.

2.11. AUDIT & VENDOR PERFORMANCE EVALUATION

2.11.1. RIGHT TO AUDIT AND FINANCIAL REPORTING

Upon JEA's requests, the Company agrees to allow JEA to audit its financial and operating records for the purpose of determining Invoice accuracy, or otherwise assessing compliance with the Contract Documents. The Company agrees to let JEA personnel, or their qualified representative, access the records at Company's office, with three (3) days written notice, for a reasonable period, not less than five days, in a workspace suitable for the audit provided by Company. All audit work will be done on Company premises, and no Company documentation will be removed from Company offices. The Company agrees to have knowledgeable personnel available to answer questions for the auditors during the time they are at the Company's offices and for a period of two weeks thereafter. The Company shall provide to JEA audited financial statements for the most recent fiscal year upon JEA's request, not later than five (5) days after receipt of written request.

2.11.2. VENDOR PERFORMANCE EVALUATION

Use of Vendor Performance Evaluation Scorecards

JEA may evaluate the Company's performance using the evaluation criteria shown on the vendor scorecard available online at JEA.com.

Scores for all metrics shown on the evaluation range from a low of 1, meaning significantly deficient performance, to a high of 5, meaning exceptionally good performance. The Company's performance shall be classified as Top Performance, Acceptable Performance, or Unacceptable Performance, as defined herein. The evaluator will be a designated JEA employee. The evaluator's supervisor and the Chief Purchasing Officer will review deficient performance letters and Unacceptable Performance scorecards, as described below, prior to issuance. When evaluating the Company's performance, JEA will consider the performance of the Company's Subcontractors and suppliers, as part of the Company's performance.

Frequency of Evaluations

JEA may conduct performance evaluations and prepare scorecards in accordance with the procedures described herein at any time during performance of the Services or soon after the completion of the Work. JEA may conduct one or more evaluations determined solely at the discretion of JEA.

Unacceptable Performance

- o If at any time, JEA determines, using the criteria described on the scorecard, that the performance of the Company is Unacceptable, the Contract Administrator and Chief Procurement Officer or his designated alternate will notify the Company of such in a letter. The Company shall have ten (10) days to respond to the Contract Administrator. Such response shall include, and preferably be delivered in-person by an officer of the Company, the specific actions that the Company will take to bring the Company's performance up to at least Acceptable Performance.
- o Within thirty (30) days from date of the first Unacceptable Performance letter, the Contract Administrator and Chief Purchasing Officer or his designated alternate will notify the Company by letter as to whether its performance, as determined solely by JEA, is meeting expectations, or is continuing to be Unacceptable. If the Company's performance is described in the letter as meeting expectations, no further remedial action is required by the Company, as long as Company's performance continues to be Acceptable.
- o If the Company's performance as described in the letter continues to be Unacceptable, or is inconsistently Acceptable, then the Company shall have fifteen (15) days from date of second letter to demonstrate solely through its performance of the Work, that it has achieved Acceptable Performance. At the end of the fifteen (15) day period, JEA will prepare a scorecard documenting the Company's performance from the start of Work, or date of most recent scorecard, whichever is latest, and giving due consideration to improvements the Company has made in its performance, or has failed to make. If the scorecard shows Company's performance is Acceptable, then no further remedial action is required by Company as long as Company's performance remains Acceptable. If the scorecard shows the Company's performance is Unacceptable, JEA will take such actions as it deems appropriate including, but not limited to, terminating the Contract for breach, suspending the Company from bidding on any JEA related solicitations, and other remedies available in the JEA Purchasing Code and in law. Such action does not relieve the Company of its obligations under the Contract, nor does it preclude an earlier termination.
- o In the event that the Contract Term or the remaining Term of the Contract does not allow for the completion of the deficient performance notification cycles described above for those in danger of receiving an Unacceptable Performance scorecard, JEA may choose to accelerate these cycles at its sole discretion.
- o If the Company receives five (5) or more letters of deficiency within any twelve (12) month period, then JEA will prepare a scorecard describing the deficiencies and the Company's performance will be scored as Unacceptable.

Acceptable Performance

JEA expects the Company's performance to be at a minimum Acceptable.

Disputes

In the event that the Respondent wants to dispute the results of its scorecard performance evaluation, the Company must submit a letter to the Chief Procurement Officer supplying supplemental information that it believes JEA failed to take into account when preparing the scorecard. Such letter, along with supplemental information, must be submitted no later than ten (10) days following the Company's receipt of the scorecard. If the Chief Procurement

Officer decides to change the scorecard, the Company will be notified and a revised scorecard will be prepared, with a copy issued to the Company. If the Chief Procurement Officer decides that no change is warranted, the decision of the Chief Procurement Officer is final. If the Company is to be suspended from consideration for future Award of any contracts, the Company may appeal to the Procurement Appeals Board as per JEA Procurement Code.

Public Records

There can be no expectation of confidentiality of performance-related data in that all performance-related data is subject to disclosure pursuant to Florida Public Records Laws. All scorecards are the property of JEA.

2.12. JEA RESPONSIBILITIES

2.12.1. COORDINATION OF SERVICES PROVIDED BY JEA

The JEA Representative for the Services will, on behalf of JEA, coordinate with the Company and administer this Contract. It shall be the responsibility of the Company to coordinate all assignment related activities with the designated JEA Representative. The JEA Representative will be assigned to perform day-to-day administration and liaison functions, and to make available to the Company appropriate personnel, to the extent practical, and to furnish records and available data necessary to conduct the Work. The JEA Representative will also authorize the Company to perform work under this Contract.

2.13. CHANGES IN THE WORK, CONTRACT TIME OR PRICE

2.13.1. SUSPENSION OF SERVICES

JEA may suspend the performance of the Services by providing Company with five (5) days' written notice of such suspension. In the event of suspension of the Work, the Company shall resume the full performance of the Services when directed in writing to do so by JEA. Suspension of the Services for reasons other than the Company's negligence or failure to perform, shall not affect the Company's compensation as outlined in the Contract Documents.

2.13.1. FORCE MAJEURE

No party shall be liable for any default or delay in the performance of its obligations under this Contract due to an act of God or other event to the extent that: (a) the non-performing party is without fault in causing such default or delay; (b) such default or delay could not have been prevented by reasonable precautions; and (c) such default or delay could not have been reasonably circumvented by the non-performing party through the use of alternate sources, work-around plans or other means. Such causes include, but are not limited to: act of civil or military authority (including but not limited to courts or administrative agencies); acts of God; war; terrorist attacks; riot; insurrection; inability of JEA to secure approval, validation or sale of bonds; inability of JEA or the Company to obtain any required permits, licenses or zoning; blockades; embargoes; sabotage; epidemics; fires; hurricanes, tornados, floods; or strikes.

In the event of any delay resulting from such causes, the time for performance of each of the parties hereunder (including the payment of monies if such event actually prevents payment) shall be extended for a period of time reasonably necessary to overcome the effect of such delay, except as provided for elsewhere in the Contract Documents.

In the event of any delay or nonperformance resulting from such causes, the party affected shall promptly notify the other in writing of the nature, cause, date of commencement and the anticipated impact of such delay or nonperformance. Such written notice, including Change Orders, shall indicate the extent, if any, to which it is anticipated that any delivery or completion dates will be thereby affected within seven (7) calendar days.

2.13.2. CHANGE IN SCOPE OF SERVICES

From time to time, JEA may direct changes and modifications in the scope of the services, as contained in the Contract Documents, to be performed under this Contract as may be necessary to carry out the purpose of this Contract. The Company is willing and agreeable to accommodate such changes, provided it is compensated for additional services in accordance with its professional fees and expenses under the terms of this Contract. Such changes shall be in the form of a written amendment to this Contract reflecting, as appropriate, an amendment to the Services rendered and adjustment to Company's professional fees, including an extension to the duration of this Contract, as well as the maximum indebtedness of JEA. Maximum indebtedness is the maximum total cost that may be paid to the Company hereunder, including travel related costs, per year during the initial term of the Contract for the Services rendered under the terms of this Contract. The JEA Representative directly responsible for each project will make the final determination as to whether any compensable change exists.

2.14. MISCELLANEOUS PROVISIONS

2.14.1. AMBIGUOUS CONTRACT PROVISIONS

The parties agree that this Contract has been the subject of meaningful analysis and/or discussions of the specifications, terms and conditions contained in this Contract. Therefore, doubtful or ambiguous provisions, if any, contained in this Contract will not be construed against the party who physically prepared this Contract.

2.14.2. AMENDMENTS

This Contract may not be altered or amended except in writing, signed by JEA Chief Procurement Officer, or designee and the Company Representative, or each of their duly authorized representatives.

2.14.3. APPLICABLE STATE LAW; VENUE; SEVERABILITY

The rights, obligations and remedies of the parties as specified under the Contract will be interpreted and governed in all respects exclusively by the laws of the State of Florida without giving effect to the principles of conflicts of laws thereof. Should any provision of the Contract be determined by the courts to be illegal or in conflict with any law of the State of Florida, the validity of the remaining provisions will not be impaired. Litigation involving this Contract or any provision thereof shall take place in the State or Federal Courts located exclusively in Jacksonville, Duval County, Florida.

2.14.4. CUMULATIVE REMEDIES

Except as otherwise expressly provided in this Contract, all remedies provided for in this Contract shall be cumulative and in addition to and not in lieu of any other remedies available to either party at law, in equity or otherwise.

2.14.5. ENTIRE AGREEMENT

This Contract constitutes the entire agreement between the parties. No statement, representation, writing, understanding, or agreement made by either party, or any representative of either party, which are not expressed herein shall be binding. All changes to, additions to, modifications of, or amendment to this Contract, or any of the terms, provisions and conditions hereof, shall be binding only when in writing and signed by the authorized officer, agent or representative of each of the parties hereto.

2.14.6. EXPANDED DEFINITIONS

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including without limitation", and the terms "include",

"includes" and "included" have similar meanings. Any reference in this Contract to any other agreement is deemed to include a reference to that other agreement, as amended, supplemented or restated from time to time. Any reference in the Contract to "all applicable laws, rules and regulations" means all federal, state and local laws, rules, regulations, ordinances, statutes, codes and practices.

2.14.7. HEADINGS

Headings appearing herein are inserted for convenience or reference only and shall in no way be construed to be interpretations of text.

2.14.8. INDEPENDENT CONTRACTOR

Company is performing this Contract as an independent contractor and nothing in this Contract will be deemed to constitute a partnership, joint venture, agency, or fiduciary relationship between JEA and Company. Neither Company nor JEA will be or become liable or bound by any representation, act, or omission of the other.

2.14.9. LANGUAGE AND MEASUREMENTS

All communication between the Company and JEA, including all documents, notes on drawings, and submissions required under the Contract, will be in the English language. Unless otherwise specified in the Contract, the US System of Measurements shall be used for quantity measurement. All instrumentation and equipment will be calibrated in US System of Measures.

2.14.10. MEETINGS AND PUBLIC HEARINGS

The Company will, upon request by JEA, attend all meetings and public hearings as required, in any capacity, as directed by JEA.

2.14.11. NEGOTIATED CONTRACT

Except as otherwise expressly provided, all provisions of this Contract shall be binding upon and shall inure to the benefit of the parties, their legal representatives, successors and assigns. The parties agree that they have had meaningful discussion and negotiation of the provisions, terms and conditions contained in this Contract. Therefore, doubtful or ambiguous provisions, if any, contained in the Contract shall not be construed against the party who physically prepared this Contract.

2.14.12. NONEXCLUSIVE

Notwithstanding anything contained herein that may appear to be the contrary, this Contract is "non-exclusive" and JEA reserves the right, in its sole discretion, to retain other companies to perform the Work, and/or JEA may self-perform the Services itself.

2.14.13. REFERENCES

Unless otherwise specified, each reference to a statute, ordinance, law, policy, procedure, process, document, drawing, or other informational material is deemed to be a reference to that item, as amended or supplemented from time to time. All referenced items shall have the enforcement ability as if they are fully incorporated herein.

2.14.14. SEVERABILITY

In the event that any provision of this Contract is found to be unenforceable under applicable law, the parties agree to replace such provision with a substitute provision that most nearly reflects the original intentions of the parties and is enforceable under applicable law, and the remainder of this Contract shall continue in full force and effect.

With regard to any provision in this agreement pertaining to damages, equitable or otherwise, it is the intent of the Parties that under no circumstances shall there be recovery for home office overhead. Any damages claimed shall be proven by discreet accounting of direct project costs and no theoretical formula or industry estimating reference manuals shall be permissible.

2.14.15. SUBCONTRACTING OR ASSIGNING OF CONTRACT

Each party agrees that it shall not subcontract, assign, delegate, or otherwise dispose of the Contract, the duties to be performed under the Contract, or the monies to become due under the Contract without the other party's prior written consent.

The assignment of the Contract will not relieve either of the parties of any of its obligations until such obligations have been assumed in writing by the assignee. If the Contract is assigned by either of the parties, it will be binding upon and will inure to the benefit of the permitted assignee. The Company shall be liable for all acts and omissions of its assignee or its Subcontractor.

In the event the Company obtains JEA approval to use Subcontractors, the Company is obligated to provide Subcontractors possessing the skills, certifications, registrations, licenses, training, tools, demeanor, motivation and attitude to successfully perform the work for which they are subcontracted. The Company is obligated to remove Subcontractors from performing Services under this Contract when the Company recognizes that a Subcontractor is failing to work in a manner consistent with the requirements of this Contract, or when JEA notifies the Company that JEA has determined a Subcontractor is failing to work in a manner consistent with the requirements of this Contract.

2.14.16. SURVIVAL

The obligations of JEA and the Company under this Contract that are not, by the express terms of this Contract, to be performed fully during the Term, shall survive the termination of this Contract.

2.14.17. TIME AND DATE

Unless otherwise specified, references to time of day or date mean the local time or date in Jacksonville, FL. If under this Contract any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a regular business day for JEA, that payment or calculation is to be made, and that other action is to be taken, as applicable, on or as of the next day that is a regular business day. Where reference is made to day or days, it means calendar days. Where reference is made to workday, workdays, business day, or business days, it means regular working days for JEA Procurement.

2.14.18. TIME OF ESSENCE

For every material requirement of this Contract, time is of the essence.

2.14.19. USE OF JEA CONTRACTS BY THE CITY OF JACKSONVILLE

Where the City of Jacksonville's or its other independent agencies' or political subdivisions' procurement codes all use of JEA contracts, the Company agrees to extend any pricing and other contractual terms to such entities.

2.14.20. WAIVER OF CLAIMS

A delay or omission by JEA to exercise any right or power under this Contract shall not be construed to be a waiver thereof. A waiver by JEA under this Contract shall not be effective unless it is in writing and signed by the party granting the waiver. A waiver by a party of a right under or breach of, this Contract shall not be construed to operate as a waiver of any other or successive rights under, or breaches of, this Contract.

The Company's obligations to perform and complete the Services in accordance with the Contract shall be absolute. None of the following will constitute a waiver of any of JEA's rights under the Contract: approval of payments, including final payment; Certificate of Contract Completion; any use of the Services by JEA; nor any correction of faulty or defective work by JEA.

3. TECHNICAL SPECIFICATIONS/DETAILED SCOPE OF WORK

3.1. TECHNICAL SPECIFICATIONS/DETAILED SCOPE OF SERVICES (APPENDIX A)

Technical Specifications and a Detailed Scope of Services are located in Appendix A of this document.

4. FORMS

4.1. FORMS (APPENDIX B)

Forms required to be submitted with this solicitation are provided in Appendix B or can be obtained on the JEA website at www.jea.com.

Solicitation #110-16 – Independent Audit Services
Appendix A – Technical Specifications

This document was
provided in the original
August 8, 2016 Finance
& Audit Committee
package

1. GENERAL INFORMATION

1.1 JEA

JEA is currently organized into three enterprise funds- The Electric Enterprise Fund, The Water and Sewer System and District Energy System. The Electric Enterprise Fund is comprised of the JEA Electric System, the Bulk Power System, which consists of Scherer Unit 4, a coal fired, 846 megawatt generating Unit operated by Georgia Power Company and owned by JEA (23.64% ownership interest) and Florida Power & Light (FPL) (76.36% ownership interest) St. Johns River Power Park System (SJRPP), which has two coal-fired generating units (638 megawatts each) and jointly owned by JEA (80% ownership Interest) and FPL (20% ownership interest). JEA is Florida's largest municipally owned electric utility and the eighth largest in the United States. JEA is also the 113th largest municipal water and sewer provider in the country. JEA currently serves over 450,000 electric customers; 334,000 water customers and 259,000 sewer customers in Jacksonville and parts of three adjacent counties. As of September 30, 2015, total operating revenues were approximately \$1.7 billion, total assets were \$8.3 billion and total long-term debt outstanding was \$5.0 billion.

The governing body of JEA consists of seven members appointed by the Mayor and confirmed by the City Council. JEA is not subject to regulation by the Florida Public Service Commission except for certain environmental, energy conservation, power plant and transmission line siting, territorial, and rate structure matters.

1.2. St. Johns River Power Park (SJRPP) Pension Plan

SJRPP Pension Plan (The "Plan") is a single employer contributory defined benefit plan covering employees of the St. Johns River Power Park System. The Plan provides for pension, death and disability benefits. Employees who are working for SJRPP, except temporary and contract employees, are eligible to participate. The Plan is subject to provisions of Chapter 112, Florida Statutes and the oversight of the Florida Division of Retirement.

The Plan is governed by a five-member pension board. As of September 30, 2015 the Plan reported net position of \$138,901,756 and had approximately 550 active and inactive members covered by the Plan. The Plan issue stand-alone audited financial statements.

2. SCOPE OF SERVICES

2.1 JEA

JEA is seeking to procure independent audit services beginning for the fiscal year ending

September 30, 2017. The funds and systems to be audited are those included in the JEA's Annual Report for the fiscal year ended September 30, 2015. The finished audit shall include comparative financial statements from prior year.

- 2.1.1 The Company shall prepare the following independent accountants' reports in connection with the audit of JEA:
 - a. Independent accountants' reports on JEA's basic financial statements and supplementary combining financial statements.
 - b. Independent accountants' report on the JEA's Electric System, Water & Sewer System, JEA's St. Johns River Power Park System, Scherer Bulk Power Supply System and DES debt service coverage schedules.
 - c. Report to Management (Management letter)
- 2.1.2 Independent accountants' reports on the Schedule of Federal and State Grant Assistance and other applicable opinions on compliance and internal control referred to as the OMB Circular A-133 Compliance Supplement and Chapter 10.600, Rules of the Auditor General.
- 2.1.3 Independent accountants' report on agreed upon procedures in connection with issuance of debt and review of official debt statement.
- 2.1.4 Letters of consent for inclusion of audited financial statements in connection with bond offerings.
- 2.1.5 Independent accountants' report on compliance with debt covenants and resolutions, and independent accountants' report required under JEA credit agreements.
- 2.1.6 Independent accountants' report on agreed upon procedures to demonstrate financial responsibility in connection with the Florida Department of Environmental Protection "Storage Tank to Demonstrate Financial Responsibility" and "Florida Solid Waste Management Facility Letter to Demonstrate Financial Assurance" as required by 62.730.180 F.A.C.

2.2 St. Johns River Power Park (SJRPP) Pension Plan

- 2.2.1 The Company shall prepare the following independent accountants' reports in connection with the audit of SJRPP Pension Plan:
 - a. Independent accountants' reports on SJRPP Pension Plan basic financial statements
 - b. Report to Management (Management letter)

3. AD HOC SERVICES

3.1 Special Accounting, Technical Advice, and Research

JEA and/or SJRPP may require special accounting or other technical advice or research to be performed. Any such reviews will be defined in a separate engagement when necessary and will be governed by the billing rates for each individual employee class indicated in the cost proposal.

3.2 Additional Company Services

Additional Company services, if any, shall be identified and determined by JEA and/or SJRPP during the term of the contract. The additional Company services, if any, shall be priced at the predetermined billing rates of the Company as mutually agreed upon by the JEA and Company in the Contract, subject to a maximum no to exceed amount.

4. WORKING PAPERS

Working papers are the property of the Company (also referred to as the “auditor”) and must be retained, at the auditor’s expense, for a minimum of five (5) years unless the firm is notified in writing by JEA of the need to extend the retention period. The Company shall, without charge, make available their working papers to representatives of JEA and the Office of the Council Auditor and other authorized federal or state agencies upon request and in accordance with applicable laws and regulations. In addition, the Company will respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

5. STAFF ASSISTANCE

The Council Auditor staff of City of Jacksonville will be available to assist the auditor in performing the audit. The auditors will coordinate their efforts with the Council Auditor. The Council Auditor Office shall provide 160 hours of annual assistance

6. TIMELINESS

Timeliness and the ability to complete the annual in the agreed upon timeline are critical factors in the performance of the audit. The final Audit Report must be delivered no later than 1st Monday in December following the conclusion of each fiscal year (October to September 30th). The Company will coordinate the audit with the JEA Controller.

Each of the following shall be completed by the Company no later than the dates indicated unless special arrangements have been made.

Activity	Date
Completion of Field Work at JEA	Third Friday in November
Auditor to submit opinion of financial statement and compliance reports to JEA	1 st Monday in December

Review financial statements and management letter with Finance & Audit Committee of the Board	Audit Committee Meeting in December
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7. WORK AREA AND OFFICE TECHNOLOGY

JEA will provide the auditor will reasonable workspace, phones and internet access.

8. PUBLIC MEETINGS

The Partner-in-Charge of the audit and the audit manager assigned to the engagement shall attend quarterly Finance & Audit (F&A) Committee Meetings, at no additional charge, for discussion of the Audit Plan, Audit Results and other required communications in connection with the audits and hold private sessions with the F&A Committee at the quarterly Committee Meetings. In addition, at the request of JEA, the auditors shall attend Board Meetings and other public meetings. Any additional request to meet with the Audit Committee or Board shall be billed at the hourly rates included in the fee proposal.

9. COMPLIANCE WITH STANDARDS

JEA is implementing an internal partner rotation policy that shall require either the Lead Partner or Concurring Review Partner to rotate at least every five years. For the provision of the independent audit reports described in this document, Company shall anticipate the implementation of said policy.

These audits are to be performed in accordance with the following documents:

- Statements on Auditing Standards issued by the Auditing Standards Board of the American Institute of Certified Public Accounts (GAAS).
- Government Auditing Standards; 1994 Revision (Yellow Book) issued by the Comptroller General of the United States.
- The Single Audit Act of 1984, Public Law 98-502, as amended (31 U.S.C.A. ss 7501 to 7507) and related OMB Compliance Supplement for Single Audits of State and Local Governments.
- Office of Management and Budget Circular A-128, Audits of State and Local Governments and other OMB Circulars as applicable.
- Florida Statutes, especially Sections, 11.45 and 218.32 of the Florida Statutes.
- Rules of the State of Florida Auditor General, Chapters 10.550, Local Governmental Entity Audits, and Chapter 10.600, Audits of State Grants and Aids Appropriations Under Section 216.349, Florida Statutes.

- 1994 Audits of State and Local Governmental Units issued by the American Institute of Certified Public Accountants.
- The City of Jacksonville Municipal Ordinance Code.
- Rules of the State of Florida Department of Banking and Finance.
- Rules of the Securities and Exchange Commission, as applicable.